BRUNEL
Pension Partnership

2022
Responsible Investment and Stewardship Outcomes

For the year ending 31 December 2021

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

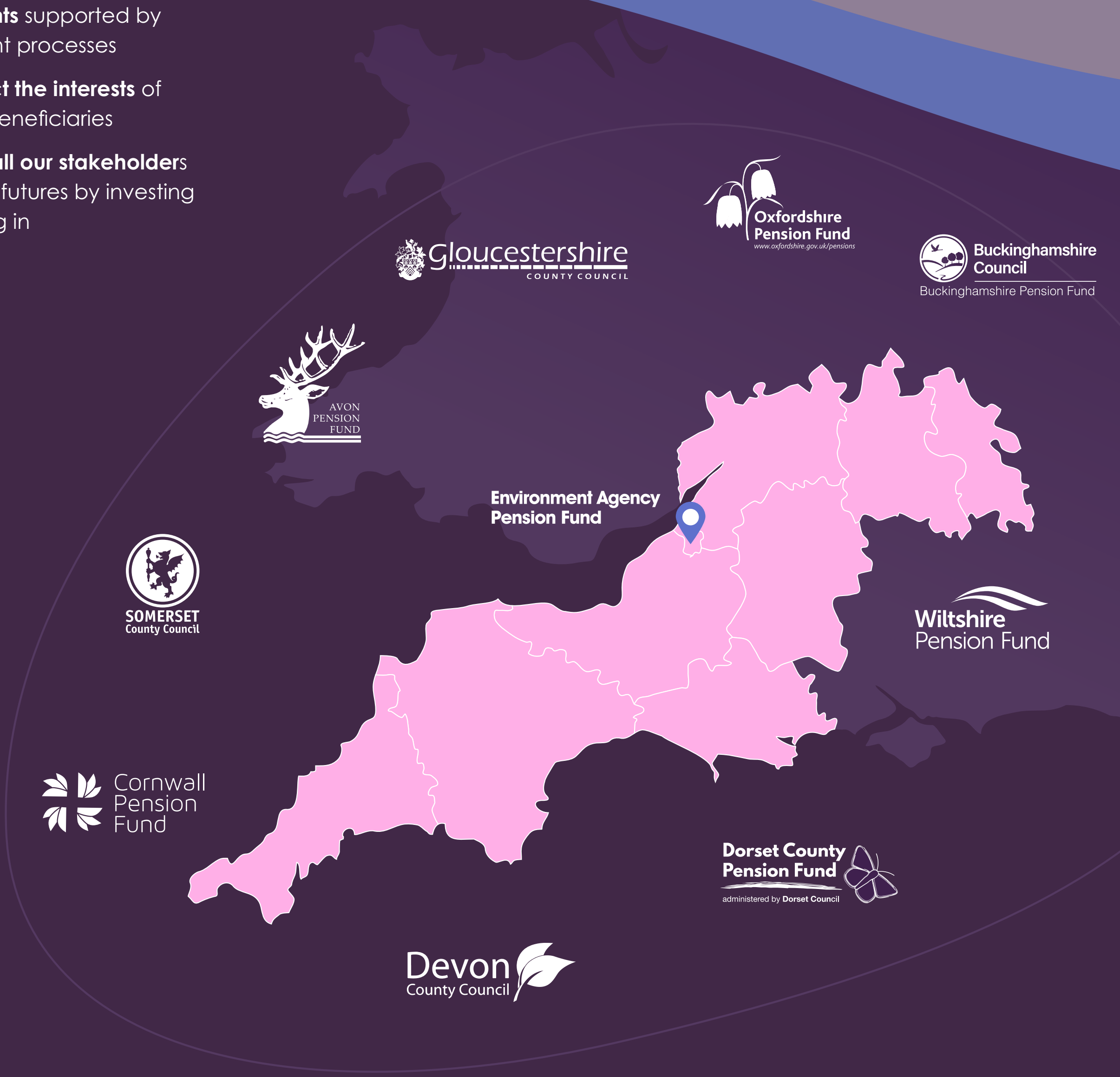
Brunel Pension Partnership Limited (Brunel) is one of eight national Local Government Pension Scheme (LGPS) Pools, bringing together circa £35 billion investments of 10 likeminded pension funds: Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset,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

We would like to acknowledge the significant support and contribution of our clients to our work on Climate Change, Responsible Investment and Stewardship underpinning our mutual commitment to investing for a world worth living in.

We believe in making long-term **sustainable investments** supported by robust and transparent processes

We are here to **protect the interests** of our clients and their beneficiaries

In **collaboration with all our stakeholders** we are forging better futures by investing for a world worth living in



Executive Summary

Leaders

Recognised as leaders in investment industry

Net-zero

by 2050, 50% carbon emission intensity reduction by 2030

35.5%

reduction in carbon intensity from 2019 baseline

38%

female Boards of companies held in Brunel active portfolios - up from 34.4% in 2020

1,137

milestones EOS engaged with at 839 companies on Brunel's behalf

50%

50% of engagement objectives set in year saw progress against one or more milestones

27

of world's largest banks targeted on Paris alignment

100%

of listed market portfolios launched (17 funds)

1,322

company meetings at which votes were cast

Message from our Chair

Denise Le Gal
Chair

It is a pleasure to introduce our Responsible Investment & Stewardship Outcomes Report for the last year. For all those asset owners and managers committed to Responsible Investment, change must begin at home. That principle lies behind this report, now in its third year.

Brunel is a persistent, sometimes outspoken advocate for industry change across a number of key areas of Responsible Investment. We have committed ourselves to clear principles and to ambitious targets, and to reporting on our success against those targets.

The year 2020 had already shone a spotlight on some of the themes covered by this report, from mental health to diversity and inclusion. The events of 2021 have only intensified that focus, not simply because lockdowns returned, but also because it became clear that changes in attitudes to these themes would persist far beyond those lockdowns. The extraordinary transformation of life during 2020-21 has also enabled individuals, companies and governments to think more deeply about systemic issues – and systemic risks. From climate change to cyber to labour rights, we have a historic opportunity to accelerate progress.

All the more reason, then, to see where are we succeeding and where we need to improve. We hope these pages demonstrate that our holistic approach, whereby we apply our principles across all our stakeholder relationships and all our activities, is resulting in an investment approach that is in line with our ambition as a company: forging better futures by investing for a world worth living in.

Denise Le Gal

Denise Le Gal
Chair, Brunel Pension Partnership

Winner:
European IPE Awards 2021
- Climate Related Risk Management
- Innovation
- Portfolio Construction & Diversification

Introduction from our CEO

Short-term progress offers hope, but medium-term progress matters more. The publication of our third Responsible Investment and Stewardship Outcomes Report edges us closer to a medium-term assessment. It shows that we have continued to make progress across our RI themes, even as we widened our RI scope, developed our approach, and launched a number of new funds.

Laura Chappell
Chief Executive Officer

Our Responsible Investment (RI) approach is built on three pillars: to integrate sustainability criteria into our operations and investment activities; to collaborate with others across the industry and support effective policymaking; and to be transparent in our activities. These three pillars underpin our operations, providing a bedrock for our team, our clients and our managers.

Fundamentally, we seek broader industry change through effective stewardship and engagement, as we believe the best change is never only a negative move. Our approach to RI and stewardship has always been two-pronged – not simply criticising bad behaviour by companies and investors but seeking to help transform it. We are cautious of investing in companies that do not take social and environmental risks seriously – it also makes good fiduciary sense. But it is even better to address the underlying problem, too, and investors have the power to change how companies operate, especially when they work together.

However, it is not enough for asset owners and managers to simply try to change other companies. Responsible Investment and stewardship, however complicated in practice, ultimately reflect values that need to inform practices inside investment companies themselves. Extreme change – as we all experienced through 2020-21 – has a habit of putting values to the test. Since then, Russia's invasion of Ukraine was an event with not only major ethical and geopolitical resonance – but major market implications, too. For the best companies, such seismic changes offer a chance to interrogate yourself and your processes. Over the reporting period, we saw the extreme shake-up in social and working practices – caused by lockdowns – as an opportunity for staff to review our values statement and ensure it truly describes Brunel. We were very pleased with the result and will keep our people strategy under review as the market evolves in 2022.

Reviewing our approach also meant a more decisive focus on mental health. Internally, we reviewed our own support mechanisms and ensured we were talking about mental health. We tried to normalise the subject externally, too – in an

Our values

Responsibility
We proritise our duty of care to our stakeholders.

Courage
We make bold decisions and blaze new trails to achieve progress

Partnership
We empower people through culture, community & coordination

Passion
Our shared belief in what we do will always be key to our success.

Op-Ed in Professional Pensions, I argued that a focus on mental health doesn't just make ethical sense for companies, but makes business sense too.

Other challenges were less specific to the year, reflecting systemic realities. One such focus was cost savings – our Annual Report demonstrated our achievements in that area. On diversity and inclusion, we know we still have some way to go, but we were particularly proud when Helen Price, in her role as co-Chair of the Asset Owner Diversity Working Group, launched the Diversity Charter, with signatories representing more than £1 trillion in AUM – signatories make a number of commitments to improving, monitoring and reporting on diversity in their companies.

Another structural challenge was the need to provide our clients with the benefits of index investing – chiefly diversification and low fees – without sacrificing our climate ambitions. The dominance of indices weighted by market capitalisation provides a structural impediment to achieving this goal, but Brunel worked closely with FTSE Russell to develop a new series of Paris-aligned benchmarks that weight constituents according to a range of key climate metrics (such as reserves) using TPI data. We have since transitioned around £4 billion of client assets to the new indices. Integrating Net Zero ambitions into index construction in this way was a historic achievement and demonstrates that RI ambitions can be a spur to major investment innovations.

2021 was also the year that we formally committed to achieving Net Zero by no later than 2050, through the Paris Aligned Investment Initiative – Net-Zero Asset Owner Commitment, We were also instrumental in developing the toolkit, the Net Zero Investment Framework (NZIF), that helps all investors reach this goal.

The new benchmark series and NZIF were just two of the reasons that our work was widely recognised by the broader industry. Pensions for Purpose chose Brunel as winner of its Paris Alignment Award; Environmental Finance named Brunel as its asset owner 'Investment Team of the Year'; and Brunel won in three Europe-wide categories at the IPE Awards in Madrid: Innovation, Climate Related Risk Management, and Portfolio Construction & Diversification.

Recognition of this kind matters to Brunel because we want not merely to improve our own approach but to change the industry – and achieving the latter is easier if our own approach to RI is recognised as an example to follow. The same logic applies to Faith Ward's high-profile participation at COP 26.

But that means that our approach must continue to evolve. In this year's report, we cover the same themes as before but have added a new one, too. Biodiversity is a theme close to my own heart and one which has major implications across both climate change and investing.

Evolution must happen at multiple levels – and sometimes you need to return to first principles. Late in 2021, we began our Climate Stocktake, a process whereby we are consulting with multiple stakeholders across our partnership, our industry and wider society to see whether our broader approach to climate investing is still fit for purpose. Part of that process is ensuring our approach engages properly with our other RI priorities.

Indeed, as the content this report highlights, RI themes can never be treated in isolation. If investors instead integrate their RI priorities, then the results can be good for people, planet and profits alike.

Laura Chappell
Chief Executive Officer
Brunel Pension Partnership

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Meet the Team

Investing for a world worth living in

Our partnership commitments on climate change and responsible Investment, in line with our shared values, aim to help our clients provide not only for their members' retirement, but for the world they will retire into.

Our priority is to manage our fiduciary duties to our clients and embedding responsible investment (RI) is central to how we do that. Responsible investment is the acknowledgement that the economy operates interdependently with civil society and the physical environment. Where these interdependences exist, but are not acknowledged or properly considered, it can lead to the creation of systemic risks, with associated financially material impacts.

The events of the last two years have accelerated our understanding of the interdependencies, and systemic risks – whether we are beneficiaries, employers, policy makers or investors, and has done so in ways any amount of training and research could ever have achieved. Our learning continues, as we attempt to find ways to manage the complexities of these interrelationships and translate them into frameworks that can assist both our own and others investment decision making.

Our 12 investment principles, co-created with our client partners, aim to convey this commitment to evidence-gathering, research, innovation and collaboration that enables Brunel to be an effective steward of the assets under its management and to provide leadership and support to the wider industry.

Brunel Pension Partnership Investment Principles

- Long-term investors
- Responsible investors
- Best practice governance
- Decisions informed through experts and knowledgeable officers and committees
- Evidence and research at the heart of investments
- Leadership and innovation
- Right risk for right return
- Full risk evaluation
- Responsible stewardship
- Cost effective solutions
- Transparent and accountable
- Collaboration

The complete wording for these principles is available on our website.

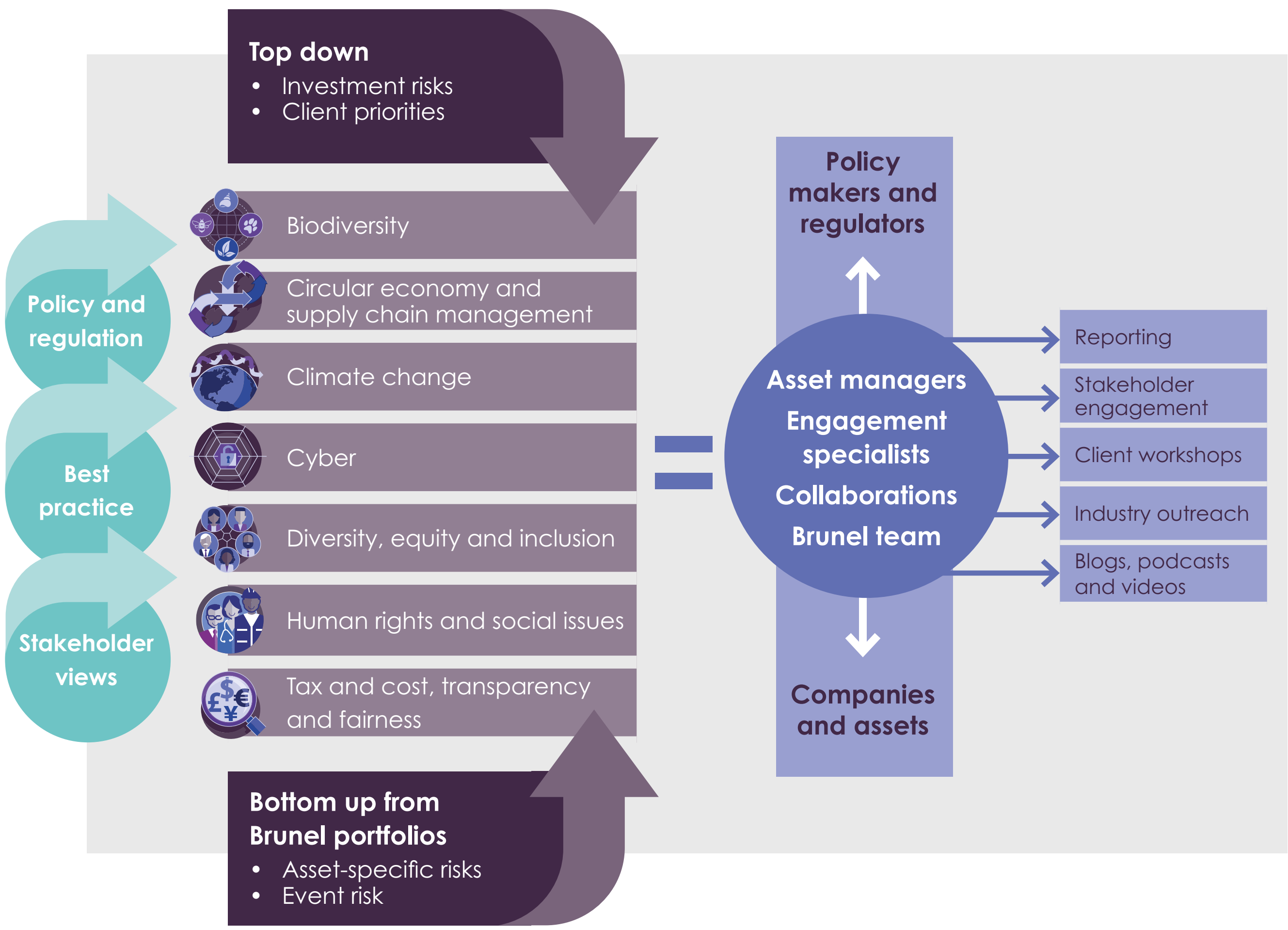
Setting priorities

In setting our RI priorities and stewardship objectives, we start with our investment principles. We engage extensively with our partner clients (who are also our shareholders) as well as our stakeholders. When Brunel says that it puts clients at the centre of what the organisation's does, it does not do so glibly. Brunel is owned and operated solely for the benefit of those who formed it: the nine Local Authorities and the Environmental Agency.

The governance structures and transparency of our clients supports the flow of information that enables Brunel to reflect the views of our stakeholders in its priorities. For example, in 2021 Brunel participated in employer forums, client AGMs and a range of other events by which we proactively elicited the views of all stakeholders. Issues raised have included the role of banks, the circular economy and managing methane, but the most commonly-raised topics were biodiversity and climate change.

In order to engage and stimulate discussion across our stakeholder base, we have used frameworks such as the

Brunel RI and Stewardship Priorities



UN Sustainable Development Goals, as well as the work of the World Economic Forum (WEF), which produces a number of reports, including an annual Global Risk Report[1].

From these discussions, Brunel's Board, clients and other stakeholders highlighted that they would like Brunel to proactively seek additional opportunities to both amplify and increase our work on biodiversity. Biodiversity was formerly a sub-theme captured under supply chain management. However, in light of this request, biodiversity is now a distinct priority area. In creating a new priority, we also took the opportunity to update the priority area headings and redistribute other activities to better balance resources and reflect the breadth and depth of our work.

As illustrated in the diagram above, other inputs into setting Brunel's RI priorities include an evaluation of regulations, best practice and asset-specific risk (or idiosyncratic risk). Asset- or sector-specific risk is considered through the lens of 'double materiality', the concept that recognizes that a business will have impacts inwards (sustainability topics that are financially material influencing enterprise value) and impacts outwards (sustainability topics that are material to the economy, the environment, and people). This is important to Brunel as we are exposed to risks arising from the whole economy and from right across financial markets. Universal ownership[2] recognises the impact one asset or component of our portfolios has on another asset. For example, flood risk in real estate is exacerbated by climate change, arising from coal-fired electricity generation. It also recognises the impact to the economy and society more broadly.

Another consideration is timing: are there other pressures on the company that mean it is likely to be more receptive to investor engagement on a topic? For example, is there policy interest, or regulator interest or wider investor interest that would enable collaboration? All these factors increase the probability of a successful outcome and therefore the allocation of time and resource.

A good example of this analysis is our decision to prioritise banks, engaging with them directly (see case study on page 37).

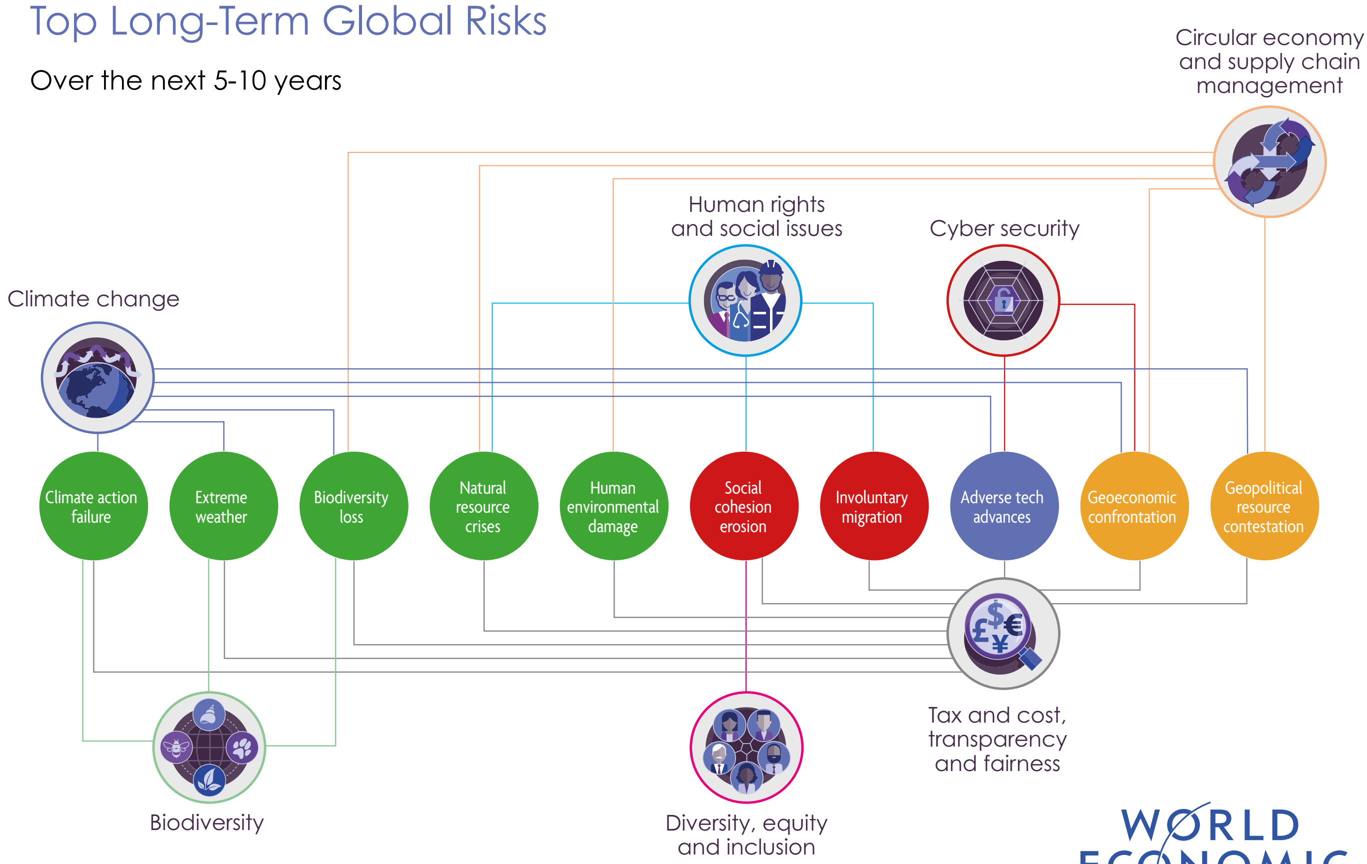
So, how do we check we haven't missed anything? The whole organisation uses resources like the WEF reports, daily news feeds, input from our asset managers and other service providers. Combined with talking to other investors, policy makers and academics at events and private meetings, it equips us to be aware of new and emerging risks. The opportunity to discuss such risks is a standard agenda item of both the Brunel Investment Risk Committee and the Brunel Investment Committee and, at a strategic level, as part of Executive Committee and Brunel Board meetings (page 38).

We have mapped our Brunel RI priorities to the long-term risks (as being long-term investors is another investment principle) identified by the Risk Perception Survey, 2021, published Global Risk Report 2022, by way of illustration.

[1] Global Risks Report 2022, 11 January 2022 - https://www.weforum.org/reports/global-risks-report-2022
[2] Brunel has used the work of Ellen Quigley (as outlined in our 2021 report) and therefore recommends: Quigley, 2020, Universal Ownership and Systemic Risks - https://www.cambridge.org/engage/coe/article-details/5fadc442ad40b800113d6637

Top Long-Term Global Risks

Over the next 5-10 years



Economic · Environmental · Geopolitical · Societal · Technological

Source: World Economic Forum Global Risks Report 2022

Managing Systemic Risks

Brunel's approach to managing systemic risk is to leverage its role in the finance system. Brunel, in partnership with its clients, sits at the top of the investment chain. **Brunel outsources the management of 100% of its AUM and specialises in portfolio construction and risk management through the selection, appointment, and monitoring asset managers.** We work collaboratively with other investors, policy makers and regulators to build capacity to manage these risks and opportunities. In summary, we use our position and processes to amplify our impact in managing risks and delivering of sustainable outcomes.

All hands on deck

Brunel has seven RI priorities, each of which comes with a set of stewardship objectives, and where appropriate, specific targets. The priorities drive an extensive and demanding programme of work.

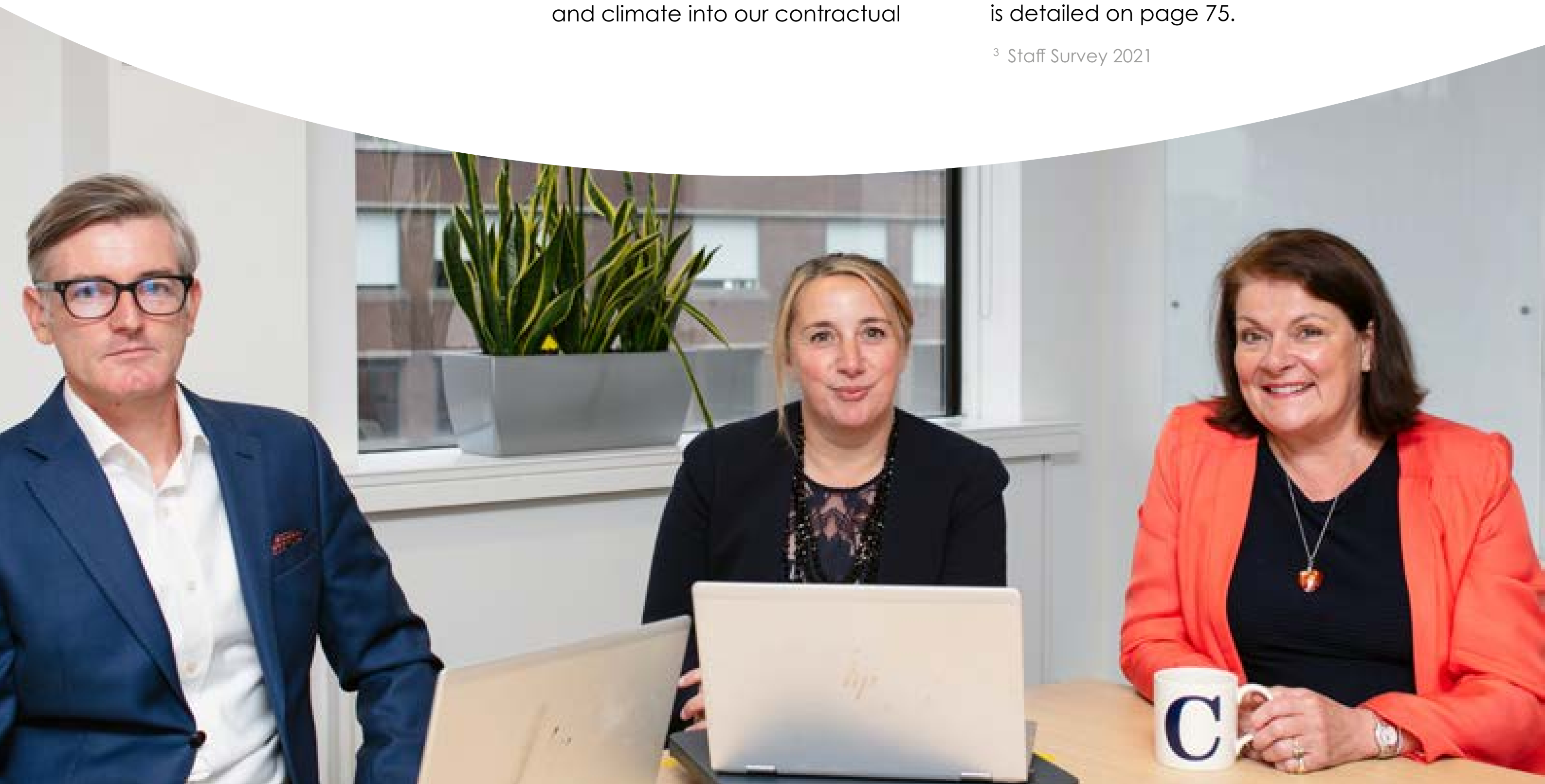
Brunel's philosophy of working in partnership is illustrated through its approach to responsible investment and through its delivery of its stewardship objectives. Brunel expects all its clients, staff, asset managers, and service providers to embrace and deliver on their responsible investment and stewardship priorities and focuses. We expand on how we convey and monitor expectations to managers, and to service and data providers throughout this report, but this is only possible through the dedication and commitment of our own team.

The work is not limited to our specialist RI team (see back cover) – the whole of Brunel is integrally involved. Taking the lead is the Investment team, which is responsible for the selection, appointment, and monitoring of asset managers, including all the associated ESG risks and opportunities. Although all our team members already have strong ESG knowledge, many have chosen to enhance this knowledge through the Chartered Financial Institute's (CFA) UK ESG and Climate modules. Others have attended thematic training, including at Alliance Bernstein's Climate Change and Investment Academy, in partnership with The Earth Institute, Columbia University (where their study involves six modules of training with live Q&A).

All Brunel teams are vital to delivering our stewardship objectives, whether those teams are embedding RI and climate into our contractual arrangements and risk management processes (Compliance and Risk team); leading on cost and tax transparency (Investment Operations team), leading client engagement (Client Relationship team) or ensuring that, in our own operations, we practice what we preach (HR & Finance teams)– see Walk the Talk.

Staff ranked our culture, mission, values and commitment to responsible investment as their top reason for joining the organisation[3]. This deeply embedded commitment to responsible investment and to making long-term, sustainable investments, supported by robust and transparent processes, emanates from Brunel's Board. The Board approves and is collectively accountable for Brunel RI, Climate and Stewardship Policies. More details on roles, responsibilities and assurance is detailed on page 75.

[3] Staff Survey 2021



Faith Ward was named Personality of the Year 2021 at the Environmental Finance Awards

Faith Ward formally received the award in Spring 2022

Brunel received the Pensions for Purpose Paris Alignment Award 2021

Helen Price was named ICGN Rising Star 2021

It is recommended that all staff have RI or sustainability-related personal objectives, which is the central component of our performance management process. Brunel does not routinely use bonuses or variable pay as part of its approach to remuneration. We do, however, have capacity to use small, one-off recognition awards to acknowledge exceptional efforts by an individual or team, which could include stewardship and investment activities.

Resourcing corporate engagement

As outlined above, our approach is to leverage our outsourced model to maximise impact. As such, our **first line of asset-level engagement and stewardship** is via our appointed asset managers. As Brunel outsources 100% of day-to-day asset selection to asset managers, it is essential that ESG risk integration and stewardship capabilities are assessed as part of appointment and monitoring processes, and that it is reflected in our internal policies. Our inclusion of asset manager case studies as well as those documenting our selection processes aim to provide evidence of this in practice. **Our second line is a specialist engagement provider**, who provides additional engagement resource and executes our voting intentions across our listed active fund assets (segregated). **Finally, our third line is the internal team**; working directly, but often collaboratively, Brunel will undertake direct engagement with businesses.

Walking the Talk

Our Responsible Investment Policy commits Brunel to integrate RI into everything we do, including our own operations. There are examples of this throughout the report but, more broadly, we work in partnership with Future-Fit, a-not-for-profit organisation that aims to encourage business alignment with the Sustainable Development Goals (SDGs).

Key areas of progress in 2021

- Sustainable Transport to work – Electric Vehicle scheme
- Modern Human Slavery - minimum standard for due diligence included in outsourcing policy
- New office energy supplier with enhanced green credentials. Brunel's electricity is still from 100% renewable sources.
- Office waste management - efforts to reduce waste to landfill included a food waste service, adding to our existing recycling sorting bins.
- Brunel website updated with Conflicts of Interest Statement, updated Modern Human Slavery statement
- Enhanced cost transparency
- Enhanced cyber security

Postponed action

One of the priority areas we did not progress in 2021 was the use of offsets for our residual operational carbon emissions. This was postponed due to it being a lower priority given office closures and the lack of travel due to Covid restrictions. It is an area we will be picking up in 2022.

Next steps

- Exploring ways to manage our direct climate impacts and, where necessary, the use of carbon offsets
- Exploring ways in which we can enhance our own diversity and potentially becoming National Living Wage-certified

Brunel has been fortunate to be recognised for its achievements in several areas, quite often having been nominated by a third party.
Brunel does not pay to participate in any awards and does not routinely attend events that are solely for the purpose of collecting such an award.

Risk landscape – CIO perspective

Across 2021, there was continued economic and asset price recovery from the bottom of the COVID-induced decline of March 2020.

Markets had already quickly recovered due to the extraordinary fiscal and monetary response of governments and central banks around the world. Further momentum was added by Biden's inauguration at the start of the year and by Janet Yellen, appointed as Biden's Secretary of the Treasury, making the case for more fiscal stimulus.

David Vickers
CIO

What kept risk markets moving upwards after that was the success of the vaccination programme, which provided investors the opportunity to believe that the world would largely be able to resume business as usual. The announcement of a successful vaccine in November 2020 also proved to be a turning point within asset classes. It set the tone for 2021as hitherto unloved companies caught in Covid's cross hairs rallied aggressively and growth-orientated winners (like Zoom) that saw us all through lockdown began to stall. Bond markets also began to sell off as investors grappled with a resumption of economic activity, buoyed further by the significant amounts of dry powder built up by corporates and consumers.

All of this, against the backdrop of hugely supportive monetary policy, with rates near zero and the world awash with excess cash looking for a home, meant that Inflation became the word du jour and continues to be the issue that investors and policymakers are grappling with today. Indeed, at time of writing, inflation in the US was reported to be 7% over 2021.

I wrote extensively about inflation in last year's report as I felt that the disinflationary trends we had witnessed for decades were on the point of coming to an end. What is new and has caught policy makers off guard is that the "transitory" factors have in fact persisted and become embedded in wage negotiations – and so have bled though to a degree of permanence. Seven percent, however, is clearly not likely to be the sustained level, as much of today's figure comprises the surge in demand for goods at a time when supply chains are still not fully repaired following global lockdowns and a retrenchment in the labour force. In early 2022, markets were anticipating rate rises from the Federal Reserve over the remainder of the year.

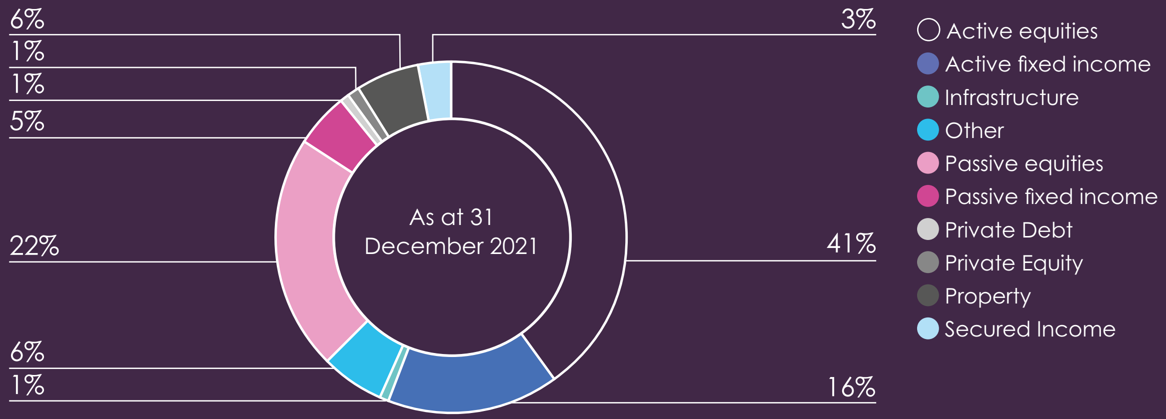
Politics again encroached on markets in 2021; China was a weak spot against a backdrop of increasing government intervention and the potential issue of systemic risk as it related to the Chinese property market. The intervention arguably started with regulators halting the $37bn IPO of Ant Group, Alibaba's fintech arm, but persisted with other changes and probes aimed at monopolistic behaviour, data privacy issues and wealth distribution under the banner of the common prosperity drive.

Many sectors were snared under this change of tack, including hitherto national champions like Tencent and Meituan, as well as the private education sector, whose business model was upended under the sweeping reforms. Assets have repriced already in many sectors, presenting, as some see it, a great opportunity. However, the larger question in investors' minds which lingers is around the invest-ability of China, and whether a pivot towards a policy of common prosperity weakens the case particularly for Western capital that often does not have the same right afforded to it that local capital does.

COP 26 in Glasgow loomed large over the year and, whilst the main actors were governments, the policies and agreements clearly have a bearing on the investment opportunities that present themselves both directly in our private market franchise and, indirectly, though the listed companies we own. Whilst the collective outcome wasn't the game-changing immediate course correction that is arguably warranted, I do believe that we have good momentum which will be built in in COP 27 and have moved past the tipping point.

What does this mean for the investment landscape? Fundamentally, it provides for further structure and conviction around our approach. The world needs to

Breakdown of Brunel Assets Under Management



undergo profound systems change, which requires not just the building of renewable sources of energy, but of the full infrastructure that would be needed to support it. Storage is a key missing component here.

Sadly, it is also clear that we cannot undo the damage that has been done – we have breached many of our planetary boundaries (the safe space for human development) and so we are in damage- limitation mode. As such, further investment is needed in mitigation and adaption technologies to cope with the changes that are upon us. Even under a successful programme, however, climate change will still rise by at 1.5 degrees. Brunel's own approach will continue to provide capital to those areas which we feel are increasingly necessary and much less overcrowded than the more traditional renewables projects. The latter have suffered compressed returns due to demand, while rising merchant pricing risk is ultimately changing the profile of certain projects.

In the listed markets space, we launched Paris-aligned indices with FTSE for use where clients wanted to continue to be passive, but also meet their Net Zero pledges. The methodologies and research behind these indices will form the foundations for our continued discussions around our own climate change policy. We will be undertaking a climate stocktake this year in order to measure what we have been able to achieve against the very ambitious goals we set ourselves in 2019, but we will also be seeking to build on our momentum and leadership and update our policy to consider the huge strides the scientific, academic and investment industries have made over the last year.

However, our approach to Responsible Investment does not address climate alone – far from it. We made significant progress over 2021 in creating mechanisms to support improved practices in both our own industry – and the companies we invest in. On the former, the publication of a new Asset Owner Diversity Charter – and its adoption by investors with combined AUM of more than £1 trillion – was a particularly significant example of our impact. As an investor, then, we target positive impact – just not always within the technical constraints imposed by the "impact investing" badge. Across our private markets portfolios, we are finding the best investments away from primary renewable projects and in distribution and storage and other parts of the supply network – these will be essential if we are to decarbonise the real economy.

For example, our Renewable Infrastructure Cycle II is entirely invested in renewable energy infrastructure – generation, transmission, distribution, storage and energy efficiency. General Infrastructure cycle III will allocate 30-60% of AUM to low carbon, energy-transition, renewable energy and renewable-enabling technologies – and 40-70% to climate solutions and general infrastructure. Private Debt Cycle II has a growing weighting in ESG-incentivised loans, whereby the borrower can reduce the debt cost by meeting a pre-defined set of ESG criteria. Secured Income cycle I has a 27% allocation to the Greencoat Renewable Income Fund – in cycle II, that allocation rises to 40% allocation, with a similar allocation anticipated for cycle III. In short, we believe a mixed approach has the flexibility to enable the greatest impact across different asset classes.

Looking forward, 2022 will bring its own challenges; first and foremost the ongoing fallout from Russia's invasion of Ukraine. Other issues that already loomed large at the end of 2021 are likely to become yet greater challenges as a result of the invasion and ensuing sanctions: growth certainly looks to have peaked and interest rate rises are forecasted to come through quicker than was the case even six months ago, as transitory inflation pressures linger and perhaps become embedded in expectations.

Certainly, wages look set to rise. This raises the spectre of a policy mistake from central governments arguably at time when valuations a finely poised and perspective returns already lower. We could therefore see a return of volatility both at the headline level and under the surface as sectors begin to price in the probability of a new inflationary paradigm.

Marking progress

2017

Founding of Brunel Pension Partnership

Became member of IIGCC

Signed up to Taskforce for Financial-Related Disclosures

2018

Received FCA approval

First LGPS pool to sign UNPRI

Launched RI Policy and RI-focused Asset Management Accord

Launched first 5 listed market portfolios

Launched private markets (PM) cycle 1 across private equity, infrastructure, secured income

2019

Launched risk management framework

Published Climate Position Statement

Reached 50% mark for transition of client assets

Launched Low Volatility, Emerging Markets & High Alpha portfolios

Joined Investor Advisory Group of the Sustainability Accounting Standards Board

Launched UK and global property portfolios

2020

Published Climate Change Policy

Launched Diversifying Returns, Small Cap, Sustainable Equities portfolios and risk management framework

Launched PM cycle 2 across private debt, private equity, infrastructure, secured income

Backed Barclays AGM climate resolutions

Won European ESG and Climate Risk Mgmt. awards (IPE) and Pension Fund of 2020 (Environmental Finance)

2021

- Committed to Net Zero
- Completed launch of 17 listed portfolios with Global Core Equities, Sterling Corporate Bond, Multi Asset Credit, 2 x Passive Gilts
- Won multiple awards across investment, innovation, portfolios, climate risk management (IPE, Environmental Finance, Pensions for Purpose)
- Co-launched FTSE Paris-aligned benchmarks with £3bn transition
- Co-launched Asset Owner Diversity Charter
- Represented views at COP 26

2022

- Climate Stocktake
- COP 27 Egypt

2030

2030 target

50% reduction in carbon intensity

2050

2050 target

Net Zero investment Portfolios

Biodiversity

We seek to promote action to limit the loss of biodiversity and increase rejuvenation to deliver a net-positive impact on biodiversity in the opportunities in which we invest.

Biodiversity and ecosystem services provide an essential life support system to people and economies worldwide, but they are being destroyed at an alarming rate. A global assessment of biodiversity and ecosystems provides insights into the stark reality of the impact from human actions. It estimates that around a million species are at risk from extinction in the coming decades and that, without action, extinctions will accelerate.[4]

Global policymakers and, indeed, investors, have been slow to act. The Covid pandemic, whilst acting as stimulus, has also aggravated policymakers' capacity to negotiate progress, leading to several postponements of the UN Convention on Biological Diversity (CBD COP15), which will hopefully conclude in the late summer of 2022. It is hoped that, amongst other commitments, more countries, including Brazil and China, will join the 70 that have already pledged to designate and protect 30 per cent of land and oceans as protected areas by 2030. This pledge builds on the 2020 pledge to protect 17 per cent of land and 10 per cent of the oceans.[5]

A study and benchmark produced by SwissRe helps to provide an investment perspective, calculating that a fifth of countries are at risk of their ecosystems collapsing and that 55% of global GDP is dependent on high-functioning biodiversity and ecosystem services.[6]

Although the problem is clear, working out where to start from an investment perspective is very complex, as the causes, impacts and risks are different for different companies, even within the same sector – depending on their specific products and services, and where in the world they source supplies and operate. Brunel's stewardship activities on nature and biodiversity have sat under the Supply Chain theme and have included work on deforestation, palm oil, plastics and water consumption. Case studies have featured nature-positive opportunities when investing in real assets (infrastructure, real estate, etc). However, given both the growing awareness of investment materiality and a clear mandate from clients and beneficiaries to expand our work in this area, Brunel has decided to make it a priority theme in its own right. Our strategy, based on our RI approach to integrate, collaborate and be transparent, is set out on page 20.

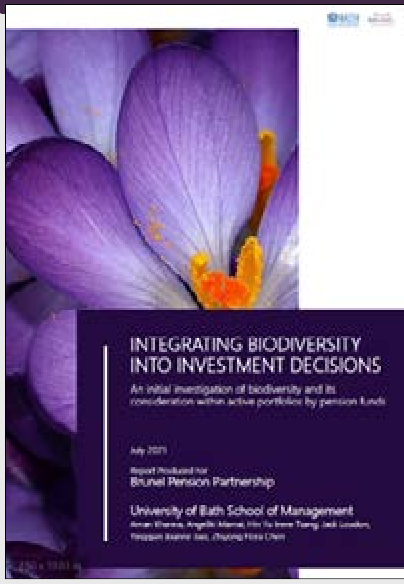
Biodiversity is a material investment risk

Biodiversity is the variety of living components that make up natural capital. It has a role in ensuring the resilience of natural capital assets and securing them for the future.

Its loss reduces the quantity, quality and resilience of ecosystem services and can present risks to investors across many sectors.

Source: UNPRI, 2021

4 Global Assessment Report on Biodiversity and Ecosystem Services, Summary for Policy Makers, IPBES (2019)
5 UN Convention of Biological Diversity www.cbd.int/convention/
6 SwissRe - Biodiversity and Ecosystems Services Index: measuring the value of nature https://www.swissre.com/institute/research/topics-and-risk-dialogues/climate-and-natural-catastrophe-risk/expertise-publication-biodiversity-and-ecosystems-services.html#/



Bath University MSC Project

Last year, Brunel was invited to work with the University of Bath by providing a research topic for their MSC students' postgraduate consultancy project. The project provides an opportunity for students to increase their experience working with UK businesses on real world problems. Given the interest from the Board, clients and internally, the focus area chosen was biodiversity.

In 2019, HM Treasury commissioned the Dasgupta Review, an independent, global review on the economics of biodiversity led by Professor Sir Partha Dasgupta, Frank Ramsey, Professor Emeritus of Economics, University of Cambridge. Findings were published in February 2021. They called for changes in how we think, act and measure economic success to protect and enhance our prosperity and the natural world. Grounded in a deep understanding of ecosystem processes and how they are affected by economic activity, the new framework set out how we should account for nature in economics and decision-making. The report and other resources were shared with the students who were asked to explore how the findings of the report can be translated into investment decisions with a series of questions:

What are the first steps pension funds should take?

- Which sectors should be prioritised?
- What challenges remain?
- What are the key questions which we should be posing to companies?

There were two groups of students who undertook research which resulted in different perspectives being presented. Students had six weeks to research the topic before presenting their high-level findings. A variety of staff, as well as all clients, were invited to the presentations, providing a useful opportunity for staff across different functions to learn about biodiversity and the potential risks and opportunities. The reports presented are available on our website.

Both groups identified that, as with climate change, companies are exposed to physical, transition and litigation risks which can cascade to institutional investors in the form of financial risks. They concluded that investors should assess their exposure to, and dependency on, biodiversity. But they also highlighted that multiple challenges exist, such as a lack of data and metrics, inadequate biodiversity disclosure, and geographical differences in reporting, making it challenging for a meaningful assessment to be carried out at present. It was recommended that Brunel monitor developing frameworks and initiatives; the two main areas being monitored are the Task Force on Nature-related Financial Disclosures framework and engagement initiative NA100+[7]. In the meantime, it was suggested Brunel should make biodiversity a separate RI priority, engage with asset managers on their approach, and engage with companies for increased disclosure and transparency. Brunel has proceeded with making biodiversity a separate RI priority, and our strategy is outlined on the following page. We continue to engage with companies for improved disclosure.

As well as providing a useful kickstarter for discussions at Brunel, the project provided insight to students on the impact the investments industry can have, and ignited interest in responsible investment and accounts, which we hope students will carry forward in their future careers. We look forward to participating in next year's research projects.

[7] Nature Action 100 will be a platform for investor dialogue and action on biodiversity

Brunel's Biodiversity Strategy

	We will:	We expect our **asset managers** to:	We expect high risk **companies** to:
To integrate	Proactively identify nature- and climate-positive investment solutions	Assess exposure to risk and opportunities arising from biodiversity – starting with deforestation	Commit to having a net-positive impact on biodiversity throughout their operations and supply chains by 2030 at the latest
	Proactively ask managers to evidence their approach	Identify opportunities for direct engagement with higher risk holdings, including exposure in supply chains, operations and/or financing	Establish governance and processes in place to manage nature-related impacts and risk
	Develop mechanisms to evidence impact and report case studies and outcomes	Support industry in developing capabilities to measure, manage and report	Identify the potential effect of the organisation's impact and dependencies on nature and consequential risk and opportunities on the business strategy and financial planning
To collaborate	Support developing industry thought leadership and take part in collaborative engagement with policymakers, companies and businesses	Engage on policy to support an enabling environment for businesses to avoid biodiversity risks and impacts Collaborative engagement with companies and businesses	Support capacity building across supply chains to avoid negative biodiversity risks and impacts and support nature-positive outcomes
To be transparent	Support the development and report against the guidance of the Taskforce for Nature-related Financial Disclosures (TNFD)	Provide case studies but prepare for increased transparency, in line with latest best practice guidelines, such as those of the TNFD	Start reporting on impacts and build capacity to increase transparency, in line with latest best practice guidelines, such as those of the TNFD

Life on Land

Banks, through their financing decisions and client selection, play an essential role in incentivising the protection and restoration of biodiversity, as well as mitigating and preventing the major drivers of nature loss. Our engagement with banks, led by ShareAction, was broadened to include biodiversity. In an Investor letter to global banks ahead of COP26, 115 investors representing $4.2tn wrote to 63 banks encouraging them to commit to the following ahead of the Kunming Conference (CBD COP15):

- Develop and disclose a strategy to address the systemic risk posed by biodiversity loss, the tackling of which will be critical to effective climate action, a just transition, and sustainable economic wellbeing. This should include making a commitment to identifying and disclosing impacts and dependencies on biodiversity, setting nature targets that are science-based by 2024 at the latest, ideally as part of the Finance for Biodiversity Pledge initiative, taking the conclusions of the CBD COP process into account, and publicly reporting on progress on an annual basis.
- Publish sectoral expectations on the management of biodiversity-related risks and impacts for clients in high-impact sectors. Strengthen biodiversity and human rights safeguards in sectoral policies for high-impact industries, including proper due diligence impact assessments for each sector. This should include a clear commitment to respect Indigenous rights and environmental defenders.
- Commit to engage in the process to develop a Taskforce on Nature-Related Financial Disclosures (TNFD) and, once the new disclosure framework is launched in 2023, draw on the TNFD to refine biodiversity strategies, approaches, and disclosures.

Further details on our engagement with banks can be found on page 37.

At the beginning of 2021, EOS published a white paper on biodiversity: Our Commitment to Nature. The paper outlined expectations of sectors with high biodiversity impacts and dependencies, and an objective to encourage companies to commit to having a net-positive impact on biodiversity throughout their operations and supply chains. Throughout 2021, EOS Federated Hermes (EOS) advocated for better public policy frameworks through their work with the Finance for Biodiversity Foundation and other collaborative initiatives. They have engaged with a range of companies on plastic waste, deforestation, and sustainable food – a few examples are outlined below. Additional details on EOS's approach to fast fashion can be found on page 70. In 2022, EOS will continue engagement with companies, especially those that are involved in the production and sale of food, on halting and reversing biodiversity loss. Depending on the specific company context, engagement will cover various issues, including deforestation, regenerative agriculture, sustainable proteins, and chemical run-off management.

Case Study: Primark

EOS Hermes, our voting and engagement provider, asked Primark if it had mapped its current impact on biodiversity so that progress can be tracked. In 2020 Primark, Cotton Connect and the Cambridge Institute for Sustainability Leadership collaborated to develop indicators to measure the environmental impact of the Primark Sustainable Cotton Programme (PSCP). These metrics assess the practices employed by PSCP farmers that have been proven to benefit biodiversity, soil, and water.

Case Study: Novartis

Novartis, a pharmaceutical company, are highly dependent on nature. At their 2021 shareholder meeting, EOS asked the board for an assessment of the company's impacts and dependencies on nature, and for a commitment to having a net-positive impact on biodiversity across the full value chain.

Deforestation

At COP 26, 141 countries committed to working collectively to halt and reverse forest loss and land degradation by 2030, while delivering sustainable development and promoting an inclusive rural transformation. They affirmed their respective commitments to sustainable land use, and to the conservation, protection, sustainable management and restoration of forests, and other terrestrial ecosystems. Included in the list of countries were Brazil and Indonesia, which are focuses for the Investor Policy Dialogue on Deforestation, an initiative supported by a membership of 51 financial institutions, including Brunel, with approximately US$7 trillion in assets under management. The Brazil workstream was initiated in June 2020 with a letter to the Brazilian government seeking five outcomes:

- A significant reduction in deforestation rates, i.e. showing credible efforts to comply with the commitment set down in Brazil's Climate Law, Article 19.
- Enforcement of Brazil's Forest Code.
- Enhancement of the ability of Brazil's agencies tasked with enforcing environmental and human rights legislation to carry out their mandates effectively, and the withdrawal of any new laws or articles that may negatively impact forest protection.
- Prevention of fires in or near forest areas, in order to avoid a repetition of the 2019 fire season.
- Public access to data on deforestation, forest cover, tenure and traceability of commodity supply chains.

Engagements were held throughout 2020 and a follow-up meeting was held on Friday 29 January 2021 with the vice president of Brazil to discuss the issue of deforestation in the Amazon. The IPDD welcomed President Bolsonaro's restatement of Brazil's existing commitment to eliminate illegal deforestation in the Amazon by 2030 and a reconfirmation of their commitment at COP 26. We recognise that the public health emergency caused by Covid has exacerbated the challenges facing Brazil on many fronts and put particular pressure on public finances. However it is still significant that, according to data released by Brazil's space research agency (INPE), deforestation increased in the Amazon by 22% during the 2020-21 period, hitting its highest level in over 15 years. During the year, IPDD has scheduled a number of educational calls for investors, and interest in the initiative has grown, with additional signatories coming on board. Engagement in this area continues, and earlier this year the IPDD secretariat sought proposals to support delivery of a report which will summarise IPDD's key objectives, engagements, and activity to date.

Deforestation is an increased area of focus for EOS in engagements and voting for 2022. By 2025, the aim is to publicly report credible progress on eliminating forest-risk and agricultural commodity-driven deforestation impacts in investments via successful engagement.

We voted against directors at Li Ning and WH Group for failing to address deforestation risks and supported a shareholder proposal seeking a report on the soy supply chain at Bunge

Case Study: Aberdeen Standard Secured Income Portfolios

We hold the Aberdeen Standard Long-Lease Property fund in the Secured Income Portfolios (both cycle 1 and 2). The manager has been working intensely on delivering a real estate investment portfolio that can reach the ambitions of Net Zero Carbon status whilst promoting biodiversity.

The manager has engaged external consultants to help with an asset level audit and develop a detailed model - mapping out carbon generation at a Fund level, as well as giving advice how this can be reduced over time. The manager has also been working with tenants by installing new software that can capture and monitor more accurate energy usage data.

There are a number of projects with tenants at various stages aimed at improving the energy efficiency of assets and the sustainability credentials of buildings. These range from installing solar panels to providing electric car charging and replacing heating systems with renewable energy systems.

Forestry has been considered as a means to offset carbon where it is not possible to eliminate emissions. The team is very much in the exploratory fact-finding stage and is considering the use of restoring peat bogs as a means to capture carbon. The manager also works with tenants on smaller biodiversity initiatives such as having managed areas for wildlife on larger sites and installing beehives where possible.

Life on Water

Marine ecosystems play a crucial role in regulating our climate and providing key services, such as the production of oxygen and carbon sequestration. Many sectors, such as shipping and tourism, are highly reliant on the oceans. It is estimated that over three billion people depend on the oceans for their livelihoods and that the natural capital of our oceans is US$24tn.

Oceans are thought to be the most biodiverse areas on earth, estimated to contain 50-80% of the total biodiversity on the planet. However, climate change, pollution and overfishing are threatening habitats and species, in some cases before they have been discovered. The Living Planet Index shows an average 68% fall in the population sizes of mammals, birds, amphibians, reptiles, and fish between 1970 and 2016. Protecting and conserving the marine environment is crucial for human life and protecting the economy. Awareness is growing amongst investors, as well as regulators. If companies fail to address their impact, they risk reputational damage and litigation.

With most plastic packaging used only once, 95% of its potential economic value (US$80 billion – US$120 billion) is lost annually

Plastics pollution

While delivering many benefits to society, the plastic economy has many drawbacks. Tackling plastics pollution will take a global approach at the UN Environment Assembly (UNEA-5) a landmark resolution was adopted to end plastic pollution and create an international legally-binding agreement by 2024. Endorsed by 175 nations, it marks one of the most significant multilateral environmental deals since the Paris Accords. The resolution addresses the full lifecycle of plastic, including its production and design. An intergovernmental negotiating committee will begin work on the draft (including any legally binding obligations, and those best addressed through national action plans or voluntary measures). However, once adopted, the resulting obligations will likely inform national environmental laws and policies governing plastic production, use and recycling worldwide.

To play our role in managing the complex and widespread risks and opportunities associated with plastics pollution, we continue our **active membership of the Principles of Responsible Investment (PRI) Plastic Working Group**. This working group consists of 29 global investors representing US$5.9 trillion in assets. The group has supported the development of the plastics landscape series and four guides to support investor engagement on plastic packaging with relevant sectors. In August 2021, four engagement guides were published covering petrochemicals, containers and packaging, fast-moving consumer goods and waste management. The group will continue to enhance investor understanding of how to address plastic waste and pollution and support a circular economy for plastics by deepening the insights within the engagement guides and exploring key areas in more detail.

Brunel, alongside 26 international investors, joined a collaborative engagement led by First Sentier Investment, with support from the Marine Conservation Society. Using our collective influence, the aim was to engage with 18 of the largest manufacturers of washing machines around the world to understand what they're doing about microplastics through washing machine use and to champion technological advances to tackle this issue. Engagement continued in 2021 in partnership with the UK's Marine Conservation Society. Some progress has been achieved, with the first commercially-available products fitted with filtration technology now available in the UK, with promising plans to introduce additional products in 2022. First Sentier also released a report – Microfibres: the invisible pollution from textiles – to synthesise existing knowledge about the sources and implications of microfibre pollution, and to summarise possible areas of action for policymakers, companies and investors to reduce microfibre pollution. The report will be used to support ongoing engagement.

80% of tourism occurs in coastal areas

Plastic waste is damaging to wildlife and tourism. Helen Price, Head of Stewardship, witnessed this in person when visiting Godfrey Bay this summer. The image captured shows a seal with a plastic ligature around its neck. Sadly, the Seal Life Trust confirmed that the ligature was first reported in 2017, four years prior! The seal likely did not have long left and was unfortunately beyond help.

Case Study: Plastic Pellets

Plastic pellets are the raw materials used in a wide variety of plastic products. Pellets can be lost to the environment at every stage of the supply chain, including road transport, shipping, and storage. Once in the environment, pellets, along with other types of microplastics, are known to be eaten by a range of animals including fish and seabirds, and to cause harm. McInroy & Wood identified the lack of pellet management standards and in 2018 18 investors from the investor forum signed a letter calling for new standards to codify best practice for plastic pellet management. The British standards Institution agreed that a standard was required and suggested that a 'Publicly Available Specification' (PAS) be sponsored to enable a fast-track delivery. This resulted in investors for the first time forming a co-sponsor group to deliver the new standard, providing financial backing to advance the development. The standard was developed by the BSI and Marine Scotland, acting on behalf of the Scottish Government's Plastic Pellet Loss Steering Group. The UK's trade association for plastics companies, the British Plastics Federation (BPF) was also heavily involved. The investor group, including Ownership Capital and the Environment Agency Pension Fund, funded conservation charity Fauna & Flora International (FFI) to act as the steering group expert on their behalf. FFI is one of the core NGO partners of the Commonwealth Clean Oceans Alliance formed to address Sustainable Development Goal 14 – "Life below water". In July 2021 the new standard – PAS 510: 2021 – was launched. For the first time, companies can take a fully auditable and verifiable risk-based approach to eliminating pellet loss and demonstrate compliance with best practice. The PAS is freely available and internationally applicable, making it an attractive tool for procurement teams. The co-sponsors of the PAS plan to engage with portfolios companies to encourage adoption of the codified PAS 510 and partner only with suppliers who have made similar commitments.

Next steps

- Support developing industry thought leadership on biodiversity and take part in collaborative engagement with policymakers, companies and businesses
- Continue to raise awareness and engage with companies and fund managers around biodiversity risks
- Continue to engage companies and our fund managers around the importance of managing plastics pollution risks and opportunities

Responsible Stewardship

We are committed to responsible stewardship and believe that through responsible, active ownership we can contribute to the care, and long-term success, of all the assets within our remit.

We support and apply the UK Stewardship Code 2020 definition of stewardship:

Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Source: UK Stewardship Code 2020

The main body of this report details our approach and provides examples of stewardship progress. It should be read in conjunction with the Responsible Investment (RI) Policy, the Climate Change Policy and Climate Action Plan, the Stewardship Policy and the Voting Guidelines. Brunel's Responsible Investment Policy sets out the overarching principles that guide everything Brunel does. The Climate Change Policy delves deeper into our most systemic risk. The Stewardship Policy and Voting Guidelines then set out how we operationalise these policies.

Brunel undertakes stewardship of its capital in the design, construction, and monitoring of its portfolios, and supports its clients in ensuring their strategic asset allocation is undertaken responsibly. For example, we use training, workshops, detailed briefing papers and analytics (including ESG and carbon metrics).

We view asset managers as our first line of defence in the management of all portfolio related risks, including ESG risk, so it is a vitally important part of the selection and monitoring process.

Integrating Responsible Investment into our Manager Selection

Integrating Responsible Investment into manager selection is a core part of our work. Mandate design and a risk appraisal process prior to launching a search for a manager is therefore critical in ensuring that we focus on the right things.

The asset class, geography and risk objectives will have a bearing on which Responsible Investment and ESG risks will be most relevant to focus on when making an appointment, thus our manager selection criteria are determined for each search.

We have a track record of action evidenced by work such as Brunel Asset Management Accord designed to capture not only our expectations of managers, but also the spirit of what they can expect from us. The accord supports long-term sustainable finance and especially calls on managers to work collaboratively with Brunel on thought leadership and integration of ESG issues.

The examples on the right show some of the key issues we address when we appoint managers.

Philosophy	Policies	People
Board-level leadership	Commitment	Diversity and Inclusion
Corporate culture	Policy framework	Human Capital
Investment	Pricing and transparency	Numbers & retention

Processes	Participation	Partnership
Investment	Thought-leadership	In it together
Reporting	Innovation	Culture fit
Stewardship	Contribution to investment industry	

More information about the selection and monitoring of managers is on our **website**

Stewardship across asset classes

Our Stewardship Policy provides more detail on our stewardship activities as it applies to each asset class, and we have provided case studies and interviews throughout this report to bring the policy to life.

Brunel's private markets portfolios are offered in cycles, with each cycle being two years long with a "top-up window" in between cycles. The portfolio specification and scope are designed with clients well in advance of each new cycle and their allocation decisions.

Cycles refer to the fact that most private market investing is done via closed-ended funds, so prior invested capital will eventually be returned and require reinvesting, should clients wish to maintain strategic asset allocations to the selected asset classes. The underlying private market fund cycle involves investment selection (sourcing); asset management (value creation); and exit (disposal). We apply the same principles of selecting and monitoring managers no matter which type of asset, but the stewardship tools and techniques adapt to be appropriate to the circumstances, not least the level of control allowed through the legal structure.

Analysing stock-specific ESG risks

One of our top stewardship priorities in 2020 was the on-boarding of climate-related data and ESG risk metrics into Brunel's investment risk platform. Thousands of data points relating to these risks are now available to all the listed market portfolio managers to help them with the monitoring and reporting of these risks. However, whilst this has been very successful, the work is ongoing. We source new data as needed, but also evaluate the effectiveness of the data sets and adjust accordingly. More information on the stewardship of data providers is presented in our Stewardship Policy.

We recognise that ESG data is a developing discipline, and we are strong advocates for improved disclosure from companies and assets in which we invest. This theme cuts across every one of our priority areas. In addition to our own and our asset managers' analysis of ESG risks within our portfolios, we also use select third party proprietary and public data sources. Where we have used third party data to set our objectives and targets, we have been clear on the source of the data.

We are members of the Financial Reporting Council's Investor Advisory Group (IAG) and **Sustainability Accounting Standards Board (SASB)** Alliance IAG, as part of our work to promote on better quality reporting on material ESG risks. We are also vocal supporters of the adoption of the **Taskforce on Climate-related Financial Disclosures (TCFD)**.

FRC

SASB SUSTAINABILITY ACCOUNTING STANDARDS BOARD®

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Monitoring Data and Research Providers

Our use of and stewardship of data providers is outlined in our Stewardship Policy.

We regularly monitor data to ensure quality and accuracy. One example is an anomaly identified by our investment team in a company's carbon data, where a multiplier of 1,000 had incorrectly been applied. We engaged with our data provider on the verification of this information, as it was company reported data it was flagged to them and subsequently resolved.

Conflicts of Interest

We invest in thousands of companies and there are likely to be overlaps with those from whom we – and our clients – source goods and services, not least publicly listed asset management companies. The activities of our clients are very broad and involve large-scale contracting and regulation. Our Conflict of Interest Policy, reviewed every two years, describes the circumstances that could give rise to a conflict of interest and the principles to be followed in order to identify, avoid, manage or (in the event the other routes are not possible) disclose a potential conflict of interest clearly to our clients. Our Conflict Statement, which includes our approach to stewardship conflict of interest, is published on our website.

The effective management of potential conflicts of interest is a key component of our due diligence on all asset managers and service providers, as well as our ongoing contract management. Conflict of interest clauses are included in investment management and service agreements. For example, where our voting provider perceives a potential conflict when executing votes on our behalf, it alerts us to provide an opportunity to further review the recommendations before it is instructed on how to proceed.

Our suite of policies guides our actions to manage perceived conflict of interest.

2021 COI example

Having both public and private market investment occasionally generates a potential conflict of interest, when companies decide to list – or, indeed, delist – by going private. Such occurrences also require adherence to measures relating to insider dealing
For example, those with the knowledge of a potential change must follow strict guidelines relating to communications and investments. If at least one individual within Brunel is in possession of inside information, this is declared to the Head of Compliance, who maintains a stop list. The relevant listed company will be added to this list for the time the information is non-public. This means nobody within Brunel can transact, for their own account, in this company until the information becomes public. Adherence to this policy is monitored by the compliance team.

In 2021, one such incident occurred, where we were aware of a potential investment in a company that was planning to go private; the decision was therefore put to a vote of current shareholders. Brunel outsources stock selection to asset managers but instructs on voting. Decision-making on our voting is conducted in light of the views of our external asset managers, most specifically in relation to corporate actions. In cases like this, where the investment was proceed, to avoid a COI or perception thereof Brunel would take the external manager's view on the corporate action without amendment.

Stewardship Policy Review Outcome

Brunel believes in the importance of regular and in-depth shareholder and stakeholder engagement. Our Stewardship Policy was developed in conjunction with key stakeholders, including the Brunel Oversight Board, Brunel Client Group, and the Client Responsible Investment (RI) Sub-Group. The Responsible Investment Sub-Group provides updates to the Client Group. The Stewardship Policy is reviewed every 12-18 months. We undertook an extensive review during 2020 and made many improvements to the policy, incorporating client feedback and, at a minimum, meeting regulatory developments, such as the new UK Stewardship Code and Shareholders Rights Directive II (SRDII). Brunel won the Pensions for Purpose inaugural Paris Alignment Award for Best Climate Governance and Strategy Statement. The award was made on the basis of our Climate Chance Policy, Stewardship Policy and Voting Guidelines.

In December 2021, we reviewed the policy again, due to the extensive updates made in 2020. Client requests for additional updates changes were minimal and included:

- Updating job titles
- Adding an escalation diagram
- Updating the approval date

Global best practice

As global investors, we apply our principles of good stewardship globally, whilst recognising the need for local market considerations. As a UK-based investor, our key reference points are the **UK Stewardship Code 2020**, **UK Corporate Governance Code**, and guidance produced by UK industry bodies, for example, the **British Venture Capital Association** (BVCA – private equity) **RI toolkit**.

We are committed to supporting policy makers, regulators and industry bodies in the development and promotion of codes and guidance. For example, we are members of the Financial Reporting Council Investor Advisory Group.

We support policy makers in other countries where practicable, generally by contributing to a collaborative consultation submission.

Policy Advocacy Highlights

- Transport Secretary on zero-emissions Vehicles
- Prime Minister Letter on Net Zero & Finance
- Country-by-country sustainability reporting standards, economic & monetary affairs representatives
- CIO letter to BEIS Minister, UK government on the consultation: 'Restoring Trust in Audit and Corporate Governance'
- Enhancing climate-related disclosures by asset managers, life insurers, and FCA-regulated pension providers
- PRI Investor Statement of EU Corporate Sustainability Reporting Directive

We publicly disclose our consultation responses on our website

Voting Guidelines updates

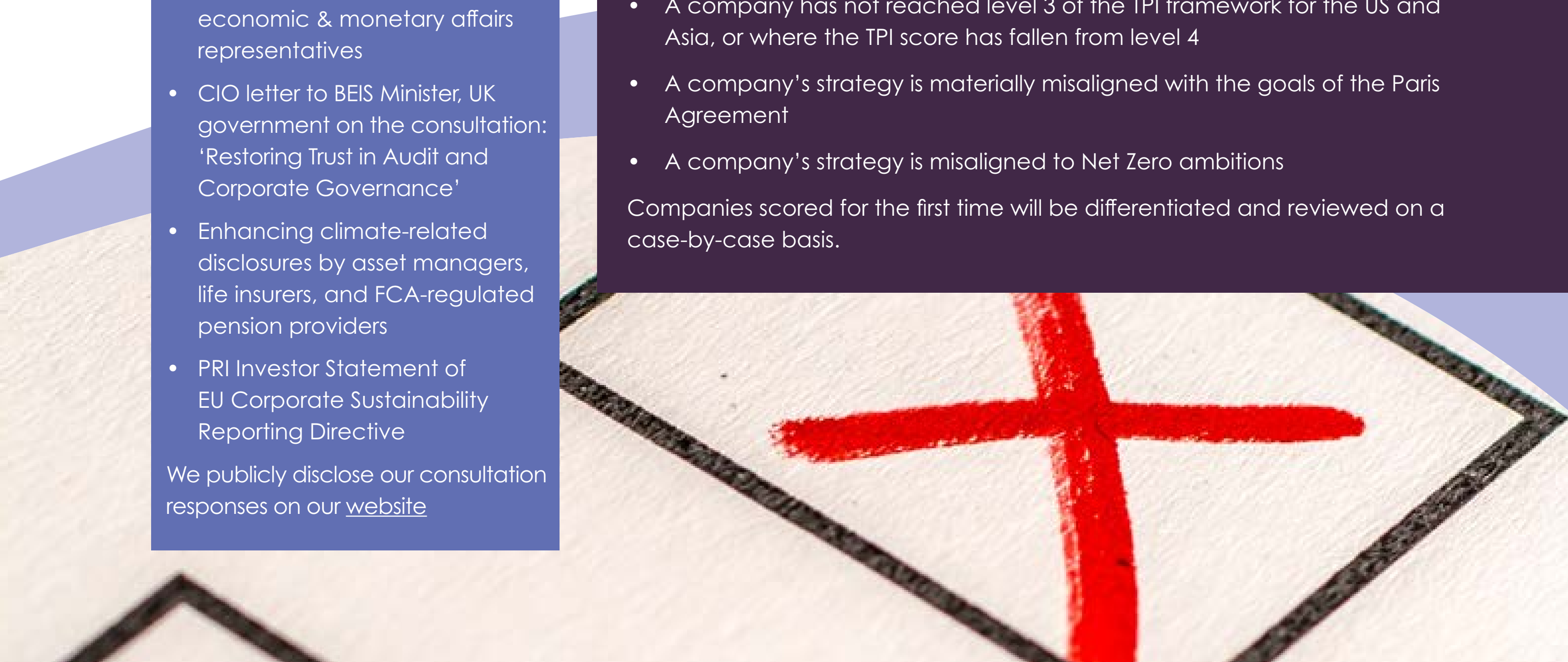
Our engagement, emerging themes and lessons learned in the previous proxy season fed into the review of our Voting Guidelines. Our updated guidelines, published in December 2021, incorporated the following main changes:

- We expect companies to effectively assess their impact and dependencies on biodiversity to manage risk and opportunity. We expect increased disclosure and will be engaging with companies for increased transparency.
- We encourage companies to publish their climate transition action plan no later than the mandatory 2023 deadline, to annually disclose emissions and provide the opportunity for shareholders to provide feedback. Climate proposals will be assessed on a case-by-case basis, taking into account the company's targets, transition plan and progress, amongst other measures.
- Climate Change: we have strengthened the Oil & Gas and Utilities TPI voting principle.
- Where we have significant concerns about a company's actions relating to human rights, we will consider voting against relevant directors, the discharge of management or other relevant resolutions. This is informed by a range of indicators, such as a failure to comply with legislation or internationally recognised guidance (such as the UN Guiding Principles for Business and Human Rights), or evidence that a company has caused or contributed to egregious, adverse human rights impacts or controversies and has failed to take appropriate remedial action.

We will vote against the re-election of the company chair where:

- Oil & Gas, Utilities, and all European companies have not at least reached Level 4 of the TPI framework
- A company has not reached level 3 of the TPI framework for the US and Asia, or where the TPI score has fallen from level 4
- A company's strategy is materially misaligned with the goals of the Paris Agreement
- A company's strategy is misaligned to Net Zero ambitions

Companies scored for the first time will be differentiated and reviewed on a case-by-case basis.



Exercising our rights

Our rationale in appointing EOS at Federated Hermes as our engagement and voting services provider to cover both our listed equity and corporate fixed interest is that the appointment enables a wider coverage of assets and access to further expertise across different engagement themes. Additionally, the team's languages, connections, and cultural understanding greatly enhance our capacity to create and maintain constructive relationships with company boards.

Brunel's listed corporate bond portfolio was launched in July 2021. We believe well-governed companies are more likely to make their loan repayments and improve their creditworthiness, enabling better access to funds to support the creation of long-term value for shareholders, other stakeholders, society, and the environment. Brunel integrates Environmental Social and Governance (ESG) considerations into manager selection and ongoing manager monitoring to ensure that ESG is imbedded into the investment process at an issuer, sector, and geographic level. Where voting rights are attached to fixed income, Brunel, on behalf of its clients, will have the opportunity to vote at company meetings (AGM/EGMs). We look to engage particularly prior to issuance, where the most impact can be made.

Stock Lending and share recall

In 2021 Brunel started to lend stock, at clients' request, in selected portfolios. We have established a clear policy of controls (see Stewardship Policy page 30) and monitoring service, supported by Minerva Analytics Ltd (Minerva). The appointment enables identification of relevant situations where recall may be required in order to discharge our responsible stewardship. Minerva will provide a timely monitoring and notification system highlighting meetings with shareholder resolutions, contentious resolutions and against-custom voting policy indicators. In 2021, Brunel did limited stock lending and did not recall any stock in 2021. We are working on developing the appropriate reporting indicators in 2022.

Escalation Process

Escalation is a key component of stewardship and, whilst it rarely follows a given pathway, the infographic below provides some insights on our approach. Some steps might be skipped or happen simultaneously and there may operational and legal constraints that prevent some actions being undertaken at all. However, regular client engagement helps guide our approach and communication throughout.

Not suitable for new fundraising/ refinance

Selective divestment (listed equity)

Climate change stocktake

Reduce exposure

Co-file shareholder resolution (segregated)
- Direct and frequent engagement with company management
- Request pool fund manager support/ voting alignment
- Statement made at AGM (or by fellow co-filer)

Escalated concern due to lack of company management action
- Publicly discuss concerns and or pre-declaration of voting intentions
- Consider AGM attendance/ question
- Index funding voting alignment considered

Specific concerns raised with Asset Manager
- Asset Manager (AM) specific action requested
- Vote against Chair and specific related resolutions (including shareholder resolutions – may increase to all directors in successiv years)
- AM may decide to reduce/ exit exposure (active fundamental)

Targeted engagement
- Asset Manager engagement list
- Engagement service provider engagement targets

Thematic engagement
- Raise profile of issue with policy makers and regulators
- Collaborative engagement
- Voting in line with Stewardship Policy

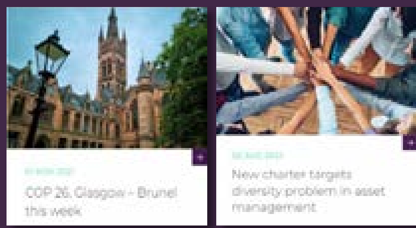
CLIENT ENGAGEMENT

Brunel provides clients with a suite of public reports on our stewardship activities, and with environmental, social and governance metrics to empower clients own stewardship activities and to enable oversight.

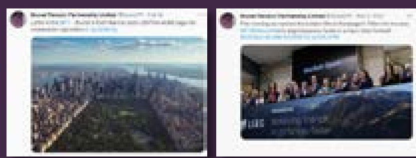
Regular Reporting

Annual Reporting

News Alerts



Social Media



Measuring Progress

To ensure meaningful impact and to be able to measure and report effectively, EOS at Federated Hermes (EOS) engagement is guided by a client-driven **engagement plan**. Brunel is in regular contact with EOS and provides input into this plan, together with our clients, who join quarterly update and feedback calls.

To measure progress and the achievement of engagement objectives, a four-stage milestone system is used by EOS. When an objective is set at the start of an engagement, recognisable milestones that need to be achieved are also identified. Progress against these objectives is assessed regularly and evaluated against the original engagement proposal.

1 Our concern is raised with the company at the appropriate level

2 The company acknowledges the issue as a serious investor concern, worthy of a response

3 The company develops a credible strategy to achieve the objective, or stretching targets are set to address the concern

4 The company implements a strategy or measures to address the concern

Milestone Progress

Case study: Interview with Nicholas Gray, Portfolio Manager, Private Debt

In the interview below, Alex Monro, Head of Communications, asked Nick Gray, Portfolio Manager on the Private Debt portfolio, how Brunel approached portfolio design, manager selection and RI integration.

Why did clients want Brunel to create a private debt fund?

Private debt has become an established private market asset class and Brunel's clients wanted access to this market at institutional scale – pooling can provide that.

Why did Brunel focus primarily on private, corporate loans?

The private debt portfolio is designed to be a 'core' private debt allocation with credit risk providing the main risk premium. (Risk premia is the return in excess of the risk-free rate that investors are expected to receive.) The corporate debt market is the best place to find credit risk, as it's large and full of opportunity for providers of capital. Private loans tend to be priced at a premium to the listed debt market. This means that private loans offer an attractive yield relative to listed debt markets.

How did you integrate RI at the portfolio construction stage?

Responsible Investment was one of the key considerations during manager selection and portfolio construction. We were looking for institutional-calibre managers with experienced teams, demonstrable track records and strong RI credentials. We assessed RI credentials in a variety of ways. Initially, we focused on speaking with the portfolio manager, reading policies and looking at sample investment memos. After that, we moved to more detailed diligence, employing a proprietary RI questionnaire and assessment across multiple categories, such as: commitment, integration, DEI (Diversity, Equity & Inclusion), monitoring, reporting and climate.

Is the RI data in private debt good enough to make the fund meaningfully fit with Brunel's RI goals, not least in terms of climate impact?

In the past, small- and medium-sized private companies have not generally felt much investor pressure to monitor and report things like diversity statistics or carbon-related information. It has not been something prioritised by management, but that is changing as private equity sponsors and finance providers (such as direct lenders) apply pressure to prioritise these issues. The industry is still not where we want it to be, but the trajectory gives me hope that RI-related monitoring and reporting will meaningfully improve in the coming months and years.

Where data is patchy, how do you and your managers overcome the shortfall?

For me, the push must be for portfolio companies to start measuring, monitoring, and reporting RI-related data themselves. This is the starting point from which everything else flows. I think we will see coverage improve rapidly over the coming years and I'm convinced that, in five years' time, it will be market convention. To make up the shortfall, we have seen managers use proxies such as public market comparables for estimating carbon intensity, especially when reporting is patchy or not even there.

What did you look for from managers in terms of their company culture and decision-making processes?

We are looking for a good alignment of interests. We want to partner with managers who share our view of the world and recognise the importance of being a responsible investor. The best way to get a feel for the culture and values of an organisation is to speak with a cross section of the team. Do members of the team really believe in what they are saying? Is there senior executive ownership and accountability? Are frontline professionals empowered?

What types of behaviour raised red flags during selection?

I think greenwashing is one of the biggest issues in the industry today and it can be very difficult to identify. Glossy pitchbooks and clever, charismatic portfolio managers are excellent at talking the talk and addressing investor questions. The best way to cut through all the gloss is to look for hard evidence. I often ask for a selection of investment memos to see how members of the investment team think about ESG risks and how RI has been integrated into the investment process. Once you do that, it is easier to spot whether they walk the walk or just pay lip service. I've seen a lot of investment memos where ESG is clearly an afterthought – often with a tick-box questionnaire pinned to the back. For me, that's a big red flag.

How can a private debt manager best target Net Zero in how they invest?

A few years ago, negative screens were the best way for managers to avoid dirty, carbon-intensive sectors. Today, capturing, measuring, and monitoring the carbon footprint of portfolio companies is the ideal starting point. The best managers engage with companies and serve as a resource to companies and their sponsors on ESG best practices. The latest technology in the industry involves linking ESG-related milestones to the cost of debt, in order to incentivise good behaviour and penalise bad behaviour.

What most impressed you on RI during the manager selection process?

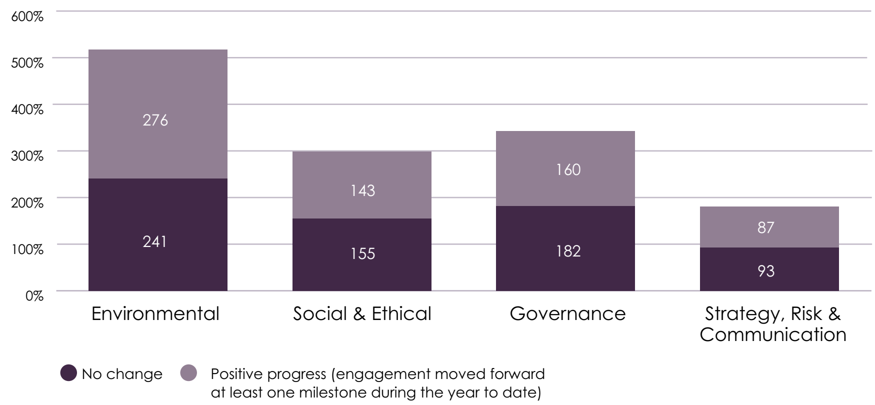
It's the rate of change across the industry. Everyone is on board and I'm really excited to see where we get to in five years. I think we might well get to a situation where no one is willing to provide finance to companies with poor ESG practices.

How effectively can Brunel influence its managers on RI on an ongoing basis?

Brunel can influence managers in several different ways, but what I like most of all is that Brunel prefers engagement rather than unquestioning divestment. A good example is a US manager who we have been working with over the last six months to improve its RI programme. We have quarterly calls to talk through progress against an agreed set of milestones. Whilst the manager is still not as strong as some of the other managers in the portfolio, what I like is that they are on the right trajectory, and they are really willing to engage and improve.

Engagement Progress

Engagement during 2021 made significant progress. EOS undertakes engagement over three-year cycles. During 2021, EOS engaged with 839 Brunel-held companies on 1,337 milestones. Progress against one or more milestones was achieved for **50%** of the engagement objectives set during the year.



Engagement covers active equity portfolios, please note this does not include engagement undertaken directly by Brunel or its managers.

Our top ten passive and active equity holdings were engaged on the below themes during 2021. A full overview of companies engaged by theme is disclosed on our website.

	Environmental			Social and Ethical			Governance			Strategy, Risk and Communication		
	Climate Change	Natural Resource Stewardship	Pollution, Waste and Circular Economy	Conduct, Culture and Ethics	Human Capital Mgmt	Human Rights	Board Effectiveness	Executive Remuneration	Shareholder Protection and Rights	Business Purpose and Strategy	Corporate Reporting	Risk Mgmt
Microsoft Corp				●		●		●			●	
Alphabet Inc	●			●	●	●	●	●	●	●		
Apple Inc						●	●	●	●			
Amazon.com Inc			●		●	●	●	●				
Unilever Plc	●					●		●				
Diageo PLC								●				
Taiwan Semiconductor Manufacturing Co Ltd	●	●					●					
Mastercard Inc						●	●	●				
AstraZeneca PLC							●	●		●		●
Royal Dutch Shell PLC	●			●	●	●		●				

Asset Manager Engagement and Outcomes Tracking

This annual report is designed to meet the best practice requirements of the UK Stewardship Code 2020.

In last year's report, we highlighted the challenge in aggregating outcomes from managers, collaborative initiatives and direct engagements. The differences are due to the lack of a set standard and consistency in the ways that investment managers and third parties record, collect, process, and distribute information relating to stewardship; they also result from different investment styles across asset classes and differences in resources. This results in variations in the definition of an engagement, in the classification of an outcome, and in the environmental, social and governance themes being engaged on. Historically, this has led to managers providing case studies only when the outcome being sought has been achieved, rather than during the journey to get there.

Our next step was to engage with managers on how they are developing their outcomes reporting, to provide a forward look at the objectives being sought for each company they are engaging with. Discussions with managers revealed that setting our own definitions and categories would be impractical, as the differences varied so vastly across systems that it would have proved difficulty for managers to provide the information requested. Instead, we developed a template of the details we'd like to know, which each manager completed.

Our active equity managers are engaging with approximately 324 companies on 529 company objectives, covering themes such as climate change, pollution, the circular economy, biodiversity, deforestation, health, human capital management and diversity. In reality, the figure is likely to be higher, as some of the objectives have been bundled into one line and need to be separated out. Admittedly, we had aspired to include a breakdown of the themes, supported by graphics, for this year's report but, as highlighted previously, developing this reporting may take time, as the data cleansing required is vast. We aim to provide the breakdown next year.

Quarterly summary engagement reports are made publicly available on our website: Engagement Records. Further insights are published on the Federated Hermes website, and cover many of Brunel's thematic priorities.

Voting process

Implementation of Brunel's voting principles for segregated active equity accounts is supported by EOS at Federated Hermes (EOS). Our Voting Guidelines inform EOS's voting recommendation alongside other country- and region-specific guidelines. Our passive pooled investments are voted on by Legal and General Investment Management and the small number of votes across private markets and listed alternatives are voted on by Brunel. Our Stewardship Policy outlines our approach to voting and the process we follow in more detail. Brunel retains full voting rights and voting decisions are informed by investment considerations; by consultation with portfolio managers, clients, other institutional investors; and by our engagement with companies. The vast majority of voting is undertaken within listed equities. However, there are occasions in other classes where voting may be available.

In the spirit of pooling Brunel strives to operate with a single voice but is also committed to ensuring it meets the needs of clients. We have made provisions to allow clients, by exception (where they have a specific investment policy commitment), to direct votes, including the passive pooled funds, as an elective service. Client funds need to submit the request in line with the issuance of the meeting notification, usually not less than 2-3 weeks prior to an AGM/EGM. Our voting procedure outlines the process in more detail.

Next steps

- Continue to evolve meaningful milestone reporting to cover our managers, and Brunel's activities, whether internal or collaborative
- Collect an updated engagement outcomes template annually and evolve our reporting on progress against this objectives

Voting during 2021

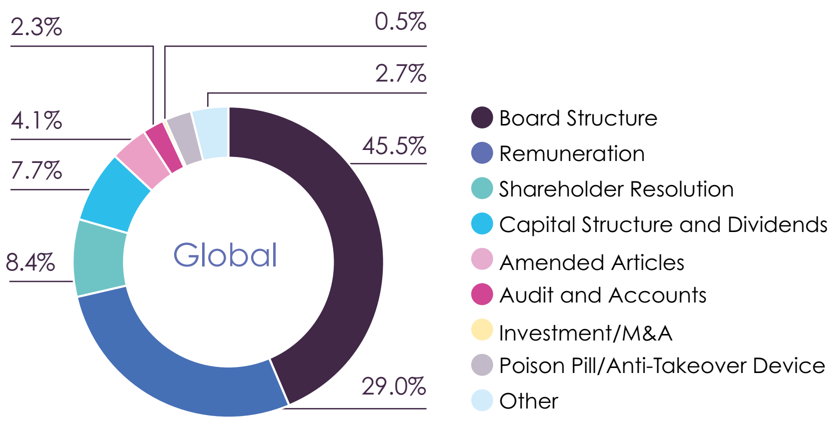
In 2021, votes were cast at **1,322** company meetings representing **99%** of voteable meetings. Across passive portfolios, votes were cast at 99% of meetings and, across private meetings, at 100% of meetings. This repesents an excellent level of voting execution. Unvoted meetings were due to share blocking, POA's or operational barriers.

'Against' recommendations were made for 813 meetings (60.7%) and with-management-by-exception recommendations for four meetings (4.3%); board governance and remuneration remained the areas of highest dissent. The highest level of support for shareholder proposals were in the areas of corporate governance, and social and human rights.

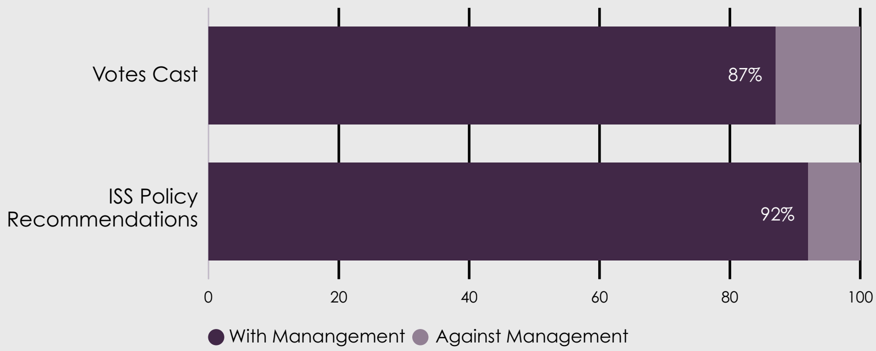
Throughout this report you will find voting case studies.

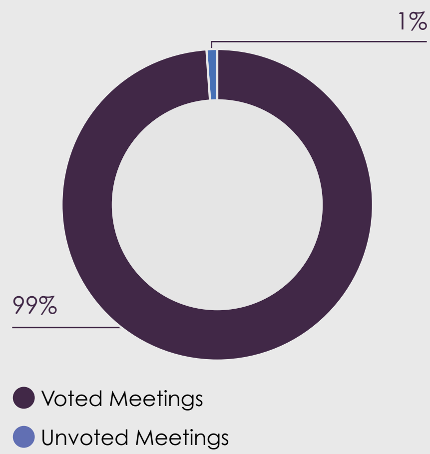
Our voting records are available on our website: see Voting Records.

We recommended voting against or abstaining on **2,367** resolutions over the last year



The votes cast on ballots during 2021 were aligned with management recommendations in **87%** of cases, while the ISS benchmark policy recommendations were for **92%** alignment with management recommendations. This deviation demonstrates the value of oversight by EOS and Brunel.





Case Study: Banking moving the dial on lending practices

Brunel has identified the banking sector as a key player in tackling climate change and it has been a priority for engagement for some time – with our focus growing year-on-year. In December 2019, Brunel co-filed a shareholder resolution at Barclays, the first climate change resolution to ever be filed at a European bank, which resulted in the bank putting forward its ambition to become Net Zero by 2050. In 2020, a follow-up letter was sent to the CEO seeking a tightening of policies and timelines relating to fossil fuel lending. We have continued to participate in collaborative engagement, led by ShareAction.

In 2022, Barclays published its updated climate plan ahead of a 'say on climate' shareholder vote, giving shareholders an opportunity to vote on the bank's climate strategy, targets and progress at the Annual General Meeting (AGM). Progress includes setting 2030 targets to reduce financed emissions across energy, power, cement and steel, as well as incorporating methane into the methodology for measuring greenhouse gas emissions for energy. Barclays has also set exit dates with respect to the financing of thermal coal mining and coal-fired power generation, and aligned remuneration of executive directors with climate commitments. Investors will have the difficult task of delving into the bank's strategy and targets to assess whether it is aligned to a Net Zero pathway. This will be a significant vote for investors.

In 2020, Brunel co-filed a shareholder resolution at Europe's second-largest financier of fossil fuels, HSBC Bank. The resolution was subsequently withdrawn as it was replaced by a management-backed resolution committing the bank to phasing out its financing of the coal industry by 2030 in the OECD and by 2040 worldwide. HSBC also committed to publishing emission reduction targets for its oil and gas and power and utilities portfolios and to publishing a coal policy by the end of 2021. In withdrawing the shareholder resolution, our expectations were communicated to HSBC in a letter to the CEO and Chair. We made it clear further action would be taken next year if we were dissatisfied with the bank's progress. The bank's coal policy failed to meet expectations and contained significant loopholes, resulting in us co-filing another shareholder resolution for 2022.

Persistence paid off. In February 2022, HSBC announced new climate commitments, acknowledging the findings of IEA's Net Zero by 2050 report, which had proposed that, to achieve net zero emissions by 2050, there would need to be no new fossil fuel expansion. HSBC also committed to review and update its coal policy by the end of 2022, and confirmed it would be updating the scope of its fossil fuel targets to cover capital markets – a significant inclusion. We welcomed the commitments in a letter to the board, but plan to monitor the execution of these commitments closely.

The vital role the banking sector plays in aligning the real economy with the goal of net zero emissions by 2050, limiting warming to 1.5 degrees, is rising up investors' agenda. In April 2021, Brunel – alongside 35 investors representing $11 trillion in assets under management or advice – supported the IIGCC's Aligning the Banking Sector with the Goals of the Paris Agreement. The document, co-authored by EOS at Federated Hermes, lays out areas for action and disclosure required for banks to align with the goals of the Paris Agreement. The paper called on banks to set enhanced net zero targets for 2050 or sooner, including interim targets. It also called for a scaling up of green finance and to withdraw from projects that fail to meet Paris Agreement goals. The initiative supports 27 investor-led engagements with the world's largest banks, including the Royal Bank of Canada (RBC), where Brunel is directly supporting the engagement. Alongside our asset managers, we are also engaging with JPMorgan Chase. All banks will be invited to join investors, the IIGCC and the Transition Pathway Initiative, in developing a bespoke Paris alignment assessment benchmark for banks. This will be a priority in 2022 and will equip investors in assessing banks commitments and implementation of Net Zero strategies.

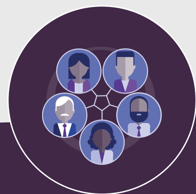
Quarterly summary engagement reports are made publicly available on our website: Engagement Records. Further insights are published on the Federated Hermes website. These cover many of Brunel's thematic priorities:

Tackling Climate Change through outcomes-focused stewardship

A Burning Issue Decarbonising the Global Steel Industry

Six-part podcast series on biodiversity

Sustainable oceans in focus



Working for a just food system

From Farm to Fork: Key challenges for global food systems

Fixing fast fashion

Financial Inclusion: An Economic Opportunity for All

Shouting but barely heard

Clients at the centre

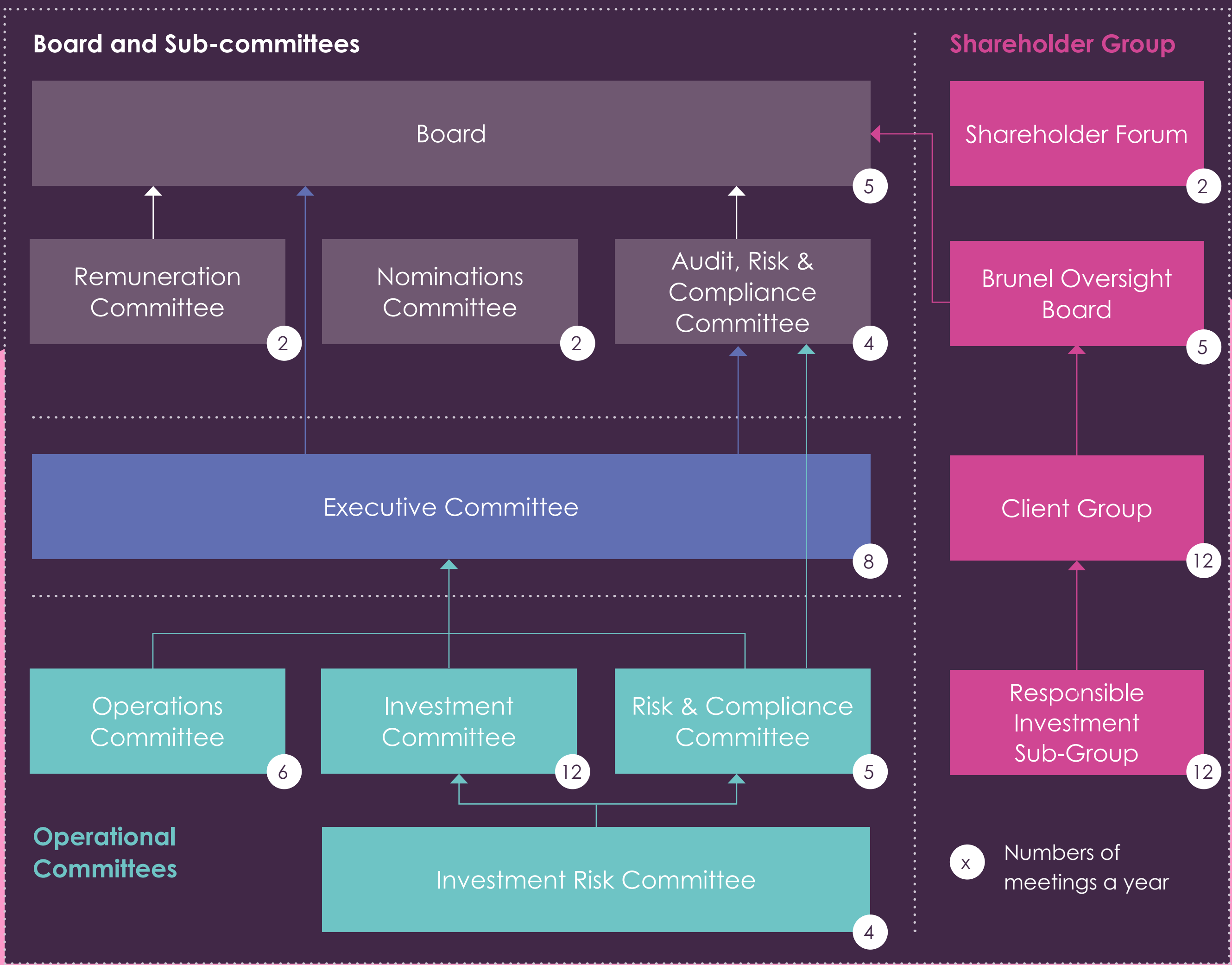
Brunel is a partnership, bringing together like-minded funds who collectively have ensured Brunel has a clear mandate on responsible investment, climate change and stewardship.

A focus on ten clients enables Brunel to have deep and regular contact with officers and sub-committees at the funds we serve. Formal touchpoints with client officers relating to investment issues, and at which RI and stewardship issues can be raised, occur no less than twice a month. In addition to individual client engagements, there are collective forums including the Brunel Oversight Board (BOB)[8], Client Group (CG) and its sub-groups, which include a dedicated Responsible Investment Sub-group (RISG).[9] The roles of the RISG and CG in consulting and shaping responsible investment, climate and stewardship priorities and on-going monitoring and oversight of delivery is embedded in the policies.

Clients chair and set the agendas for each of these groups, which we believe ensures the governance arrangements meet their needs.

Brunel's clients are also its shareholders. Brunel, alongside its clients, undertook a review of its governance arrangements and concluded that having a separate forum for shareholders would ensure sufficient attention to shareholder-specific needs. This group has been added to the governance structure below. This demonstrates Brunel's on-going commitment to continual improvement.

We specifically task RISG to assess whether our reporting, such as in this report, is what they need and is fair,



[8] Comprised of the Pension Committee Chairs or their delegates
[9] CG and RISG are comprised of fund officers and members of the Brunel Pension Partnership limited
[10] Weighted average is an average resulting from the multiplication of each component by a factor reflecting its importance
[11] Brunel Client Assurance Survey, conducted by Mercer, August 2021.

balanced and understandable. We believe that the group makes our reporting fair and balanced, as well as more outcome- and investment-relevant, as we report most of our metrics on a weighted average basis.[10] We conduct client workshops to enable deeper awareness or education on a particular topic. In 2021, workshop topics included the client requirements for Paris-aligned index-tracking portfolios.

The Brunel team also presents frequently at pension committees, investment sub-groups, employer forums and dedicated responsible investment training events. Taken together with Brunel Investor Days, these provide a great many opportunities to respond to questions and listen to clients' areas of concern.

In 2021, Brunel clients conducted an independent assurance review of Brunel, which included an assessment of the Responsible Investment Service. On this latter part, 100% of clients rated it 'good' or 'very good'.[11] We did, however, reflect on the qualitative feedback, **including requests for more reporting on sustainability-linked impact and SDG-linked outcomes**. We have already progressed work in this area and look forward to sharing the first steps of this reporting with clients later in 2022.

Wiltshire Pension Fund (above) and the Environment Agency Pension Fund (below) receiving their awards at the recent LAPF Investment Awards

Diversity, Equity and Inclusion

We seek to promote fair, diverse and inclusive business environments and practices across the companies in which we invest, as well as across our own operations.

We believe that, to function and perform optimally, companies and their Boards should seek diversity of membership. Doing so is part of considering a company's long-term strategic direction, business model, employees, customers, suppliers, and geographic footprint, but also reflects the diversity of society, including across race, gender, skills, nationality, and background. This will make companies more sustainable and profitable over the long term.

We have long advocated for gender diversity and strongly supported the recommendation of 33% female representation on the boards of UK FTSE 350 companies by 2020. (The recommendation was set out in the report 'Women on Boards: 5-year summary', by Lord Davies, and the findings of the Hampton-Alexander review.) The UK government target was reached in 2020 and required policymakers, investors, and companies to make significant shifts over the past decade. We continue to see progress In the UK. As of January 2022, women held 39.1% of Board positions in the FTSE 100, 36.8% in the FTSE 250, and 37.6% in the FTSE 350. In last year's report, we highlighted that there was still much progress to be made within top executive roles and within the broader senior leadership team. We have also seen improvement in these areas: women now make up 32.5% of FTSE 100 leadership roles and 30.7% of FTSE 250 leadership roles.

The FTSE Women Leaders report, builds on the incredibly important work, and success, of the Hampton-Alexander and Davies Reviews that came before it. The report set out a number of recommendations which we will be embedding into our engagement with companies:

- Increased voluntary target for FTSE 350 Boards, and for FTSE 350 Leadership teams to be a minimum of 40% women by the end of 2025
- FTSE 350 companies to have at least one woman in the Chair or Senior Independent Director role on the Board, and/or one woman in the Chief Executive or Finance Director role in the company, by the end of 2025
- Key stakeholders to set best practice guidance or adopt mechanisms to encourage FTSE 350 Boards that have not achieved the prior 33% target to do so

Ethnic Diversity

In her personal blog last year, **#IAM #TALKABOUTBLACK**, Helen Price, Head of Stewardship, outlined the slow progress made by the investment industry in engaging on ethnic diversity and in implementing the recommendations of the Parker Review. 2021 was the year where investor pressure started to ramp up.

An area where there has been a lot of activity is disclosure and transparency. Without data, it is challenging to identify laggard companies and track progress. In its engagements with companies on our behalf, EOS at Federated Hermes has been advocating for minimum levels of racial and ethnic diversity, as well as encouraging improved disclosure and ethnicity pay gap reporting in local corporate governance codes and authoritative guidelines. Through engagement with Sherwin-Williams, the company published its first diversity, equity, and inclusion report. This included a commitment from the CEO, and numeric goals to increase diverse representation in management roles, and employee testimonials. Walt Disney, meanwhile, updated its compensation committee board charter to include human

51 companies engaged by LGIM added at least one ethnically diverse director since September 2020.

resources oversights. It also set out its six-pillar diversity and inclusion strategy and its intention to report EEO-1 employment data in the future.

For fuller inclusion, companies should consider and address the potential inequitable impacts of their products and services and use innovation to expand the economy for all stakeholders. To this end, Hermes also brought into their engagement programme many of the banks that are substantially leveraging artificial intelligence (AI) and digitisation to assess and address how bias might affect the products and tools used by its customers. Brunel has been part of a collaborative engagement on AI with tech companies. Further information is contained in the Cyber section of this report.

This year, more Investors finally introduced voting guidelines on ethnic diversity, such as the Parker review recommendation of 1 by 2021 (explanation below). Some investors opted to implement these immediately, whereas others chose to engage for a year and implement in 2022 instead. The average investor support for diversity-related resolutions globally in 2021 was 39.1%, up from 29.6% over 2020, according to data by Proxy Insight. A wave of new proposals for racial audits were put to companies, receiving on average of 39.1% investor support. Brunel supported all shareholder proposals asking for racial audits, reports of racial justice and racial pay gaps across its portfolios. Racial audits will likely play a significant part in the 2022 proxy season, with similar resolutions likely to be filed.

The Parker review progress report revealed that, in the FTSE 100, some 89 companies achieved the 'one by 2021' target to have at least one director from a minority ethnic background by December 2021. An additional five companies have announced new ethnic director appointments in early 2022, and a further three report they are actively engaging in recruitment. The FTSE 250, `whose deadline is December 2024, have also made progress, with 55% of companies achieving the target. This progress is indicative of the benefits continued engagement can have.

Across our listed equities and passive portfolios, we supported the 13 voteable shareholder proposals asking for racial audits and for reports of racial justice and racial pay gaps. Companies included Amazon, Citigroup, Microsoft, and Nike.

Brunel continues to work with the 30% club, sending letters to laggard companies. More recently we signed the Investor Group Statement on Addressing Racial Inequality and Call to Action. The statement calls on companies, in addition to disclosing racial diversity data where permitted, to establish a level of transparency on par with current gender diversity disclosure and set out how they plan to increase racial diversity and inclusion in their workforces

What action have we taken?

Measuring Diversity & Inclusion within our portfolios

In 2019, we established a baseline for monitoring and reporting the percentage of women on Boards within our own investment portfolios. Three years on, we are pleased that our UK Active Equity Portfolio has seen an increase in the percentage of women on Boards – from 34.4% in December 2019 to 38.0% as of 31 December 2021, exceeding the 33% target outlined in the Hampton Alexander review.

Our Emerging Market portfolio saw an increase from 11.3% females on Boards as of December 2019 to 16.3% as of 31 December 2021. The Low Volatility Portfolio also saw an increase – from 25.4% to 28.5% - and Global High Alpha increased from 25.9% to 28.5%.

- **We encourage companies with below 250 employees to consider gender pay gap disclosure where practical. In the UK, we vote against the financial statements and statutory reports of qualifying companies (250 or more UK employees) that fail to disclose their gender pay gap.**
- **We encourage our appointed managers to address and be transparent on gender pay gap and diversity statistics on an annual basis**

Percentage of Females on Board for Brunel Active Portfolios by weighted average

	Percentage of females on Boards			
Portfolio Name	Portfolio 2019	Portfolio 2020	Portfolio 2021	Benchmark
Brunel UK Active Equity	34.4%	35.6%	38.04%	39.46%
Brunel Emerging Market Equity	11.3%	13.3%	16.3%	13.63%
Brunel Global High Alpha	25.9%	28.4%	31.02%	32.23%
Brunel Low Volatility	25.4%	26.7%	28.49%	30.18%

Source data: Brunel Pension Partnership and Factset, December 2021. Figures are on a weighted average basis.

Asset Owner Diversity Charter

In summer 2021, the Asset Owner Diversity Charter was launched, backed 17 signatories (including Brunel) representing £1.08 trillion in assets.

Helen Price, Head of Stewardship at Brunel, is Co-Chair of the Asset Owner Diversity Working Group, which led the charter's development and launch.

Signatories to the charter commit to holding managers to account on diversity and inclusion. Specifically, it calls on them to take three principle actions:

Include Diversity and inclusion in manager selection

Monitor selected managers for D&I on an ongoing basis

Lead and collaborate in this area to encourage broader industry change

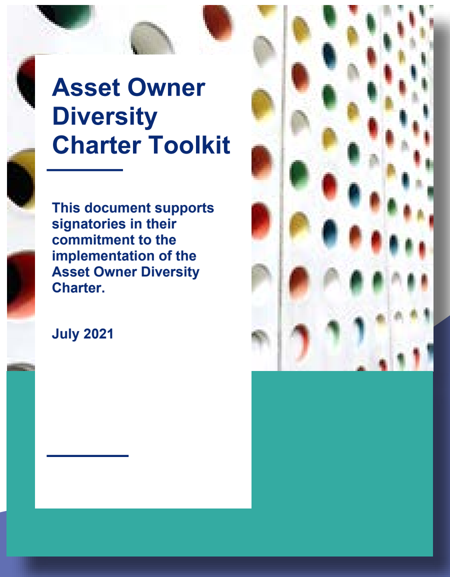
A commitment by signatory firms to work together to build an investment industry which represents a more balanced and fair representation of diverse societies

Signatories will use the charter questionnaire to deliver standardisation and transparency. The questionnaire equips them to hold firms to account and goes beyond asking about the strategic approach, by identifying how managers look at diversity and inclusion across five key areas: industry perception, recruitment, culture, promotion, and leadership. The questionnaire was road-tested and finalised with input from the Investment Consultants Sustainability Working Group (ISWG); the two groups were connected by the Diversity Project, which also hosts the charter documents on the asset owner diversity working groups behalf.

The charter was launched with an asset manager diversity and inclusion questionnaire, FAQ document and a toolkit to support signatories in their commitment to the implementation of the Asset Owner Diversity Charter. The questionnaire is available on three RFP platforms: Camradata, Diligence Vault and Invest RFP. These provide options for collation and support further standardisation. All resources are publicly available: https://diversityproject.com/assetownerdiversitycharter.

Brunel presented at various conferences, recorded podcasts, and held webinars and interviews during the year to spread awareness of the Charter. Since launch, an additional three asset owners have signed up to the charter: Scottish Widows Group Ltd, Fife Pension Fund and BT Pension Scheme. The charter remains open to additional signatories, we continue to engage with other interested parties and will be presenting at various events later in the year.
To sign up, contact us at diversitycharter@brunelpp.org.

In the first quarter of 2022, the questionnaire was issued to managers for completion. We will be following up and collating responses later in the year and working on producing a progress report to include best practice case studies to inform ongoing manager monitoring.



Diversity and Inclusion at Brunel

Within our own business, we aim to promote diversity and inclusion at the highest level. The top positions on our Board - Chair and CEO – are both held by women: Denise Le Gal and Laura Chappell. In addition, throughout the company we have a roughly 50/50 gender split in staffing. Brunel has fewer than 250 employees and is not required to disclose its gender pay gap. However, Brunel is committed to be an attractive and transparent employer and therefore voluntarily discloses its gender pay gap data. In addition, we seek to continue to improve our own approach to diversity and inclusion in line with best practice.

Women make up the following share of each quartile:

2019	2020	2021
40% of Upper	33% of Upper	31% of upper
50% of Upper Middle	42% of Upper Middle	43% of upper middle
50% of Lower Middle	67% of Lower Middle	75% of lower middle
82% of lower	77% of lower	69% of lower

Employee Salaries Quartile	2020	2021	Change
Quartile 2	1.52	1.52	0.00
Quartile 3	2.2	2.07	0.13
Quartile 4	3.33	3.53	0.20
Lowest	6.5	6.09	0.41

No staff receive contractual bonus pay. However, a small number of staff received one-off recognition payments.
Source: Brunel Pension Partnership, 2021 Annual Financial Statements

Brunel aims to create an inclusive and diverse workplace and the gender pay review helps us to monitor fair remuneration within our workforce. Where possible, we have adopted hiring practices that address the gender pay gap through looking for a gender-balanced cohort of candidates and seeking balance across a much broader range of diversity and inclusion metrics.

Brunel began the reporting year with close to 50 employees, and so the aggregate data on male-female balance is still highly sensitive to any new departure or arrival. Where pay differentials do occur, they are recognised, and then addressed by training and development.

Brunel acknowledges its own gender pay gap. The gap reflects the fact the lower quartile still largely comprises female members of staff (69%), despite falling 8% over the year. There was also a gender pay gap in the upper quartile (69% of employees in the upper quartile are male) while, across the upper middle and lower middle quartiles, women represented 43% and 75% of staff, respectively.

The median pay gap increased slightly in 2021 following two years of falls – rising from 31% to 35%.

The general trajectory remains strong all the same, in line with Brunel's awareness of the issue and commitment to address the gap through training and flexible working. So it was that the mean hourly rate improved remarkedly, dropping from 31% to 17%.

Next steps

- Having achieved our portfolio specific targets, we aim to stay above this level but continue to seek improvement on the percentage of female representation on Boards for each of our active investment portfolios.
- Engaging with companies on ethnic diversity, asking companies for a strategy and action plan to close the ethnic pay gap and achieve proportionate ethnic representation at all levels, including the board
- Encourage improvements in the amount of data available around diversity and inclusion, working with our data and engagement providers
- Continue to maintain and publish our own diversity statistics and gender pay on a voluntary basis. We will explore further developing disclosures
- Continue co-leading the Asset Owner Diversity Working Group, with the aim of improving transparency and diversity in the investment industry. The focus will be on increasing asset manager questionnaire responses, increasing the number of charter signatories and producing a progress report to inform ongoing manager monitoring.

COP 26

The prospect of the Glasgow Conference of the Parties loomed over the entire reporting year. It also had special significance for Brunel, since we were able to send our own representative, with an all-areas pass, to deliver talks, speak on panels, and to speak more informally with investors, policymakers and activists alike.

In December 2020 the Board had approved Faith Ward to take up the role of Chair of the Institutional Investors Group on Climate Change (IIGCC). The IIGCC shares our values and we were instrumental in helping it to develop both the Paris-Aligned Investment Initiative and the Net Zero Investment Framework. Our shared values mean that, when Faith travelled to Glasgow a month after the end of the reporting year, she travelled to represent our values and argue for our approach. She was therefore fulfilling one of our core aims: to make the broader finance industry fit for purpose on climate investing. In these images, you can see just a little of how she used her time.

Top: Faith met with members of Global Young Greens to listen to their concerns, among which they emphasised climate finance, the use of minerals in renewables, and the risk of exploiting the Global South if climate solutions failed to be inclusive.

Right: Faith Ward, Lombard Odier panel, Deploying Capital in the Age of Planetary Boundaries, with Mark Carney, former governor of the Banks of England and Canada, and Chair of GFANZ, Professor John Rockström, architect of the Planetary Boundaries Framework, Jeremy Oppenheim, founder and Chair of SystemIQ and David Blood CEO (out-of-shot in photo), Generation IM

Human rights and social issues

We seek to invest in companies that respect all human rights, international norms and promote strong labour standards.

We believe that the most sustainable and profitable companies are those that adopt high standards and this can help attract and retain talent.

2021 saw a continuation of the COVID-19 pandemic and the associated challenges for businesses with staff working from home, higher levels of sickness levels and supply chain disruptions globally. Our work across human rights and social issues continues to build on the momentum over the past two years that has elevated the 'S' of ESG.

Our Approach

- As part of our investment selection process, we expect our fund managers to understand and support the struggle against violations of human rights.
- We expect companies to comply with all legal requirements and the duty to respect all internationally recognised human rights, including the obligations of the Modern Slavery Act in the UK and the United Nations Guiding Principles on Business Human Rights (UNGPs).
- We are supportive of companies that provide disclosure on their workforce and follow the Transparency in Supply Chains guidance issued by the Home Office.
- We encourage companies to adopt and to increase use of appropriate technology to improve transparency on end-to-end supply chains. We use several data sources to monitor the underlying companies within our portfolios on human rights and supply chain standards, as well as on compliance with the Ten Principles of the United Nations Global Compact.
- Within our investments, we engage with companies on their approach to human capital management. We expect all companies to have Board-level oversight of strategies relating to employee development, and to contribute to a positively engaged, committed and talented workforce. In addition, we expect companies to provide contextual information and disclose key performance indicators on an annual basis.

Modern Human Slavery

There are 40 million people entrapped in modern slavery globally, of which 25% are children and 58% are women and girls. This is an issue that is on our own doorstep, with an estimated 136,000 victims of modern human slavery living in the UK. It is likely in the supply chain of almost every company globally; $18bn of imported goods produced by people trapped in forced labour are reckoned to be imported into the UK every year. Modern human slavery can take many forms and it is often out of sight. It is usually as a result of people becoming controlled and entrapped in jobs which from the outside can seem like normal employment. People who are trapped in slavery often face violence or threats, may be forced into inescapable debt, have their passports taken away, or risk deportation. For many, they have been taken advantage of whilst vulnerable because they were trying to escape poverty and insecurity, or to improve their lives and support their families. The vast majority of forced labour is in the private sector – where an estimated 16 million people are exploited. It is often in sectors such as construction, agriculture or domestic work.

What actions have we taken?

Collaborative engagement programme

We have been part of a group of 39 investors, representing $3 trillion, that has written to 54 companies in The Gulf, focusing on high-risk sectors such as hospitality, construction and oil & gas. The programme, led by CCLA, seeks to engage companies across a number of key areas related to the recruitment and ongoing use of migrant labour, in order to minimise the risk of modern human slavery.

Of the 54 companies that were written to as part of the programme, 10 companies reported no current operations in the Gulf Nations and 16 failed to respond. The majority of companies fell short of best practice in a number of key areas – for example, only 33% of companies forbade recruitment fees and passport retention within their policies. Where companies had not disclosed issues, the engagement team shared effective practice utilised by their peers as well as documents outlining best practice. Where there were specific concerns, the engagement pushed for further information.

Brookfield Asset Management – leading best practice

Brookfield Asset Management was one of the companies covered under the engagement programme as they use migrant labour in the UAE through their wholly owned subsidiary Multiplex (a construction company). We have invested in a Brookfield Asset Management solar vehicle within the cycle 2 renewable infrastructure sleeve. The company was flagged as 'providing the most thorough responses' to the engagement and were graded as scoring the highest number of points across all areas of the engagement programme.

Engaging with policymakers

Over the course of the year, we engaged with policymakers in the UK. We attended an investor roundtable with the Home Office, feeding into the UK Government's review of their modern slavery strategy. A key priority for the existing strategy is tackling slavery in supply chains, and investors are critical to pushing for more effective processes to minimise slavery risks.

We also met Gareth Davies MP to provide feedback on the proposed expansion of the Modern Slavery Act to see investments put under the same umbrella as supply chains. We were also able to give examples of the challenges faced by investors around engaging on modern human slavery risks – including the availability of data and disclosures by companies in certain regions.

Brunel Walking the Talk

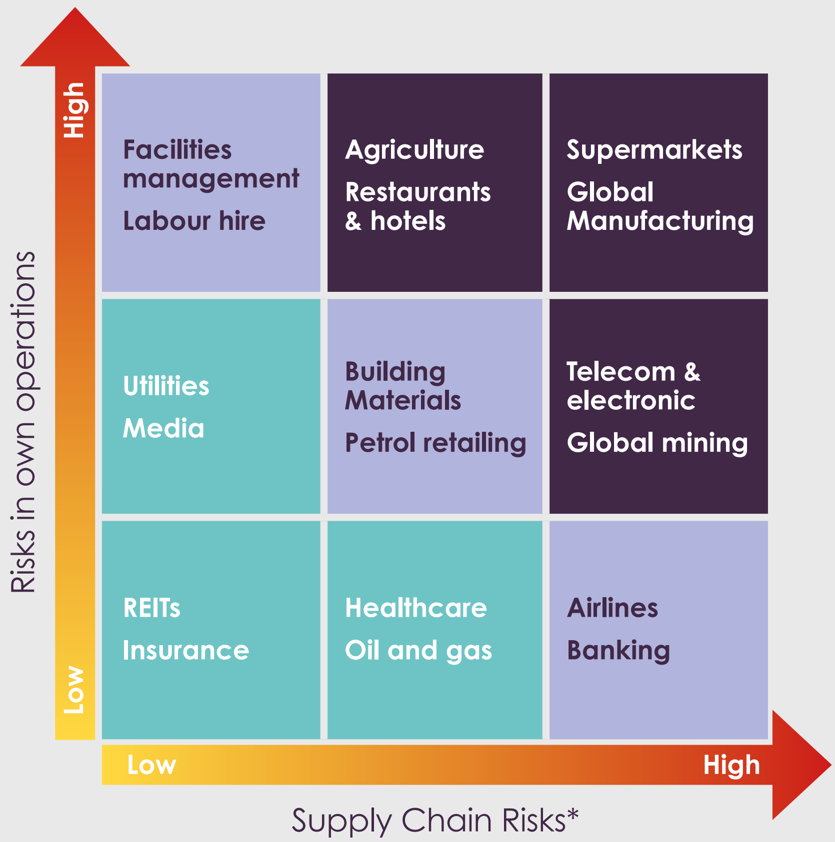
As part of our ongoing commitment to 'walking the talk', we made a decision to include modern human slavery in the due diligence of all of our suppliers as standard practice. This means that our suppliers are assessed on their understanding and their processes and approach to modern human slavery risks on an annual basis. Full details of our approach to managing modern human slavery risk can be found within our modern human slavery statement on our website.

AllianceBernstein – Modern Human Slavery Framework

AB has developed and implemented a modern slavery research methodology to map companies based on their potential level of exposure to modern slavery in their own operations and supply chains.

This matrix measures company exposure to high-risk-to-people factors, including vulnerable populations, high-risk geographies, high-risk products and services, and high-risk business models. The methodology allows the investment teams to categorize holdings into nine categories across two dimensions: 1) modern slavery risk exposure in the company itself (low/medium/high) as well as 2) modern slavery risk exposure in the company's supply chain (low/medium/high).

This tool makes information easily accessible for investment analysts and can serve as a starting point for fundamental research. It is supported by a best practice guide which enables investment analysts to more systematically evaluate companies in this area and which also serves as the basis for corporate engagements.



*Supply chain risks can include customers and extend to second and even third tier supplies where the corporate's behaviour contributes to modern slavery risks. As of December 31, 2021.

Source: AB, company reports, industry research, company interviews and ACSI

Using this framework, AB identified Nestlé, where a high risk to modern human slavery was identified. Subsequent investment research and corporate engagement led AB to focus on a few key areas, notably modern slavery risk across the company's cocoa supply chain, specifically relating to child labour and forced labour.

It is estimated that in Ivory Coast and Ghana (which together account for 65% of global cocoa production), around 1.56 million children in agricultural households are engaged in the cultivation of cocoa. Nestlé aspires to be a leader in building a sustainable cocoa industry, an effort that requires cooperation with peers, suppliers and governments at home and in host countries. To further address the issue of child labour risks in cocoa production and to increase support for farming families and their surrounding communities, Nestlé launched the income accelerator program in early 2022. The program incentivises cocoa farmers and their families by providing direct monetary rewards based on activities such as school enrolment and the adoption of more sustainable agricultural practices. Investors now look at upstream and downstream supply chains, putting pressure on the industry—pressure that should speed progress and improve consumer awareness. Child labour is a complex issue related to education access, poverty and lack of labour unions. It's worth noting that, ten years ago, Nestlé was first among its peers to establish a child labour monitoring system, after spending several years talking with and learning from thousands of community members and collecting data. Because the company now understands the issue better, it believes that progress will be faster.

In addition, Nestlé has expressed support for the European Union (EU) framework on mandatory human rights and environmental due diligence. Nestlé has performed human rights due diligence for the past ten years, so collective action around the EU framework and creating awareness among players without similar programs will help level the playing field.

AB believes that Nestlé is going in the right direction, and that it can and should do more to create greater awareness of the issue – we will continue to engage with the company to those ends.

Brunel sits on the client forum for one of our large international suppliers where the Modern Human Slavery framework is incorporated in the overall governance of the vendor.

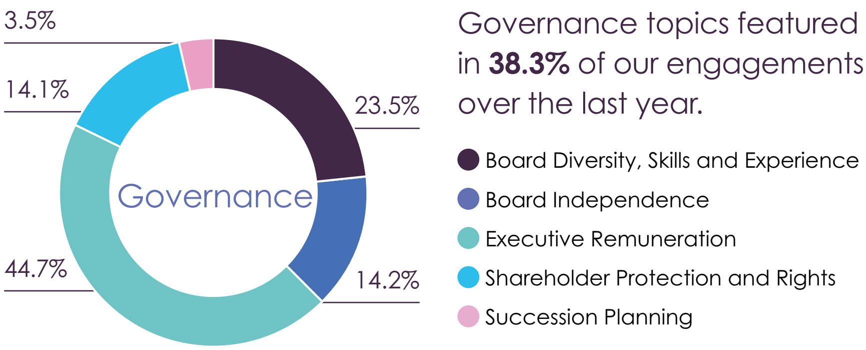
Engaging with our managers on social issues in China

Forced labour and human rights abuses in China have been a focus for us over the past couple of years. Building on the analytical tools we developed in 2020, we have been able to assess and identify where we are exposed to potential risks in our portfolios.

We wrote to all of our asset managers with an in-depth questionnaire around the processes they have in place to minimise, monitor and engage with companies around human rights risks in China. We conducted meetings with a number of managers in order to elevate the engagement and understand more about their approach.

Hermes: Governance engagement

In 2021, Hermes engaged with 839 companies globally across 3,247 issues. Out of the 1,243 company engagements relating to 'governance issues', 44.7% were discussions around inappropriate executive remuneration, and almost a quarter related to Board-level diversity, skills and experience.



Governance topics featured in **38.3%** of our engagements over the last year.

Source: Federated Hermes Brunel Pension Partnership Annual Engagement Report 2021

Case Study: Indigenous Rights

Led by the Australian Council of Institutional Investors (ACSI), and the Church of England Pensions Board, in 2020 Brunel along with 77 investors co-signed letters to 78 of the world's largest mining companies, requesting a review of their individual relationships with First Nations communities and Indigenous peoples. Throughout 2021 follow-up letters were sent, and responses received from 59 companies, 76% of those approached. Companies responded best on their policies and overall transparency; however, some governance and risk management questions were not addressed to the level of detail sought. There were some clear gaps in disclosure and approach that warrant further exploration, through further engagement and consultation the next phase will be the development of investor expectations for companies in relation to indigenous community relations, see below Mining 2030.

Following the destruction of Juukan Gorge by Rio Tinto, Brunel joined engagements led by HESTA with Rio Tinto, the objective was to advocate for key commitments to give investors' confidence that Rio Tinto was making progress on managing cultural heritage and fostering respectful partnerships with Traditional Owners. Following a constructive round of meetings Rio Tinto published a statement acknowledging a plan for ongoing engagement with the group to jointly identify additional disclosures required on:

1. Ongoing progress against the company's own commitments and internal work-streams, external obligations, and recommendations.
2. How Traditional Owners' views are being sought and considered in shaping these commitments and Traditional Owners perspectives on how successfully these commitments are being met.
3. The enhanced governance arrangements in place to oversee the company's progress against these actions.
4. How the company is working to advocate for enhanced sector-wide cultural heritage management and how this is consistent with our internal standards.

A commitment was made to produce an interim report in Q3, Rio Tinto followed through with this when they published their first communities and social performance report. The report detailed progress made to 30 July 2021 in areas such as Traditional Owner partnerships and agreement modernisation in Western Australia; the introduction of new CSP structures and practices across the company; improved governance; and increasing social expertise within the business. Although this report shows that Rio Tinto has a long way to go, this type of disclosure, which reports on engagement from the point of view of First Nations Peoples, is one of the strongest ways companies can demonstrate a genuine desire for meaningful engagement and most importantly, reveal the areas in which they can improve. Rio Tinto pledged to disclosure predominantly through annual reporting coupled with periodic disclosure as appropriate.

Climate Change

Using our strengths and our position in the market to systematically change the investment industry so that it is fit for purpose for a world where the temperature rise needs to be kept to well below 2°C (ideally no greater than 1.5°C) compared to pre-industrial levels

Climate change presents an immediate systemic and material risk to the ecological, societal and financial stability of every economy and country on the planet. It has direct implications for our clients and their beneficiaries. It is therefore a strategic investment priority for us.

Steep reductions in emissions will be needed during the remainder of this decade if the hope of safeguarding a temperature rise of no more than 1.5 degrees celsius by the end of the century is to remain in sight. More than 130 countries of the 191 parties to the Paris Agreement, have committed to achieving Net Zero by the middle of this century.[12] They are joined by companies, cities and financial institutions across the globe.

Targeting Net Zero

Translating the Paris Agreement – which was designed for world governments – into tangible definitions and requirements for businesses, cities, investors and other 'non-state actors' is critical if the objectives are to be achieved. The Institutional Investor Group for Climate Change (IIGCC) developed the Paris Aligned Investment Initiative to enable investors to target Net Zero.

The Initiative had three main objectives:

- **Develop working definitions of concepts, terms and pathways** relevant to achieving Paris-aligned portfolios
- **Develop and assess methods and approaches** for measuring alignment and the transition of asset classes
- **Test the financial implications** of aligning portfolios to the goals of the Paris Agreement, using real-world portfolios and quantitative modelling

The project took an investment-led approach and delivered recommended frameworks for achieving Paris alignment by decarbonising portfolios and increasing allocations to climate solutions. This multi-level approach enables investors to maximise their impact in driving real-world decarbonization.

In March 2021, Brunel committed to being Net Zero on its financed emissions (investments) by 2050 and on its operations (own direct emissions) by 2030, through the PAII's Net-Zero Asset Owner Commitment.[13] This commitment enhances our 2020 Climate Change Policy.

Brunel's Net Zero Targets

Emission intensity reduction by 2022: at least 7% per annum reduction in weighted average carbon intensity (scope 1,2 and first tier scope 3) for each listed equity portfolio compared to its investable universe (benchmark[14]) by 2022.

Emission intensity reduction by 2030: at least 50% reduction in weighted average carbon intensity (scope 1&2[15]), for each listed portfolio compared to its investable universe (benchmark[14]) by 2030.

Our 2022 target was set in 2020, at which time listed equities accounted for **88% of Brunel's assets under management**, and the 7% minimum average annual reduction was defined as consistent with the decarbonisation trajectory under the **IPCC's 1.5°C scenario** (with no or limited overshoot).

[12] UNFCC, NDC Registry (March 2022) https://www4.unfccc.int/sites/NDCStaging/Pages/Home.aspx
[13] Paris Aligned Asset Owner Commitment https://www.parisalignedinvestment.org/
[14] Baseline: 31/12/2019 – or from an appropriate point for new portfolios where a data was not available or material methodological changes
[15] Inclusion of Scope 3 to be introduced in line with developing best practice

Net Zero Investment Framework

We have been actively involved in the development and promotion of the Institutional Investors Group on Climate Change (IIGCC) Net Zero Investment Framework. This workstream of the Paris Aligned Investment Initiative examined how investors can align their portfolios to the goals of the Paris Agreement.

The first phase of the NZIF was launched in 2021, with additional target-setting guidance published in December 2021. We are using the NZIF and target-setting guidance to develop targets for Brunel's updated climate policy, due to be published in 2023.

During 2021, the initiative also developed methodologies for infrastructure and private equity, alongside a consultation on the use of offsets. Our 2023 Climate Policy will include additional objectives and targets on portfolio decarbonization, company alignment, climate solutions and climate stewardship, in line with the NZIF guidance on best practice.

Our Climate change policy

We believe it is our fiduciary duty to manage climate change and associated risks and opportunities within our investment portfolios.

Investment markets are not properly pricing in climate-related risks. Climate-related risks impact all investment strategies and mandates, whether active or passive, and across both long and short time horizons. Our holistic approach to managing these risks is outlined in our Climate Change Policy and is split into the five key components.

Whilst we have made progress on all five components, the stand-out achievement of 2021 was in our **Products** component, with the design and launch of **Paris-aligned benchmarks** to support index-tracking investments. We placed great emphasis on developing indices that not only met current needs, but also had scope to evolve in response to rapid industry developments, so that we continue to deliver on our clients' investment objectives (see page 61).

Policy Advocacy

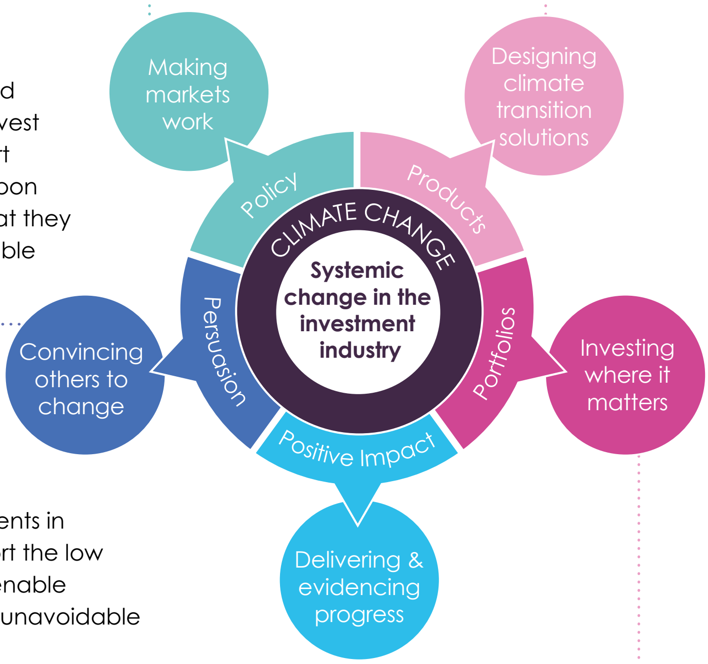
We want policy makers to establish comprehensive and robust climate change policy frameworks that deliver significant reductions in greenhouse gas emissions, accelerate progress towards the low carbon economy, and enable effective adaptation to the unavoidable impacts of climate change.

Product Governance

We want to increase the number and range of products available to our Clients and the wider investment market that deliver substantial climate change benefits.

Persuasion

We want the companies and other entities in which we invest and contract with to support the transition to the low carbon economy, and to ensure that they are resilient to the unavoidable impacts of climate change.



Positive Impact

We want to enable investments in activities that directly support the low carbon transition and that enable effective adaptation to the unavoidable impacts of climate change.

Portfolio Management

We want our investment portfolios to be resilient under a range of climate change scenarios (both mitigation and adaptation). We want to adopt best practices on climate risk management and to work with our managers to further improve and develop our processes.

What other action have we taken?

Since the launch of our Climate Change Policy in January 2020, we have made significant progress against all five areas. Highlights in 2021 included:

- Investment in innovative climate solutions investments in our private markets' portfolios (case studies throughout the report e.g. Bristol Castle Park, on page 54)
- Extensive outreach promoting our climate public policy positions and promoting the Paris Aligned Investment Initiative's Net Zero Investment Framework at the UN Climate Conference - COP26 (see page 45)
- Supporting well-functioning markets through working collaboratively through Glasgow Financial Alliance for Net Zero (GFANZ) and with the UK Government development of a green taxonomy and transition plans
- Significant milestones in climate risk-related corporate engagement (case studies throughout the report)
- Breaking new ground in the integration of climate risk into manager selection and appointment, even in the more challenging asset classes – see the interview with Nick Gray, portfolio manager for private debt (page 32)
- Major progress in decarbonising our listed equity portfolios, working with our asset managers (page 56)
- Publishing a separate Climate Action Plan Report based on the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), supplementing our reporting in our Annual Report and Financial Statements on the governance, strategy and risk around climate change

Climate stocktake

A key component of our 2020 Climate Change Policy was the commitment to undertake a stocktake in 2022. The stocktake will seek to answer these questions

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

During 2022, we will analyse our holdings, engage stakeholders, hold client workshops and publish a report on achievements and on our public policy advocacy.

As well as looking backwards and evaluating our progress, we will look forward and seek to set new objectives and targets. A report on the stocktake process and its outcomes will be published alongside our updated policy in early 2023.

Positive Impact case study: M&G UK Residential Property Fund

Sustainable living in action – Bristol Castle Park

On the site of a former medieval castle near Bristol's historic docks, the city's tallest building has been developed in synergy with its environment, with sustainability at the core. Across multiple buildings fronting Castle Park, Castle Park View adds 300 new Build to Rent homes and 75 affordable homes to Bristol's housing at the heart of the city centre, in close proximity to the central employment district, Bristol Temple Meads station, and the city's vibrant cultural scene.

The construction process created local jobs and supported skills development with c.1,290 apprenticeship weeks and over 300 career support sessions, providing guidance and advice to many young people. The ongoing management and maintenance of the building is supported by people and businesses from the local area, wherever possible.

The scheme has been designed around the principle of using and sharing sustainable energy sources and benefits from a new district heating network, powered by a large-scale water source heat pump that draws water from the nearby harbour – the country's largest project of its kind and a key component of Bristol's 2030 Net Zero carbon plan. Heat is produced by a central plant and supplied to buildings throughout the city, allowing for improved efficiency over a series of localised boilers. This provides low carbon, cost-efficient heat and hot water for residents.

Renewable energy is generated on-site at Castle Park View through almost 200 photovoltaic roof-mounted solar panels which convert sunlight to electricity, powering the building's communal areas. The ability to tap into this resource equates to carbon savings of around 20% versus regular electricity sources. Other energy-saving measures include the installation of energy-efficient lighting and high-performing fitted kitchen appliances in each apartment, contributing to an Energy Performance Certificate rating of B.

Efficient waste management is incorporated in the building's design with refuse chutes on each floor divided into three vessels, reducing the amount of refuse going to landfill by up to 66%. Additionally, each apartment is equipped with waste sorting facilities.

A brown roof across 80% of the structure – which recreates the brownfield site that existed before the building was constructed – promotes biodiversity by allowing plants and wildlife to self-colonise. Green rooves also top the scheme's cycle pavilion and bike storage hangar.

The scheme has been built to a voluntary certification standard known as the Code for Sustainable Homes, and BREEAM In-Use Residential certification will be sought once the minimum required occupancy level is reached.

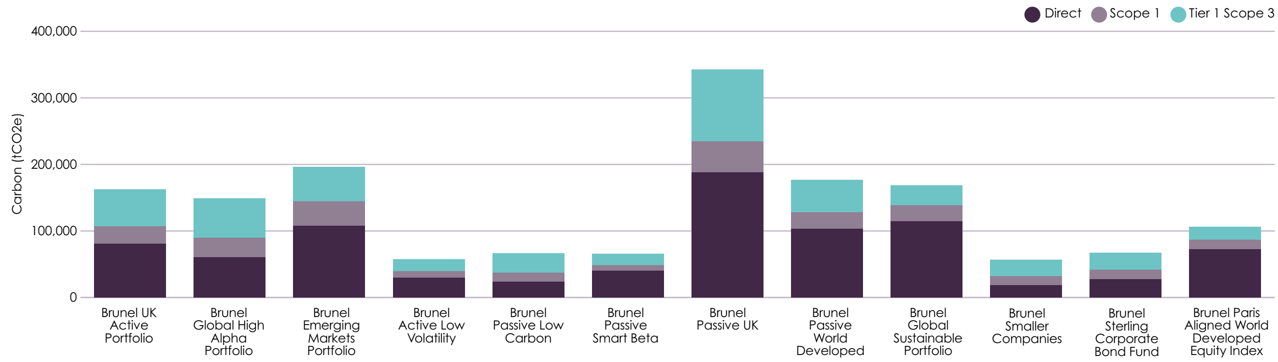
Continuous improvement in climate transparency

Analysing a variety of carbon metrics is one of our principal tools in managing risks and identifying opportunities associated with climate change. As best practice evolves and the regulatory landscape demands greater disclosure, we have spent time understanding the requirements of the Financial Conduct Authority (FCA) and TCFD as well as the best practice recommendations of the Net Zero Investor Framework (NZIF) and Partnership for Carbon Accounting (PCAF).

This year we have evolved our carbon metrics reporting to include absolute emissions. This is a measure of total emissions allocated to the portfolio in absolute terms, and involves allocating emissions to an investor based on levels of capital invested in a company. The higher the percentage holding in a company within a portfolio, the more of its emissions are 'owned'. Absolute emissions for different portfolios cannot be compared on a like-for-like basis because the data is not normalised, and the size of the portfolio can skew the results.

We have also moved from using Enterprise Value (EV) as a denominator in our carbon metrics to using Enterprise Value Including Cash (EVIC). We have provided more insights into what all the jargon around this means in our Climate Change Action Plan, but the key point is that this change is what has been recommended as best practice – which is why Brunel has adopted it.

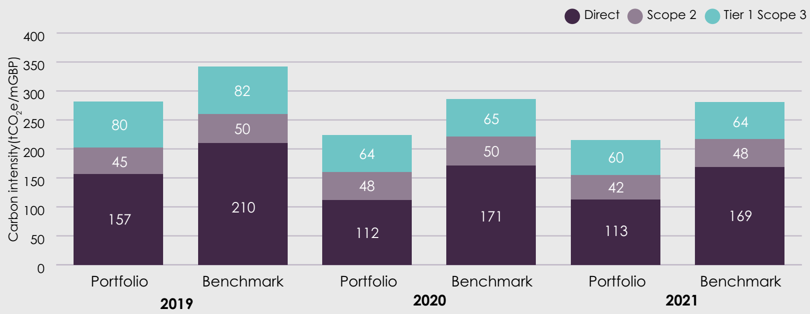
Absolute carbon emissions



Portfolio decarbonisation

The Brunel Aggregate Portfolio is the weighted average of the underlying investment mix that our clients have chosen. Compared to its benchmark, the aggregate portfolio is **23% less carbon intensive** on a Weighted Average Carbon Intensity (WACI) basis and **35.5% less than the baseline** set in 2019. This was driven by reductions in scope 3 (22%) and scope 1 (19%) but, interestingly, Scope 2 only saw a drop of 4.8%

Brunel Aggregate WACI



Weighted Average Carbon Intensity (WACI)

A portfolio WACI is determined by taking the carbon intensity of each company and weighting it based on its holding size within the portfolio. The WACI is one of the measures recommended by the TCFD because carbon-intensive companies are more likely to be exposed to potential carbon regulations and carbon pricing. WACI is a useful indicator of potential exposure to transition risks such as policy interventions and changing consumer behaviours.

Not just the sum of the parts

However, our target is to ensure all our portfolios are decarbonising to achieve Net Zero. The table below summarises the performance for each portfolio.

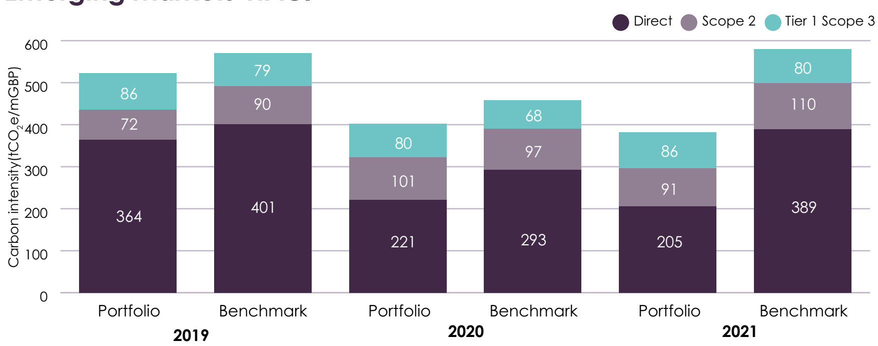
Portfolio	Reduction %	2021 Portfolio	2019 Baseline
Brunel Aggregate	35.51%	215.4	334
Active Portfolios			
Brunel UK Active Portfolio	25.90%	209.0	282
Brunel Global High Alpha Portfolio	50.41%	149.3	301
Brunel Emerging Markets Portfolio	32.86%	382.7	570
Brunel Active Low Volatility	35.72%	214.7	334
Brunel Sustainable Equities Portfolio	15.47%	282.3	334
Brunel Core Global Equities	61.13%	129.8	334
Brunel Smaller Companies*	27.13%	225.2	309
Brunel Sterling Corporate Bond Fund**	-0.74%	185.4	184
Passive Portfolios			
Brunel Passive Low Carbon	53.41%	140.2	301
Brunel Passive Smart Beta	31.59%	379.0	554
Brunel Passive UK	-4.78%	294.4	281
Brunel Climate Transition Benchmark UK Equity Index	18.39%	229.3	281
Brunel Passive World Developed	17.03%	251.4	303
Brunel Paris Aligned World Developed Equity Index	43.41%	171.5	303
Brunel Climate Transition Benchmark Developed Market Equity Index	22.48%	234.9	303

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

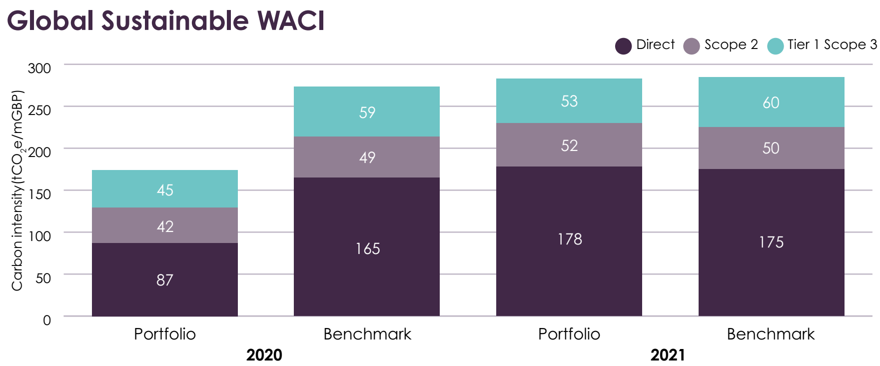
** This Portfolio has a baseline of 31 December 2021

A couple of portfolios really leap out from this table. One is the progress (32.86% reduction) of the **Brunel Emerging Markets Portfolio**, whilst acknowledging it is our most carbon-intense portfolio. Additional analysis of historical performance of the portfolio supports the conclusion that a large proportion of the improvement is from actual emission reductions from the company, rather than from changes in holdings or the impact of foreign exchange rates. This is the real world portfolio decarbonisation that we are seeking.

Emerging Markets WACI



The other is the **Brunel Global Sustainable Portfolio**, launched in 2020. For this portfolio, we use the same baseline of its investable universe and, on this measure, it has seen a **15% reduction**, which is lower than the target. This portfolio has also seen a **61.8% increase in carbon intensity from last year**.

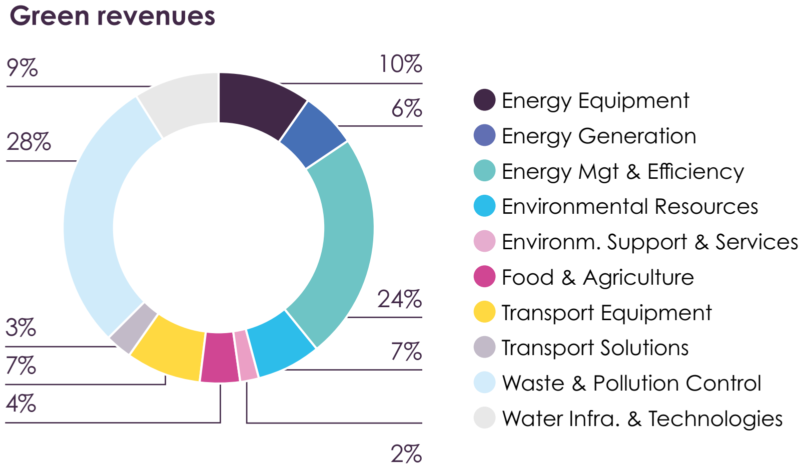


This might at first seem odd, but in 2021 we added managers to our sustainable equity portfolio that are actively targeting investments in companies who are at the forefront of the energy and industrial transition to Net Zero. These are leaders in challenging and difficult-to-abate sectors. These sectors inevitably have a higher carbon intensity today than companies in most other sectors, whose own transition journey is dependent on such companies. These investments are essential to the transition, but our existing tools and ways of measuring risk do not do them justice. One of our key development areas is to develop a wider set of metrics that can provide a more rounded perspective on companies vital to the transition. One of these new metrics calculates the portfolio's exposure to green revenues. In 2021, we piloted the use of this data with the support of FTSE Russell.

Measuring positive Impact – FTSE Green Revenues – Brunel Sustainable Equities portfolio

The FTSE Russell Green Revenues dataset relies on publicly disclosed information to assess the revenue exposure of companies that have exposure to products and services that deliver environmental solutions in 10 sectors, 64 sub-sectors and 133 micro-sectors.

Specifically, the sectors are as follows: energy generation; energy equipment; energy markets and efficiency; environmental resources; environmental support services; food and agriculture; transportation equipment; transport solutions; waste and pollution control; and water infrastructure and technology.



The Brunel Global Sustainable Portfolio has 10.9%[16] of exposure to green revenues compared to 8.5% in its benchmark, the FTSE All-World, as of 31 December 2021. The majority of green revenues (28.7%) come from waste and pollution control technologies and solutions, followed by energy management and efficiency (23.8%) and energy equipment (10.1%).

The top portfolio contributors to green revenues are Republic Services and Waste Management Inc, both responsible waste recycling and disposal service companies. Other interesting names are specialist chemical company Ecolab, whose technology allows industrial cleaning at much lower temperatures, thus saving energy, and wind turbine manufacturer Orsted.

Top 10 contributions to green revenues

Company	Contribution[17]
Republic Services, Inc.	1.3%
Waste Management, Inc.	1.1%
Microsoft Corporation	0.6%
Ecolab Inc.	0.5%
Orsted	0.5%
Taiwan Semiconductor Manufacturing Co. Ltd. Sponsored ADR	0.4%
International Paper Company	0.4%
Linde plc	0.4%
Shimano Inc.	0.4%
Danaher Corporation	0.3%

Case Study: Decarbonising hard-to-abate sectors in private markets

Investing in real world decarbonisation is central to Brunel's approach in both public and private markets. That includes investing in hard-to-abate sectors, and specifically not simply removing challenging companies from portfolios, which may look better but in reality just avoids the issue.

We hold the Infracapital Infrastructure fund in our Cycle 2 Infrastructure portfolio. The fund is focused on providing innovative energy-saving technologies required to connect smart cities and tackle 'hard-to-decarbonise' sectors. This includes technologies such as rural fibre, water connections, sustainable heat pumps, electric vehicles and charging, battery technology and industrial energy solutions.

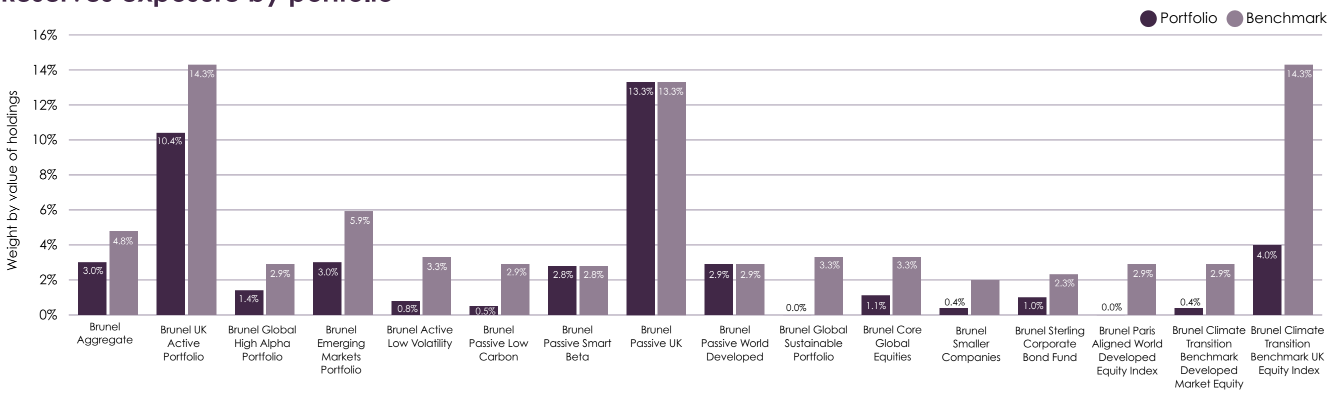
One such investment is into Energy Nest – a market leader in thermal battery solutions. This cost-effective technology enables both the transfer of industrial waste heat into electricity and the use of renewable power in industrial heat processes. The technology is up to 99% thermal-efficient; is modular, scalable and recyclable; and has very low capex and opex. It is well-positioned to solve key challenges related to the energy transition, such as variable and intermittent renewables.

[16] this measures the percentage of green revenues in all revenues
[17] Weighted average

Avoiding stranded assets

We analyse our portfolios to assess the risk of exposure to stranded assets (premature write-down, loss and devaluation) by quantifying the exposure to fossil fuel reserves. This is the exposure to fossil fuels which has not yet been realised by companies. All our active portfolios are well below their benchmarks. An observation from the chart below is the significant reduction (71.7%) on stranded asset risk from fossil fuel reserves, made from the introduction of a Climate Transition Benchmark for the passive UK portfolio, as opposed to the traditional benchmark, which does not explicitly manage this risk.

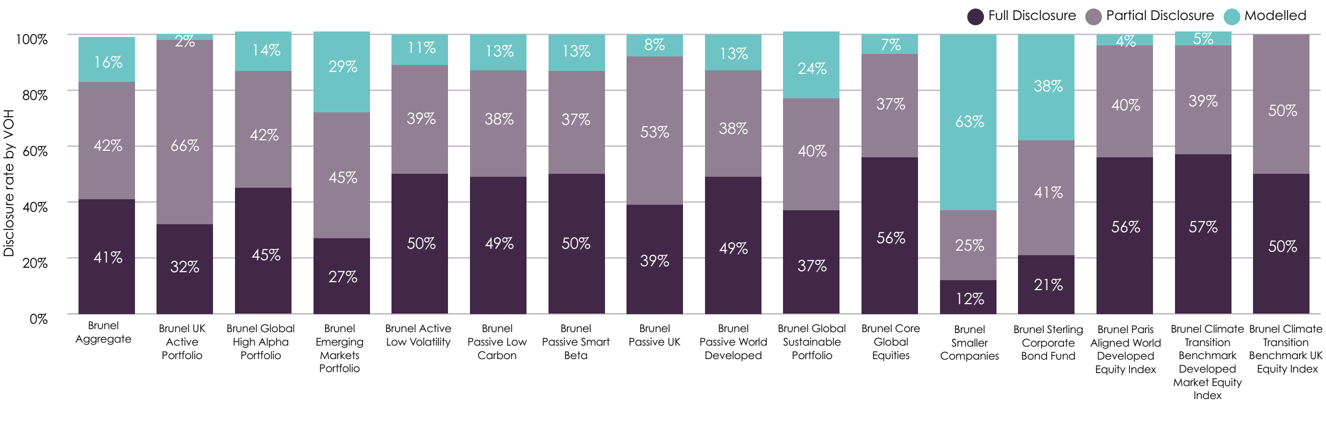
Reserves exposure by portfolio



Full disclosure

As supporters of TCFD, corporate disclosure is important. Our disclosure rates have fallen compared to previous years, but this is a result of our data provider updating its methodology requirements for companies to be classified as having 'full disclosure'. Companies now must make disclosures surrounding each gas identified in the Kyoto protocol in order to be classified as 'full disclosure'. It is not just Brunel that seeks to make continuous improvement, but such tightening of criteria – whilst welcome – can complicate analysis on a like-for-like basis over the years.

Disclosure Rates



The TPI Tool

The Transition Pathway Initiative (TPI) is a global, asset-owner led initiative which assesses companies' preparedness for the transition to a low carbon economy. The TPI tool uses publicly available company information to assess:

Management quality

The quality of companies' management of their greenhouse gas emissions and of risks and opportunities related to the low-carbon transition

Carbon performance

How companies' carbon performance now and in the future might compare to the international targets and national pledges made as part of the Paris Agreement.

Companies' management quality is assessed annually across 17 indicators.

Companies are placed on one of five levels:

Level 0 - Unaware of, or not acknowledging climate change as a business issue

Level 1 – Acknowledging climate change as a business issue

Level 2 – Building capacity

Level 3 – Integrated into operational decision-making

Level 4 – Strategic assessment

For more information see www.transitionpathwayinitiative.org

Public disclosure drives the scores for management quality by the Transition Pathway Initiative (TPI).

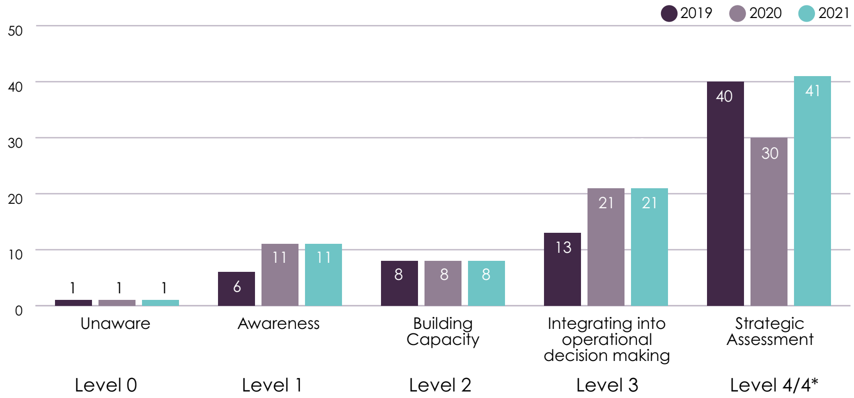
We aim to have all our material holdings on TPI level 4 or above by 2022. We use the TPI management quality scores to assess the transparency of companies' management of their greenhouse gas emissions and of risks and opportunities related to the low carbon transition.

As of December 2021, within Brunel's active equity portfolios there were 82 companies covered by the TPI tool. Of these, 41 holdings (62.7% by investment value) are categorised as Level 4 or above.

We also aim to move companies forward, evidenced by moving up a level. In 2021, 17 names within our active equity portfolios moved up a TPI level.

Fifty names remained unchanged although, of these, 22 have already reached the target of TPI level 4 or above and maintained that rating. It wasn't all good news, with seven names downgraded, although four of these dropped from a Level 4 Star to a 4 – and so were still at the target level.

TPI Management Quality Brunel Active Equity Count



Next steps

- Undertake the comprehensive Climate stocktake
- Share outcomes from our climate scenario analysis
- Update our Climate Policy, in consultation with clients and other stakeholders

Net Zero architecture: Building Paris-aligned indices

In 2021 Brunel made a commitment to reach Net Zero by 2050 and to reach the halfway point by 2030, through the IIGCC's Paris Aligned Net-Zero Asset Owner Commitment.

However, the challenge faced by asset owners and managers in achieving Net Zero is not simply a stockpicking challenge. In some cases, there are deep, structural obstacles to progress. Among the latter are indices.

Traditionally, indices have tended to be constructed according to market capitalisation, and to employ regional or sectoral filters as required. This means that traditional indices are generally carbon-blind.

But indices play an anchor role in financial markets, setting perimeters on universes within which investors can select assets – and performance rates against which they can measure their success. Indices dictate much of the direction of investment worldwide.

The problem is especially acute, of course, in passive investing, whereby a chosen benchmark actually dictates the composition of a fund or portfolio. Investors benefit enormously from passive investing, in terms of both costs and diversification – passive investments rose above $15 trillion in 2020.

For investors seeking Paris alignment, indices can therefore be a challenge to progress. Rather than trying to avoid the problem, Brunel wanted to find a solution that enabled index investing to become part of the answer to climate change.

We therefore worked with FTSE Russell to develop a new series of Paris-aligned benchmarks. The new benchmarks harness data across a range of climate factors to provide a climate-linked tilt exposure – and so to achieve Paris alignment.

The new benchmarks not only meet the requirements of the EU's Paris-aligned benchmark criteria by achieving a 50% reduction in carbon emissions over a ten-year period, but go a step further by integrating forward-looking metrics and governance protections from the Transition Pathway Initiative. TPI provides assessments of how the world's largest and most carbon-exposed companies are managing the climate transition.

Under the rubric of the new indices, exposure to any given constituent rises or falls according to several exposure objectives, covering fossil fuel reserves, carbon reserves and green revenues, as well as forward-looking alignment with Paris goals.

The indices also set a limit on the active weighting of banking sector constituents, given that finance's funding of large carbon emitters is a major source of climate change.

Brunel's work was led by David Cox, Deputy Chief Investment Officer, and Faith Ward, Chief Responsible Investment Officer. On the first full day of COP 26, Brunel was invited to open the London Stock Exchange in recognition of the launch of the new benchmarks series – and the transition of client funds into the new benchmarks, Brunel has now transitioned around £4 billion into passive funds that track the Paris-aligned indices.

The index project is an example of going back to the building blocks of market architecture in order to make Paris alignment attainable. Since we have launched the benchmarks and transitioned client assets, our focus now shifts to ensuring the indices are well-known – and well-used.

The passive opportunity for Paris alignment is enormous and it is products like these that will facilitate it.

Below: Members of Brunel Pension Partnership were invited to open the London Stock Exchange to mark the transition of £3 billion of Brunel client funds to the new climate benchmarks.

Tax and Cost, Transparency and Fairness

We seek to 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.

We believe openness on investment costs and tax is key to building understanding and trust.

We expect companies to:

- Comply with all tax laws and regulations in all countries of operation
- Recognise the importance of taxation to the funding of good public services on which they and their stakeholders rely, and commit to paying their fair contribution
- Ensure that their tax policies and practices do not damage their social licence to operate in all jurisdictions where they operate
- Disclose the taxes they pay (or collect) in each country
- Provide country-by-country reporting to demonstrate that taxes are paid where economic value is generated
- Adopt an approach to tax policy that is sustainable and transparent

We expect asset managers to:

- Comply with LGPS/FCA Cost Transparency Initiative (CTI) for listed market managers
- Support our cost transparency objectives in all asset classes

We have updated the title for our objectives around tax and cost to incorporate fairness as this better reflected the outcome we were seeking from promoting transparency.

Brunel believes taxation is an essential component of a healthy, sustainable society. This is the first of six principles on taxation that guides our approach. These principles are set out in our Tax Policy, for which there is a public summary (2022 update) on our website.

Brunel's tax principles

- Taxation is an essential component of a healthy, sustainable society
- Entities should pay taxes fairly and should not frustrate the will of government or the reasonable expectations of society
- Our shareholders / client funds are legitimate tax-exempt investors and we should ensure they benefit from this status
- Transparency in taxation is a useful first step in addressing many public concerns
- Complexity in taxation is a major challenge to both fairness and efficiency and we support moves to simplify tax
- We should collaborate with like-minded organisations on tax matters

In 2021, we updated our tax policy to reflect further enhancements to our own tax management, transparency, and due diligence processes.
We were delighted that Brunel's clear articulation of its principles on taxation across its operations, including in relation to its investment structures, was highlighted in the PRI's discussion paper on tax fairness - What Is Tax Fairness And What Does It Mean For Investors?

We have supported the PRI in promoting investor action on tax in 2021 and will become a member of its new asset owner leadership group on tax in 2022.

Cost Transparency

Brunel is a signatory of the LGPS Code of Transparency and requires all appropriate managers to be signatories. We expect all our managers to have appropriate fee structures that align with client interests. Our private markets team has been actively engaging with General Partners to promote fair and transparent fee structures, which has been enhanced by the work of our private markets administrator, Colmore.

Our cost transparency reports are provided to clients and include disclosures such as:

- Portfolio investment activity and transaction costs
- A breakdown of ongoing charges
- Performance fees (if applicable)
- Incidental costs (if applicable)
- Lending and borrowing costs (if applicable)

A focus on costs and cost transparency has contributed to our achievements in making savings, one of the main drivers for pooling. Brunel is now breaking even on the Department for Levelling Up, Housing & Communities return. Based on the assets transitioned, we are making net fee savings of £13 million per annum (£24 million gross) versus pre-pooling. Moreover, our total investment management fees are 13 basis points cheaper than the market, according to third party analysis.

Faith Ward speaking at a PRI tax transparency panel alongside Fiona Reynolds, then-CEO of PRI, and Alan Mclean, Executive Vice-President Taxation and Controller, at Royal Dutch Shell

Next steps

- Support PRI establishment of new asset owner leadership group on Tax and outreach and continue to promote transparency and fairness with investors and companies
- Continue to enhance our disclosures and analysis in relation to cost transparency

Cyber

We seek to promote corporate awareness and action on cyber security, the responsible use of personal data, and the use of AI in order to both protect commercial risks and reputational damage.

For the purpose of this report, the term 'cyber' refers to an array of issues covering data privacy, data security and 'big data', including artificial intelligence (AI) and the associated human rights issues.

The complex nature of cybercrime makes its precise economic cost difficult to estimate. It is thought the yearly cost to the UK economy is at least £34 billion. On a global level, a report by Accenture estimates that the total value at risk (i.e. the maximum amount expected to be lost) from cybercrime is $5.2 trillion from 2019-2023.

As the digital economy surged off the back of the Covid pandemic, so did cybercrime. Ransomware attacks increased 105% over 2020, more than triple the rate of increase seen in 2019. The US and the UK, where attack volumes jumped 98% and 227% respectively, suffered the brunt of the spike. There were on average 270 cyberattacks per organisation during 2021, a 31% increase on 2020, with each successful cyber breach costing a company $3.6m and an average share price decrease of 3%, which persisted even six months after the event.

According to the World Economic Forum's new annual report, The Global Cybersecurity Outlook 2022, 80% of cyber leaders now consider ransomware a "danger" and "threat" to public safety and there is a large perception gap between business executives who think their companies are secure and security leaders who disagree.

Some 92% of business executives surveyed agree that cyber resilience is integrated into enterprise risk-management strategies, but only 55% of cyber leaders surveyed agree. This gap between leaders can leave firms vulnerable to attacks as a direct result of incongruous security priorities and policies.

Given the significant financial consequences of poor cybersecurity, the growing threat it presents, and the increase in related regulation worldwide, we believe it is imperative that companies are fully aware and take appropriate action.

Brunel signed the Investor Statement on Corporate Accountability for Digital Rights. Signed by 88 investors representing over $9trillion in assets under management and advice, the statement outlines investor expectations in line with the evaluation and recommendation of the 2020 Ranking Digital Rights Corporate Accountability Index. In October 2021, letters were sent to 26 companies, escalating engagements initiated with the sector in 2018. The letters called for due diligence in the ICT sector to prevent the infringement of users' digital rights. As a result of investor engagement, many companies in the sector have adopted human rights policies. What is needed now is robust implementation of those policies via the UNGP's human rights due diligence process.

Roughly half of the companies that received the letter have responded, and progress to advance due diligence is being made.

Ranking Digital Rights is currently being updated. On April 27 2022, evaluations for 14 global digital platforms will be published, and for 12 telecoms in November. Later this year, data from their 2022 evaluations and all previous ones will be available in one public database, which will become the RDR Corporate Accountability Index. This new resource will enable users to conduct interactive queries and to see companies' progress or decline over time. Due to this change, the active equity analysis included in last year's report is the latest available. We will continue to monitor the data availability and look forward to reviewing the data releases later this year.

Voting

We supported two shareholder proposals at Alphabet linked to the RDR engagements. One proposal called for environmental/social issue qualifications for director nominees and the other for a report on Customer Use of Certain Technologies and the impact on their human rights.

Case Study: Facial Recognition

Facial Recognition is one of the new technologies which are continuously changing our daily lives and our vision of the world. Part of the biometric recognition family of technologies, Facial Recognition Technology (FRT) 'identifies' or 'verifies' the identity of a person using a picture or video of their face. But in some instances, new technologies such as FRT may also undermine our fundamental rights. Yet this technology is being designed and used in a largely unconstrained way, presenting risks to basic human rights. Facial Recognition Technology has given rise to numerous controversies, including:

- The racial and gender biases observed in these systems
- The questionable accuracy and lack of public testing of most systems in use
- Possible privacy or legal violations in the sourcing of photos for databases
- Misuse by some governments, law enforcement agencies or others

FRT represent serious reputational, operational, and financial risks for the companies involved, as well as salient risks to human rights. To address this issue, Candriam launched a collaborative coalition and published an investor statement; 52 investors representing a combined $5 trillion in assets under management have supported the statement, Brunel among them.

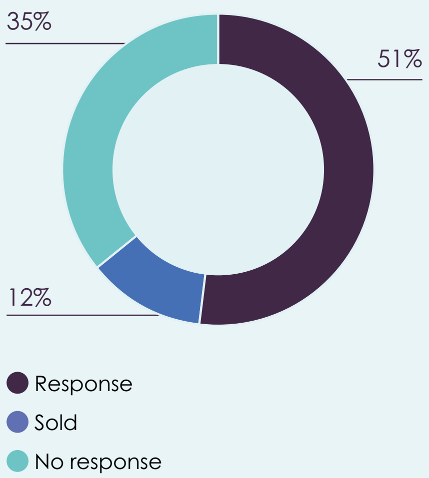
As investors, we will collectively engage with companies to demonstrate that they have established human rights policies and due diligence for all their FRT activities, and that they use their leverage in their business relationships. We will urge companies to take reasonable and pro-active steps to anticipate possible impacts of FRT, focusing on the most serious and severe potential harm, as well as on communication with their stakeholders.

Case Study: Cybersecurity Coalition

In 2020, Royal London Asset Management (RLAM) convened the Cybersecurity Coalition, with representatives from Brunel, Border to Coast, NEST, RMPI Railpen and USS. RLAM's evaluation and research into stocks' exposure to cybersecurity risks used the Sustainability Accounting Standards Board (SASB) materiality lens to provide input into the identification of a targeted list of companies.

As a result of the benefits gained from direct discussion with companies during phase one, we initiated phase two of our cybersecurity engagement project with the intention of unearthing further best practice. For phase two, the coalition wrote to 24 companies. The quality of engagements with the majority of companies was very good, with some inviting chairpersons and C-suite executives to join the meetings, while others brought their Chief Information Security Officers (CISO) and other technical experts.

Phase 1 & 2 Engagement Progress



*H&M openly rejected our offer to discuss their cybersecurity activities at during phase 1 and 2 of this project. Due to the small holding size the coalition decided not to pursue another avenue to escalate engagement.

As a consequence of the corporate dialogue during phases 1 and 2, the coalition have a better understanding of the key enablers of cyber resilience. Based on the best practice we have observed, we set up our investors' expectations for phase 3 as follows:

Minimum expectations:

- Risk identification and oversight at board level
- A nominated Chief Information Security Officer (CISO) with supporting resources
- Inclusion of cyber covenants in supplier contracts and effective due diligence
- Inclusion of cyber considerations in inorganic growth strategies including in the due diligence and integration phases
- Timely disclosure of cybersecurity breaches
- Disclosures about a cyber resilient culture, to include tailored training across the workforce

Advanced practices

- Inclusion of information security and cyber resilience in executive compensation KPIs
- Use of NIST Cybersecurity Framework as a reference for cybersecurity risk management
- ISO 27000 for all operations
- Evaluation of cybersecurity in board effectiveness review

Phase 3 will focus on those companies where we deem cybersecurity to be a material risk to our portfolios and where there have either been known breaches or there is a disproportionately low level of disclosure on the approach taken. We aim to report on progress and learnings of phase 3 within one year of this phase's commencement.

When we appoint managers, we integrate cyber security issues into the selection process. It therefore forms a part of the rigorous due diligence undertaken to assess how the manager is handling cyber security, both initially and on an ongoing basis. Any concerns are discussed with the manager and, where needed, conditions may be set around cyber security prior to entering any agreement. In such cases, managers are monitored more frequently.

Walking the Talk

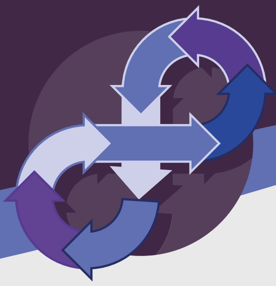
Within our own operations, we have received the Cyber Essentials badge, a government-backed, industry-supported recognition that we have met the basic levels of controls needed to protect against online threats. We recognise the scheme's rubric as a minimum standard which we aim to exceed across our operations in line with best practice.

Next steps

- Continue to participate in the Cybersecurity Coalition to phase 3 where we will focus on those companies where we deem cybersecurity to be a material risk to our portfolios and where there have either been known breaches or there is a disproportionately low level of disclosure on the approach taken
- Continue to engage with our asset managers on cyber issues; both how they approach integration into investment selection and how they are managing the risks within their own operations
- Continue to maintain and build on our own cyber security expertise to ensure we continue to meet best practice across our own operations
- Continue to engage with companies to disclose the accuracy of their facial recognition technology and their sources of data. To ensure proper due diligence for users of the technology. To detect algorithmic biases, in particular with respect to race, gender or age, and to ensure effective grievance measures are in place to enable victims to report consequences and to access remedies

Circular Economy & Supply Chain Management

We seek to focus on specific companies and sectors where the effective management of suppliers is a principal business risk. The complex and extensive nature of supply chains in a globalised world presents many sustainability and socioeconomic risks.

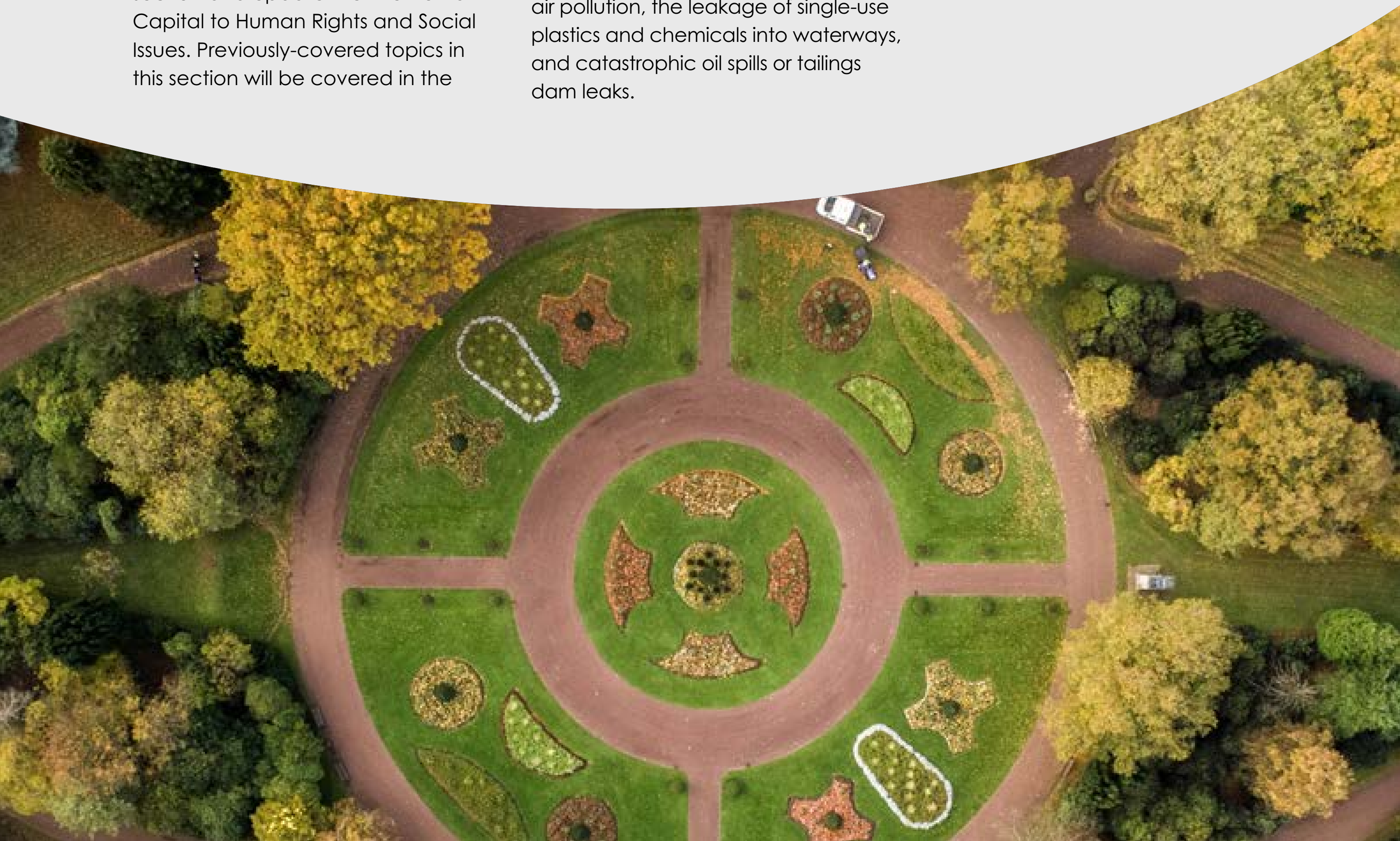


In last year's report this section included case studies on tailings dams, plastics, water, deforestation and biodiversity, communities, and land use. Following discussion, Brunel's Board, clients, and other stakeholders highlighted that they would like Brunel to proactively seek additional opportunities to amplify, and add to, our existing work on biodiversity. This theme has now been added as a new priority, rather than a sub theme. At the same time, we took the opportunity to rename this section and update the title Human Capital to Human Rights and Social Issues. Previously-covered topics in this section will be covered in the renamed priority areas, and this section will focus on the entire supply chain, with a particular focus on the circular economy.

There is increasing need and opportunity for a shift from linear to circular business models, which is central to futureproofing businesses and reducing negative impacts on the environment. Rising investor concerns reflect the threat of fines and loss of a social licence to operate, as well as the harm done to wider society and investments, including through air pollution, the leakage of single-use plastics and chemicals into waterways, and catastrophic oil spills or tailings dam leaks.

What is the circular economy? The Ellen Macarthur Foundation defines it as follows:

A circular economy is a systemic approach to economic development designed to benefit businesses, society, and the environment. In contrast to the 'take-make-waste' linear model, a circular economy is regenerative by design and aims to gradually decouple growth from the consumption of finite resources.



Fast Fashion

The fashion industry has evolved into a fast-paced model of take-make-waste, which is having a detrimental impact on the environment, contributing 10% of global carbon emissions, polluting waterways and soil, producing micro plastics, and creating opportunities for modern human slavery to proliferate. Consumer perceptions are changing and there is a risk of emerging regulation impacting profitability. To be sustainable, the industry must move towards a circular economy approach: replace-reuse-recycle.

EOS has been engaging with companies on Fast Fashion for several years now. In 2021 they published a white paper – Fixing Fast Fashion – setting out the expectations for companies to assess the risks to their business from the environmental and social impacts they create, including in their supply chain and from product disposal. The paper underpins engagement with companies, who are being urged to set science-based greenhouse gas emissions reduction targets and time-bound targets for sustainable materials. EOS has also highlighted the risks at an industry level, by leading discussions at their "Further Faster" Cop 26 conference, where they stressed how unsustainable environmental and social issued need to be tackled together.

The Fashion Industry

- **Produces 92 million tonnes of waste a year and consumes 79 trillion litres of water a year**
- **Around 73% of garments produced end up in landfill or incinerated**
- **Less than 1% are recycled, representing a loss of over US$100bn per year in material value**

Case Study: Adidas

EOS intensified its engagement with Adidas in September 2018, with a focus on the historical development and future trajectory of the company's sustainability strategy. A public commitment from Adidas to address climate change was welcomed, but in March 2020 EOS urged it to set a science-based emissions reduction target to demonstrate that its ambitions are in line with the 1.5 ° C trajectory of the Paris Agreement. Improvements were also seen on resource use and circularity. Adidas improved its CDP water score and ensured 100% of its cotton was sourced through the Better Cotton Initiative. EOS pushed the company to go further and to set specific, timebound targets for recycled materials in its products, as well as publishing a plastics footprint. In July 2020 EOS discussed the company's "Three Loop Strategy" to end plastic waste and scale circular efforts, which has critical links to the climate crisis. Adidas committed to use only recycled polyester in every product where a solution exists from 2024 onward. In April 2021 EOS shared their Fixing Fast Fashion white paper with Adidas and made fresh enquiries about its progress towards developing science-based emission reduction targets.

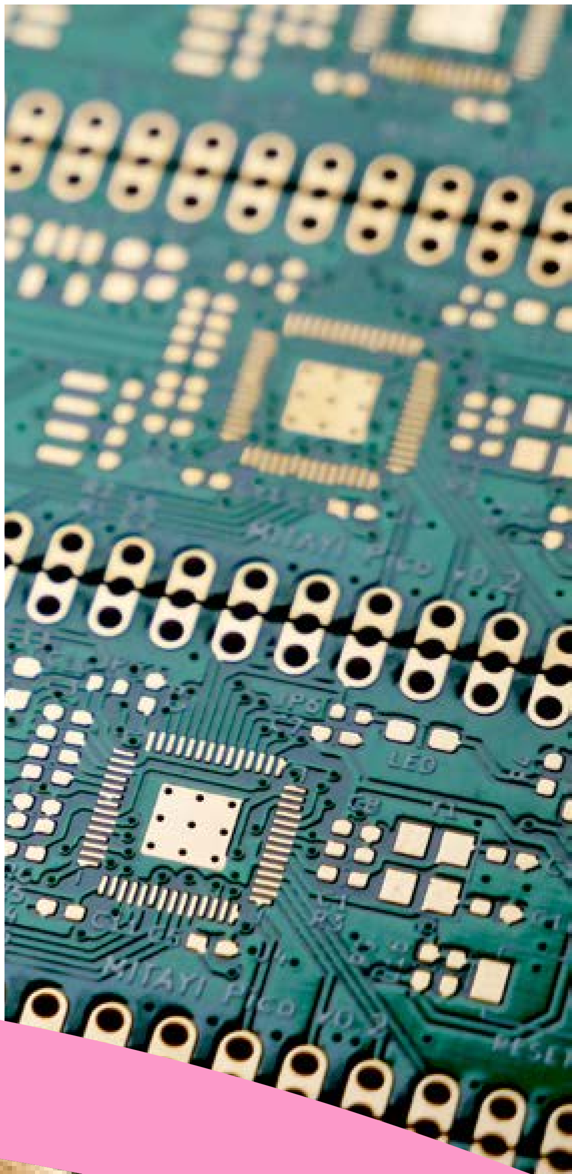
In early 2021, Adidas achieved certification from the Science-Based Targets initiative (SBTi), affirming that its emissions reduction targets are aligned with a 1.5°C scenario, in line with the engagement objective. The company is committed to reduce absolute scope 1, 2 and 3 emissions by 30% by 2030 from a 2017 base year. Within this, Adidas commits to reduce absolute Scope 1 and 2 greenhouse gas emissions by 90% by 2025. Furthermore, it is working closely with partners in the global supply chain to reduce energy and material consumption and make greater use of green energy sources. In March 2021, Adidas announced a new ambition for nine out of ten of its articles to be more sustainable by 2025.

Case Study: Samsonite

EOS engaged with luggage manufacturer Samsonite on climate change, product innovation and circularity. It has now launched a sustainability strategy to 2030, which includes plans to use 100% renewable energy and achieve operational carbon neutrality by 2025. Samsonite will collect and recycle products for up to 20 years post-purchase. Engagement continues on the challenge of Scope 3 emissions upstream in the supply chain, as well as how Samsonite might begin to consider the use of its products within Scope 3. We would like to see the company consider science-based targets for its climate change commitments.

Conflict Minerals Semiconductor Supply Chain

Tantalum, tin, tungsten, gold, and cobalt (hereafter referred to collectively as conflict minerals) are vital materials and building blocks of the semiconductor industry. Over the last decade there has been a large shift in the sourcing of these minerals to central Africa, where many mines operate with poor labour and environmental standards. Poor traceability of these minerals along complex supply chains can lead to the inadvertent financing of armed conflict and human rights abuse.



Stewart Investors launched a collaborative engagement at the end of 2021, supported by 160 investors representing $6.59 trillion, including Brunel. The initiative has written to 29 companies requesting that they take a leadership position in developing conflict-free mineral supply chains in the industry through the following actions:

- Develop and invest in technological solutions to improve traceability, possibly blockchain
- Increase transparency and reporting on minerals from mine to product
- Encourage and participate in industry-wide collaboration to improve industry practices
- Impose and enforce harsher sanctions on non-compliance
- Reduce demand for new materials by improving recycling initiatives

The initiative is in the early stages of engagement and will develop throughout 2022.

Antimicrobial Resistance (AMR)

The pandemic highlighted the importance of being prepared for emerging public health threats yet, despite its potential to return us to the Dark Ages the risk of antimicrobial resistance is often ignored, and it is a risk that is growing.

AMR presents a material risk not only for food companies but also presents a systemic risk across multiple other sectors, including the pharmaceutical, healthcare and insurance industries. Action is required to preserve the efficacy of antibiotics against diseases in both humans and animals.

A large proportion of antibiotic use is in farm animal production systems, often to promote growth and to prevent the spread of disease. In the US, an estimated 75% of antibiotics are being used on farm animals, 70% in the European Union (EU), and 45% in the UK. The overuse of antibiotics in livestock production is recognised by the World Health Organisation as an important factor in the emergence of AMR worldwide. Brunel joined investors in signing the Global Investor Statement on Antibiotics Stewardship, co-founded by FAIRR (Farm animal investment risk and return) it is signed by 75 signatories representing $3 trillion of assets. The statement supports the establishment of a comprehensive antibiotics policy that includes clear timelines for phasing out routine, non-therapeutic use of antibiotics across all livestock, seafood and poultry supply chains.

It includes a best practice policy on antibiotics stewardship that has been developed in consultation with leading industry and issue experts to provide guidance to food companies, including both meat producers and purchasers (such as retailers and restaurants) in the development of their individual policies.

In July 2021, FAIRR published a report – Antimicrobial resistance (AMR): how animal pharmaceuticals are driving the next global health crisis. The report explores the practices of the ten largest publicly listed players in the animal health industry and the actions required to ensure the resilience of the companies' product portfolios and good AMR stewardship.

Voting

We supported the McDonald's shareholder proposal at their 2021 annual shareholder meeting, related to the use of antibiotics.

Engagement

EOS engaged with Tyson foods, asking the company to create and disclose its progress against a clear global policy on AMR for all its protein lines. In its 2020 sustainability report, the company disclosed that it had completed its first global animal warfare assessment. EOS has urged the company to articulate how it views the risk that AMR poses to its business and encouraged additional disclosure on the scope of animals treated without antibiotics versus those treated with antibiotics along traditional lines. Engagement continues.

Policy

EOS participated in a consultation with the Sustainability Accounting Standards Board (SASB) on early-stage research on the sustainability and business implications of AMR. On behalf of its clients, EOS co-signed a public letter to the G7 finance ministers, asking that maximum antibiotic levels in wastewater from manufacturing facilities be included in the Good Manufacturing Practices and that alternative incentive models are put in place to drive R&D for new classes of antibiotics.

Next steps

- EOS will continue to engage with companies across the antibiotic value chain to ensure sufficient ambition levels and that antibiotic policy commitments are fulfilled. We will also continue to collaborate with other members of the Investor Action on AMR initiative. This coalition is backed by the Access to Medicine Foundation, FAIRR, the PRI and the UK government.

Mining 2030

Following the Brumadinho disaster in Brazil, the Investor Mining and Tailings Safety Initiative was established (see last year's Outcomes Report). Drawing on this initiative, the resulting Mining 2030 Investor Agenda will drive systemic change and to practically support the sector and companies within it. The collaborative investor-led initiative will consider eight systemic issues faced by the mining sector that currently challenge, or could challenge, the sector's social licence to operate.

A series of investor-led roundtables over the coming year will identify key interventions that will contribute to the development of a Mining 2030 Investor Agenda intended to support this vital sector to meet the mineral demands of society and the low carbon transition.

- Artisanal mining and child labour
- Climate change
- Automation and future work force
- Deep sea mining
- Biodiversity land and protected areas
- Indigenous rights
- Resources for the transition
- Mine tailings waste and site closure

Brunel participated in the first roundtable and has expressed an interest to join Mining 2030 to continue supporting the great work being led by the Church of England Pensions Board.

Emission reduction by design

We hold the NTR Reif 2 fund, focused on wind and solar energy, in our cycle 1 infrastructure portfolio. The manager has been working to reduce carbon emissions in the construction of its assets by incorporating geological borehole surveys into the design phase of wind projects.

One such example is the wind projects in Sweden where NTR carried out boreholes at all 20 potential sites to determine the ground conditions. The surveys found rock close to the surface of 18 of the 20 locations, enabling the design of a more sustainable 'rock anchor' foundation for the turbines. This rock anchor foundation requires 70% less concrete, resulting in a 27% drop in emissions compared to if a standard gravity foundation was used. This has resulted in a reduction of 1,600 tonnes of CO_2 emissions in the construction of the 20 wind turbines.

Next steps

- Participate in the Mining 2030 roundtables, contributing to the development of a mining 2030 investor agenda. We will continue to raise awareness across the wider investment industry around the importance of managing tailings dams' risks and respecting Indigenous rights.

Brunel roles and responsibilities

The **Brunel Board** approves and is collectively accountable for Brunel's Responsible Investment, Climate Change and Stewardship Policies. Operational accountability on a day-to-day basis is held by the **Chief Responsible Investment Officer**, with oversight from the **Brunel Investment Committee** and Brunel's Board. This oversight is supported by inclusion of RI, climate and stewardship matters being reported as part of the **Chief Investment Officer** report, as well as integration of key risk metrics into both strategic and operational risk reports.

The **Chief Executive Officer** is responsible for ensuring effective implementation across the whole organisation, ensuring Brunel's own operations meet or exceed best practice standards. Specifically, climate risk has been identified as a principal (level 1) strategic risk to Brunel. A such, the risk is owned by the Chief Executive Officer, with oversight from **Brunel's Audit, Risk and Compliance Committee** forming part of Brunel's overall strategic risk framework.

The **CIO** is responsible for ensuring the integration of RI, stewardship and climate change into portfolio construction, implementation and overall investment decision-making. All members of the investment team have explicit responsibility for the implementation of Responsible Investment (RI) principles, including but not limited to climate risk, within their respective roles. As such, any training needs are identified through our standard appraisal and personal objective-setting processes.

Audit and assurance

Brunel does not undertake external verification of its RI, climate or stewardship reporting, but elements contained within those processes are subject to a variety of assurance mechanisms. For example, Brunel conducts regular internal auditing on all aspects of its operations. As such the effective integration of RI and stewardship within the context of each of these areas will be reviewed.

In 2021, Brunel undertook a review of the investment governance arrangements. This included reviewing the governance arrangements, including investment-related committees in place to make investment decisions and oversee portfolio performance/risks and embeddedness of Environmental, Social and Governance (ESG) considerations in the investment cycle including the plans/readiness for embedding Net Zero Investor Framework in investment activities.

The review concluded that "*ESG considerations have been part of Brunel's business since commencement of business and are embedded throughout the investment processes from investment due diligence to [the] investment monitoring stage*." However, enhancements to formally documenting arrangements, particularly those relating to new commitments, like Net Zero, would provide further assurance and reduce the risk that these commitments would not be met.

Next steps

- Updated statements of Senior Management Certification Regime (SMCR) and two job descriptions and terms of reference/ agendas of committees, as appropriate to include the regular reporting of our progress on our net-zero commitments.

Appendix

Partnerships and affiliations	
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.
A4S – Accounting for Sustainability	The Prince's Accounting for Sustainability Project was established by HRH The Prince of Wales in 2004 to promote improvements in reporting and transparency.
Asset Owner Diversity Working Group	Brunel co-chairs the Asset Owner Diversity Working Group which established the Asset Owner Diversity Charter and aims to improve
Asset Owner Leadership group on Tax Fairness	New group forming in 2022 to focus on tax transparency and fairness.
Asset Owner Technical Advisory Committee	CIO sits on the Asset Owner TAC which advises the Executive on the strategy and execution of the PRI Asset Owner work stream.
British Private Equity & Venture Capital Association (BVCA)	Industry body and public policy advocate for the private equity and venture capital industry in the UK.
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 more than 60 others with significant opportunity to drive the clean energy transition.
Climate Change working group	The group is responsible for helping the Investment Association (IA) to develop and deliver the IA position on climate change.
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.
FAIRR	The FAIRR Initiative is a collaborative investor network that raises awareness of the material ESG risks and opportunities caused by intensive animal production.
Financial Reporting Council (FRC)	The Financial Reporting Council is an independent regulator in the UK and Ireland, responsible for regulating auditors, accountants and actuaries, and setting the UK's Corporate Governance and Stewardship Codes
FRC Stakeholder Insight Group	The group represents preparers, investors, audit committee chairs and other key parts of the stakeholder universe including reporting framework owners and civil society groups. The group provides an opportunity to share perspectives on key areas of concern and emerging risks relating to accounting, reporting, auditing, and governance issues as well as to share perspectives on key opportunities and potential for focus for the FRC.
Future-Fit Business Benchmark	Not-for-profit organisation with the aim of encouraging and equipping business leaders and investors to take action in response to today's biggest societal challenges, from climate change to inequality.
Glasgow Financial Alliance for Net-Zero (GFANZ)	GFANZ is a global coalition of leading financial institutions committed to accelerating the decarbonization of the economy. Brunel is a member of the GFANZ through PAII, but also the CIO supports the workstreams.
Global Policy Reference Group	The group is first and foremost an email exchange of information on policy, regulation and soft-law initiatives that encourage or require responsible investment
Green Finance Institute	GFI's mission is to accelerate the transition to a clean, resilient and environmentally sustainable economy by channelling capital at pace and scale towards real-economy outcomes that will create jobs and increase prosperity for all.
HM (Treasury) UK Government Green Taxonomy Taskforce and Transition Plan Taskforce working group.	HMT have established industry advisory groups to assist with the development and implementation of the UK Government's Green Finance: A Roadmap to Sustainable Investing. Brunel is a member of the Green Taxonomy Taskforce and Transition Plan Taskforce working group.

Partnerships and affiliations	
International Sustainability Standards Board (ISSSB)	The intention is for the ISSB 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	Trade body that represents Investment Managers & Investment Management Firms in the UK
Institutional Investor Group on Climate Change (IIGCC)	A forum for collaboration by institutional investors on the investor implications of climate change. Brunel sits on the Board of IIGCC as Chair. We also Co-Chair the IIGCC Asset Owners Net Zero Implementation.
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.
Investor Policy Dialogue on Deforestation (IPDD) Initiative	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.
Occupational Pensions Stewardship Council	The council provides schemes with a forum for sharing experience, best practice, and research, and providing practical support, promoting and facilitating high standards of stewardship of pensions assets.
Pensions for Purpose	Collaborative initiative of impact managers, pension funds, social enterprises and others involved or interested in impact investment.
Plastics Investor Working Group	The working group consists of 29 global investors representing US$5.9 trillion in assets. The group has focused on building an understanding of plastics from a global and holistic perspective, including how plastics fit in with the broader circular economy concept.
Principles for Responsible Investment	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 part of all the following
Reporting and Assessment Advisory Committee	The objective of the RAAC is to advise the Reporting and Assessment (R&A) team with its strategic path and development of the Reporting Framework outputs and services.
Sustainable Accounting Standards Board (SASB)	SASB standards focus on financially material issues with a mission to help businesses around the world report on the sustainability topics that matter most to their investors.
SASB Alliance Member	SASB are in the process of merging to support the establishment of the ISSB Brunel is member of the Investment Advisory Group and co-chairs the UK -European Workstream Stream
ShareAction	Charity that promotes Responsible Investment and gives savers a voice in the investment system.
Transition Pathway Initiative	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
Task Force on Climate-related Financial Disclosures (TCFD)	TCFD was created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders
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.

Appendix

Carbon Reporting

The Brunel Aggregate Portfolio Custom Benchmark

Benchmark	Benchmark Weight
MSCI EM	5.00%
MSCI World	23.90%
MSCI ACWI	20.00%
FTSE All share ex IT	6.50%
Passive Smart Beta	1.90%
Brunel Passive UK	10.00%
Brunel Passive World Developed	9.20%
MSCI World Small Cap	3.90%
FTSE World Developed	10.40%
iBoxx Sterling Non-Gilt All Maturities Bond Index	9.10%

Definitions to levels of disclosure

Full Disclosure - Companies reporting their own carbon data (eg in financial reports, CDP disclosures etc)

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

Modelled - In the absence of usable or up to date disclosures, the data has been estimated by Trucost models.

The rate of companies in the Brunel Aggregate Portfolio for which fully disclosed carbon data was available was 61% (carbon weighted measure) and 56% (investment weighted measure). This indicates scope for improved reporting among investee companies which is a core part of our engagement strategy.

Meet the Team

Faith Ward

Chief Responsible Investment Officer, Brunel Pension Partnership; Chair, Institutional Investors Group on Climate Change

Faith is currently Chief Responsible Investment Officer for Brunel Pension Partnership and Chair of the Institutional Investors Group on Climate Change (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. Faith's other roles include as member of the Ethics Investment Advisory Group for the Church of England National Investing Bodies; member of Investor Advisory Group for SASB (becoming ISSB); member of the UK Green Taxonomy Advisory Group; and Climate Ambassador for the National Federation of Women's Institutes. Faith is the founder and former co-chair of the Transition Pathway Initiative and currently a TPI NED. She was also the chair of the Reporting and Assessment Advisory Committee for the United Nations Principles for Responsible Investment (UNPRI).

Laura Hobbs

Responsible Investment Manager

Laura joined Brunel in February 2020 and has over 12 years of investment experience in various roles across wealth and institutional asset management. Laura also sits on the investment committee of the World Wildlife Fund for Nature (WWF) and co-chairs an IIGCC asset owner working group on Net Zero Implementation. Laura 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 climate crisis and create a more sustainable future. She previously worked at CCLA where she was Deputy Head of the Ethical and Responsible Investment team. In this role, she upgraded CCLA's approach to sustainability and worked with companies across a number of engagement priorities. Prior to this Laura worked as an investment analyst and portfolio manager at Saunderson House, establishing and managing their sustainable portfolios. She started her career at Barclays Wealth, where she managed portfolios for private clients and trusts. Laura is a member of the Chartered Financial Analyst (CFA) Institute and has been a CFA Charterholder since 2015.

Helen Price

Head of Stewardship

Helen leads on stewardship, engagement and voting at Brunel Pension Partnership (Brunel). She draws on knowledge built from her BA (honours) in Business Studies and from working in different sectors. Helen is eager to improve representation within the industry and at companies in which we invest. She is a member of the Diversity Project Steering Committee and co-leads the Asset Owner Diversity Group. Helen is also a member of the PRI's Plastic Investor Working Group, the PRI Reporting and Assessment Advisory Committee and the FRC Stakeholder Insight Group. She is passionate about the role of pension funds in moving to a more sustainable business world and is involved in industry-wide initiatives to improve standards in responsible investment and corporate sustainability.

Click here to meet the rest of the Brunel Team

Click here to meet the team at Federated Hermes

Getting in touch with the team

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

Please visit our website to read our latest reports, news and insights and other materials to keep you up to date.

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

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