

**2026**

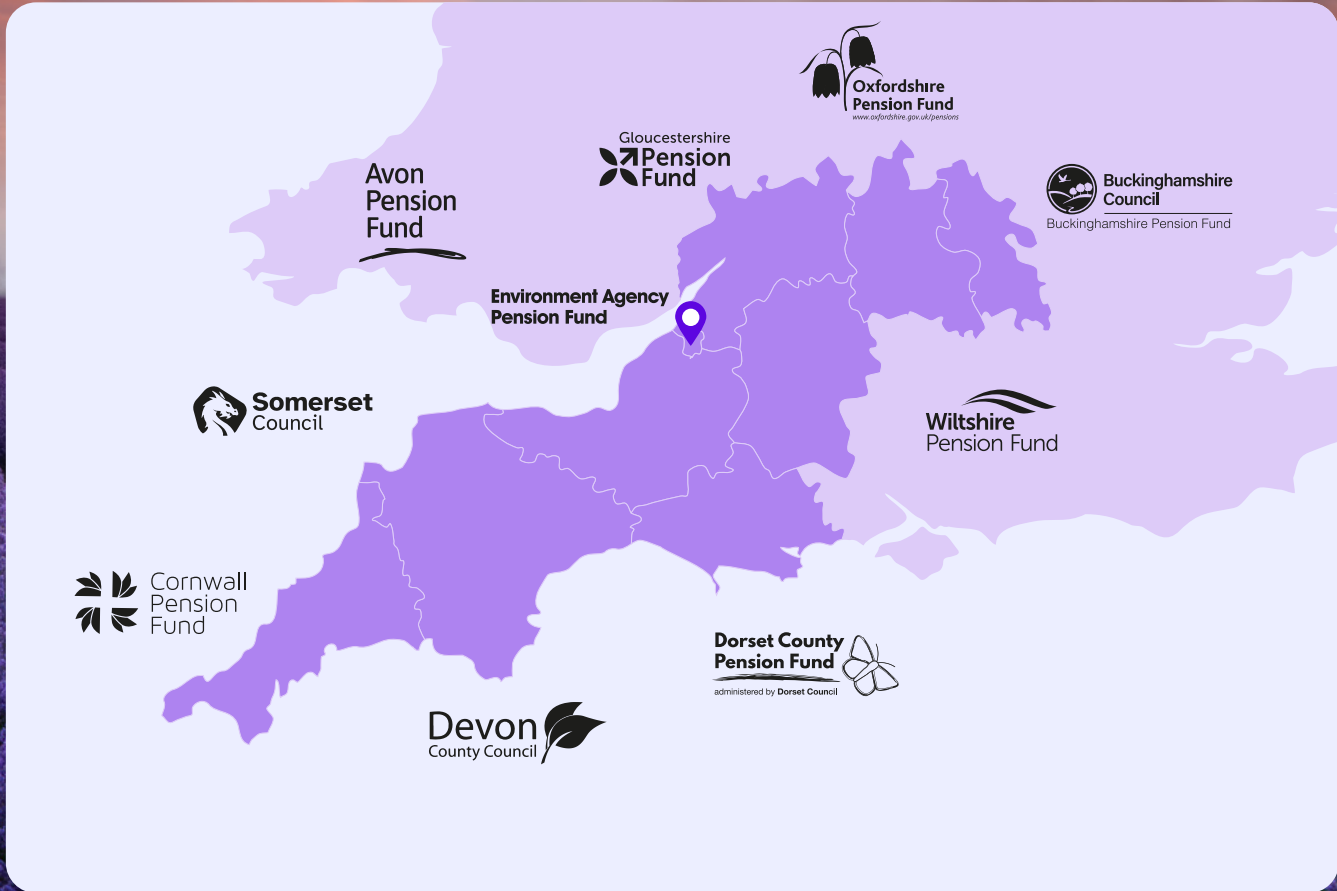
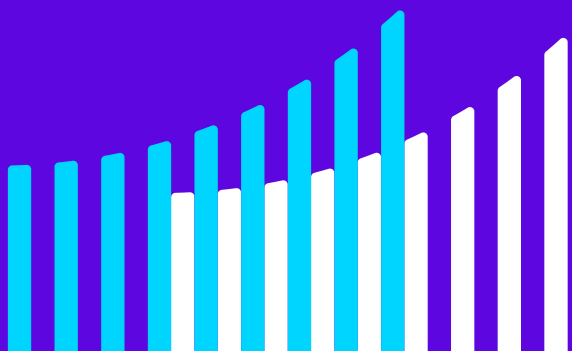
Responsible  
Investment and  
Stewardship  
Outcomes

For the year ending 31 December 2025



**This report reflects a time when Brunel Pension Partnership Limited (Brunel) was one of eight national Local Government Pension Scheme (LGPS) pools, a defined benefit scheme (DB) bringing together circa £35 billion investments of 10 like-minded pension funds: Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire.**

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



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

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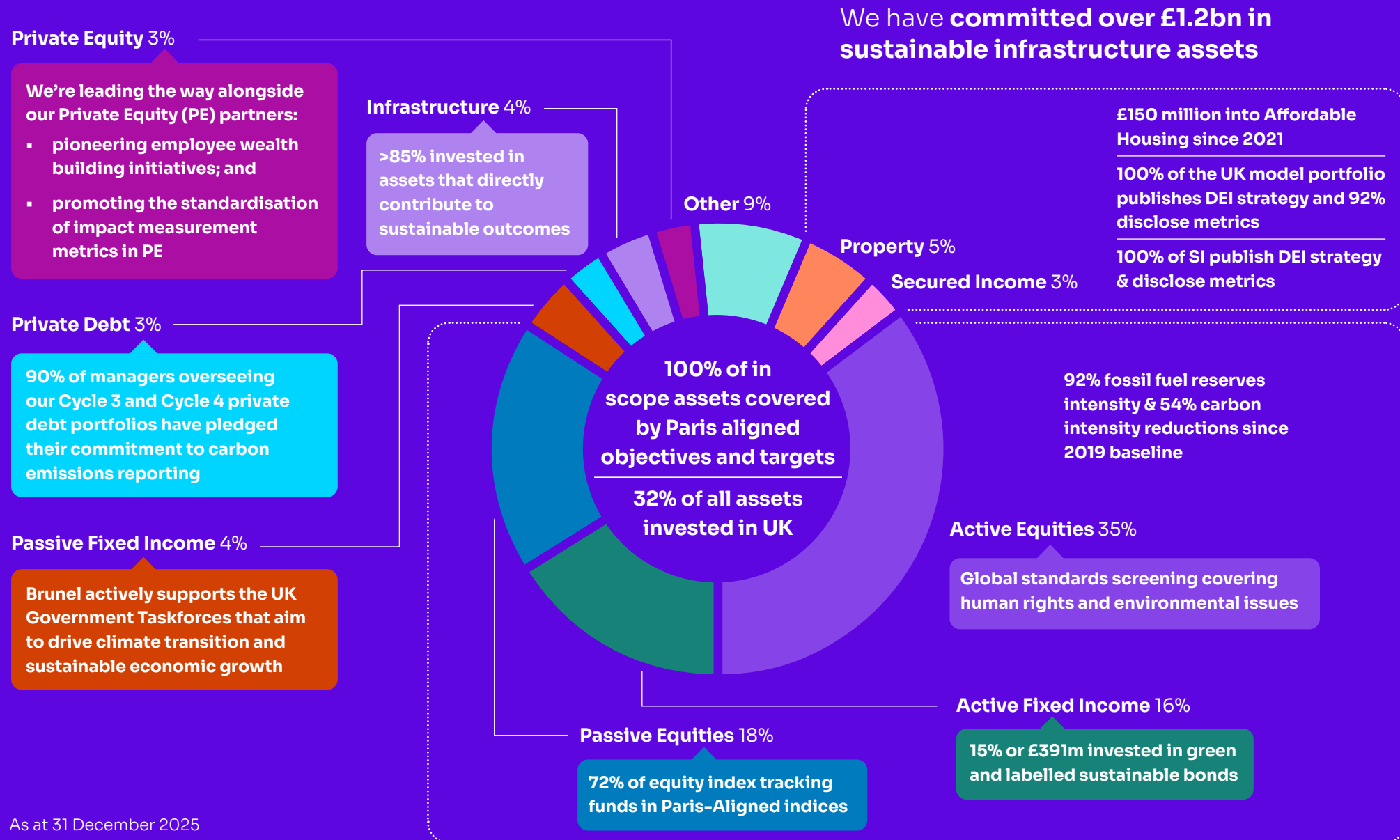
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# Responsible Investment & Stewardship highlights across our asset classes



As at 31 December 2025

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# Foreword from our CEO

We have been guided by a frank and dynamic relationship with our ten partner funds, who have always set an ambitious agenda.



**Laura Chappell**  
Chief Executive Officer

**It has of course not been an easy year for Brunel, but I am enormously proud of how the team continued to deliver excellent work, and to progress towards a successful transition of partner fund assets to their three destination pools.**

Amid all the preparation, however, it is more important than ever to look back along the path Brunel has taken since we received FCA authorisation in 2018. We are almost 90% transitioned, and have become a recognised leader in Responsible Investment, not just in the UK but around the world. We have delivered new policies, new products, and new processes in manager selection and monitoring – in so many areas, we have responded to the challenges of realising our partnership’s Responsible Investment (RI) ambitions through innovation.

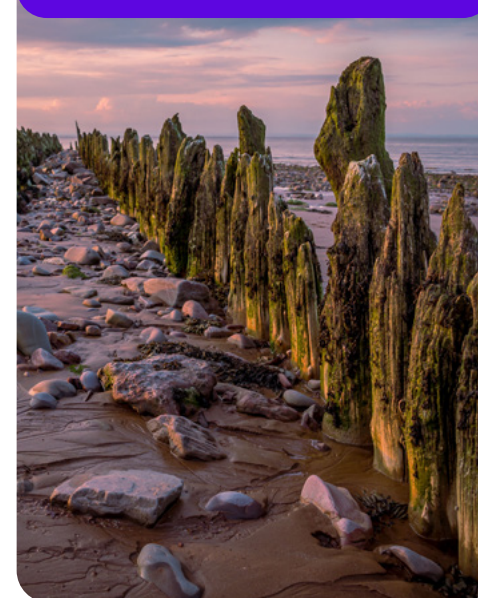
That innovation in RI has been matched by positive outcomes, too. Across our three main RI priorities, we have invested not just in climate solutions and renewables, but in the transition and in adaptation to a net-zero world. We have harnessed our private markets clout to invest in biodiversity and social impact – in our region, nationally and globally.

Throughout it all, we have been guided by a frank and dynamic relationship with our ten partner funds, who have always set an ambitious agenda. I am enormously proud of that partnership. I am also proud of our own internal culture, reflected in some of the focuses of ‘Walking the Talk’, such as carbon footprint tracking and commitment to gender pay parity. Our staff have practised what they preach, alongside their constant commitment to collaboration across the ecosystem and contributing to better dialogues through the investment industry.

Even through the preparation for wind-down, they have continued to deliver that same calibre of work and to show that same level of commitment.

We do not pretend to understand the reasons behind the decision to send Brunel’s partner funds to new pools, but we have remained true to our approach, even in this trying period. We may not have had long to do it, but we finish knowing that we have taken huge strides towards forging better futures by investing for a world worth living in.

In April 2025 we were notified that, following the government’s Fit for the Future review, the Pensions Minister and Local Government Minister were directing Brunel’s clients to join a different LGPS pool, bringing to an end Brunel’s highly successful operation. In September 2025, our clients announced their decisions as to which pools they intended to join and work commenced on supporting their departure to pastures new. For more information, please see our 2025/2026 Annual Report and Financial Statements, published on our website. This will be our final Outcomes report.



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# Award-winning legacy

**Faith Ward, our Chief Responsible Investment Officer, was awarded an MBE for ‘services to pensions and the environment’**



ESG Strategy Winner award being collected by Hannah Prosser at the IPE European Pensions Awards 2025



Stewardship Campaign & Strategy award being collected by Chris Van De Merwre at the IPE Transition Awards 2025

“We want what Brunei has built and delivered to be borrowed, copied, repurposed and harnessed elsewhere, whether at asset owners or asset managers. Whether in targets, outcomes, impact, engagement, or industry and policy coordination, Brunei has proved what is possible. May that give others hope – and opportunity.”

**Faith Ward**

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# Acting responsibly in a world of contradictions



**Faith Ward**  
Chief Responsible Investment Officer

“It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of light, it was the season of darkness....”

And on go the opening lines of Charles Dickens’s *A Tale of Two Cities* (1859). It is a story that sets out a world of contradictions that resonates strongly with our experiences today as rapid technological advancement, connectivity, and prosperity, coexisting with conflict, intense polarisation, climate crises, and social instability.

Operating in this complex environment, Brunel keeps its mission of **forging better futures by investing for a world worth living in** central to delivering long-term value creation for our partner funds.

Balancing the delivery of long-term value creation across portfolios with immediate risks like inflation, cost of living, and energy security presents significant challenges. While many win-win opportunities exist, there are also trade-offs in minimizing exposure to issues such as modern slavery and environmental degradation. We believe acting as responsible capital stewards is in

our clients’ best interests, requiring awareness of a broad spectrum of impacts and risks—including those beyond traditional financial analysis—which are financially relevant when properly understood.

The recognition that we need to manage an ever-expanding range of issues that create both investment risks and opportunities underpins our approach to Responsible Investment. The annual publication of the World Economic Forum annual risk perceptions survey each January supports a process of reflection, evaluation and planning to begin the year.

Alongside other resources we use the outcomes of the survey to stimulate conversations across our partner funds, investment teams, senior leadership and the Brunel Board. We use these sources to identify and analyse the risks facing companies, investors, policy makers and wider society and how that should shape our RI priorities and programme of work.

The outcomes of the 2026 survey mirror our own experience in 2025, where, although we pursued work across all our RI priorities, the escalation of geoeconomic confrontation exacerbated by mis and disinformation resulted in a rapid and increased deployment of resources focused on human rights and social issues.

Our partner funds needed us to support them with a robust and effectively communicated approach to human rights, particularly as it related to conflict affected and high-risk areas (CAHRAs). Details are provided later in the report.

## Brunel Pension Partnership Investment Principles

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

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Our investment principles guide the translation of these big picture risks into practical actions. However, as not all systemic risks equate to direct investment risks, and the appropriate response to managing those risks will be different depending on the context. For example, the investment risk may well manifest both directly but also in the value chain of a whole sector. Engaging to support companies and working collaboratively with industry bodies and other stakeholders may be the most appropriate approach, a great example of this is our support of the Global Investor Commission on Mining 2030 (page 65). In the same vein, divestment, if used too quickly to reduce risk exposure could achieve a real reduction in risk exposure for neither Brunel nor partner funds and could be counterproductive in influencing a positive outcome. There are several examples relating to human rights and social issues (page 47) as well as cyber and AI (page 58) that illustrate how the development frameworks, standards and principles have the potential to be the most effective risk management approach.

In developing its RI Strategy, and three implementation pillars, Brunel identified a consistent set of levers or practical actions to address investment risks and opportunities. We do, however, vary the scope and depth of activity depending on context, as set out above.

### Top and enabling priorities

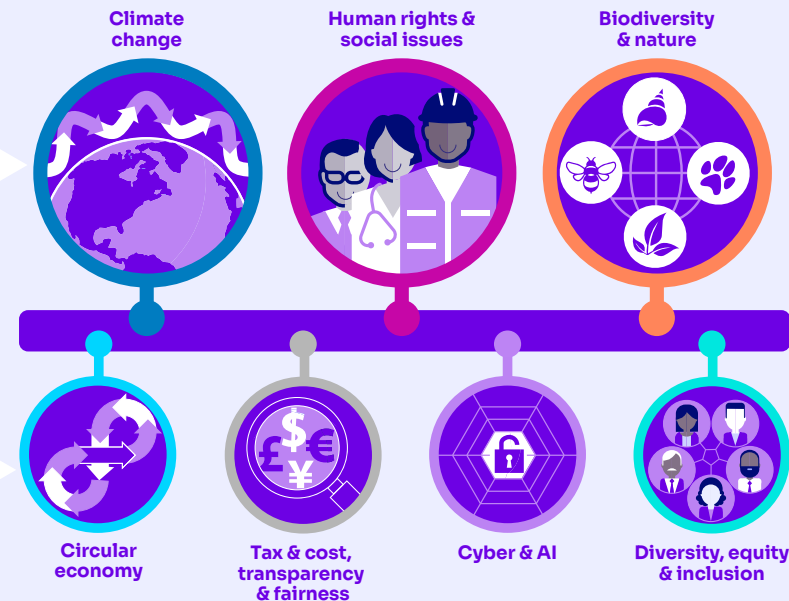
Our priorities have been categorised into ‘Top’ and ‘Enabling’ priorities.

#### Our ‘Top priorities’ have:

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

#### Our ‘Enabling priorities’ have:

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



Each priority has a theory of change about how, and why, we approach that priority in the way we do.

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

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Acting responsibly in a world of contradictions continued

**Mapping our levers to our three pillars of RI:**

**Integrate**

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

**Collaborate**

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

**Be transparent**

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

**Long-term view, but taking action today**

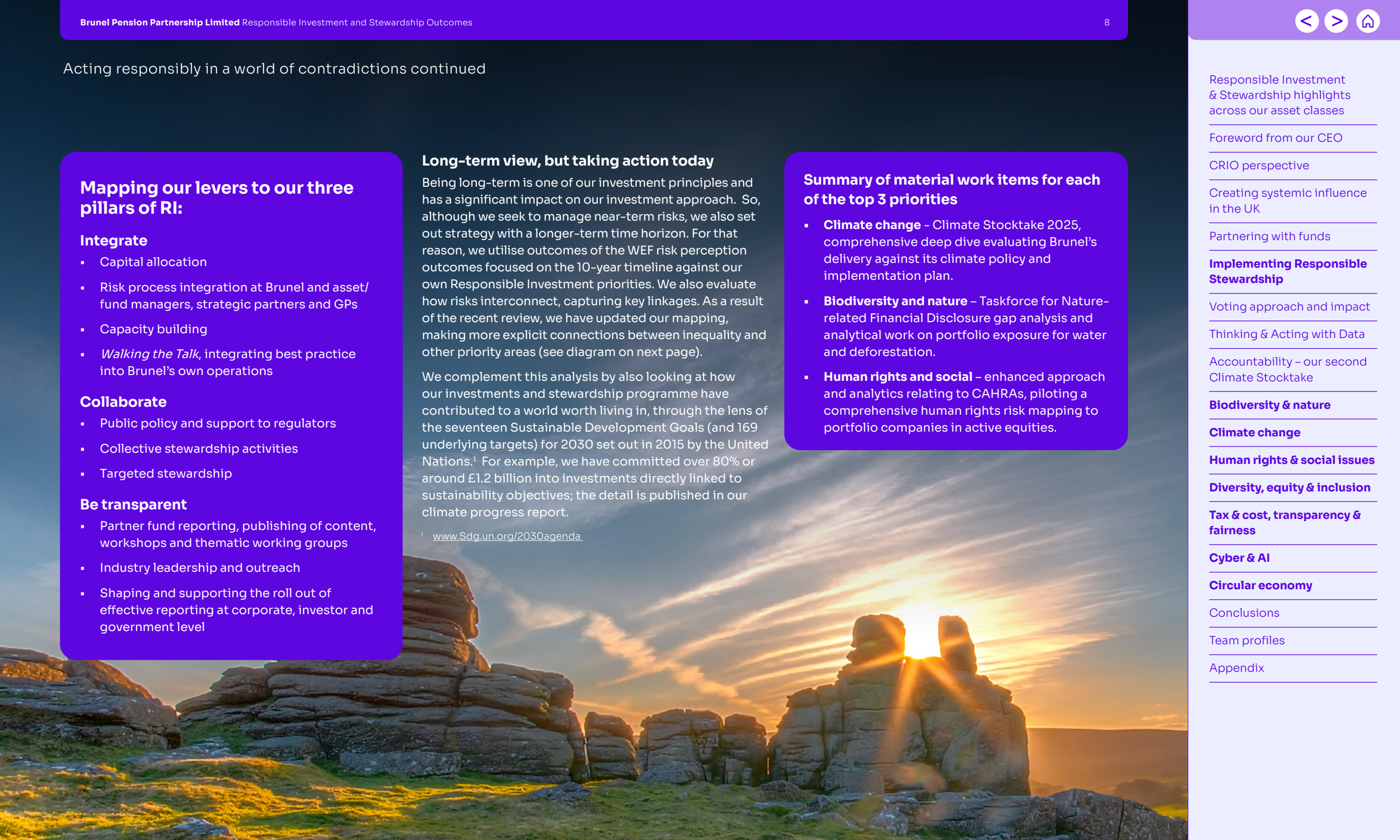
Being long-term is one of our investment principles and has a significant impact on our investment approach. So, although we seek to manage near-term risks, we also set out strategy with a longer-term time horizon. For that reason, we utilise outcomes of the WEF risk perception outcomes focused on the 10-year timeline against our own Responsible Investment priorities. We also evaluate how risks interconnect, capturing key linkages. As a result of the recent review, we have updated our mapping, making more explicit connections between inequality and other priority areas (see diagram on next page).

We complement this analysis by also looking at how our investments and stewardship programme have contributed to a world worth living in, through the lens of the seventeen Sustainable Development Goals (and 169 underlying targets) for 2030 set out in 2015 by the United Nations.<sup>1</sup> For example, we have committed over 80% or around £1.2 billion into investments directly linked to sustainability objectives; the detail is published in our climate progress report.

<sup>1</sup> [www.Sdg.un.org/2030agenda](http://www.Sdg.un.org/2030agenda)

**Summary of material work items for each of the top 3 priorities**

- **Climate change** - Climate Stocktake 2025, comprehensive deep dive evaluating Brunel’s delivery against its climate policy and implementation plan.
- **Biodiversity and nature** – Taskforce for Nature-related Financial Disclosure gap analysis and analytical work on portfolio exposure for water and deforestation.
- **Human rights and social** – enhanced approach and analytics relating to CAHRAs, piloting a comprehensive human rights risk mapping to portfolio companies in active equities.



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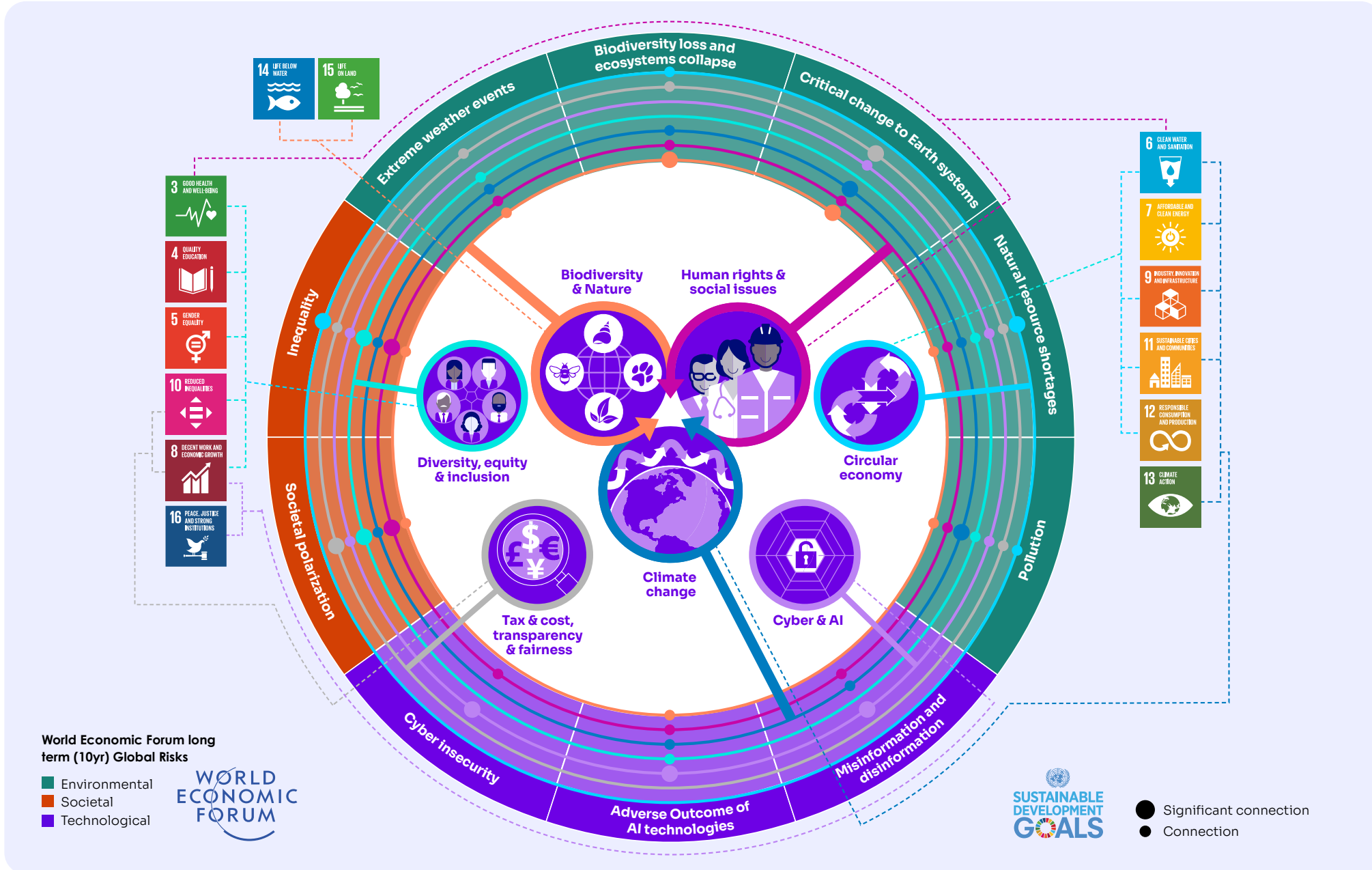
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This diagram maps our seven RI priorities against the global risks identified by the World Economic Forum and the Sustainable Development Goals.

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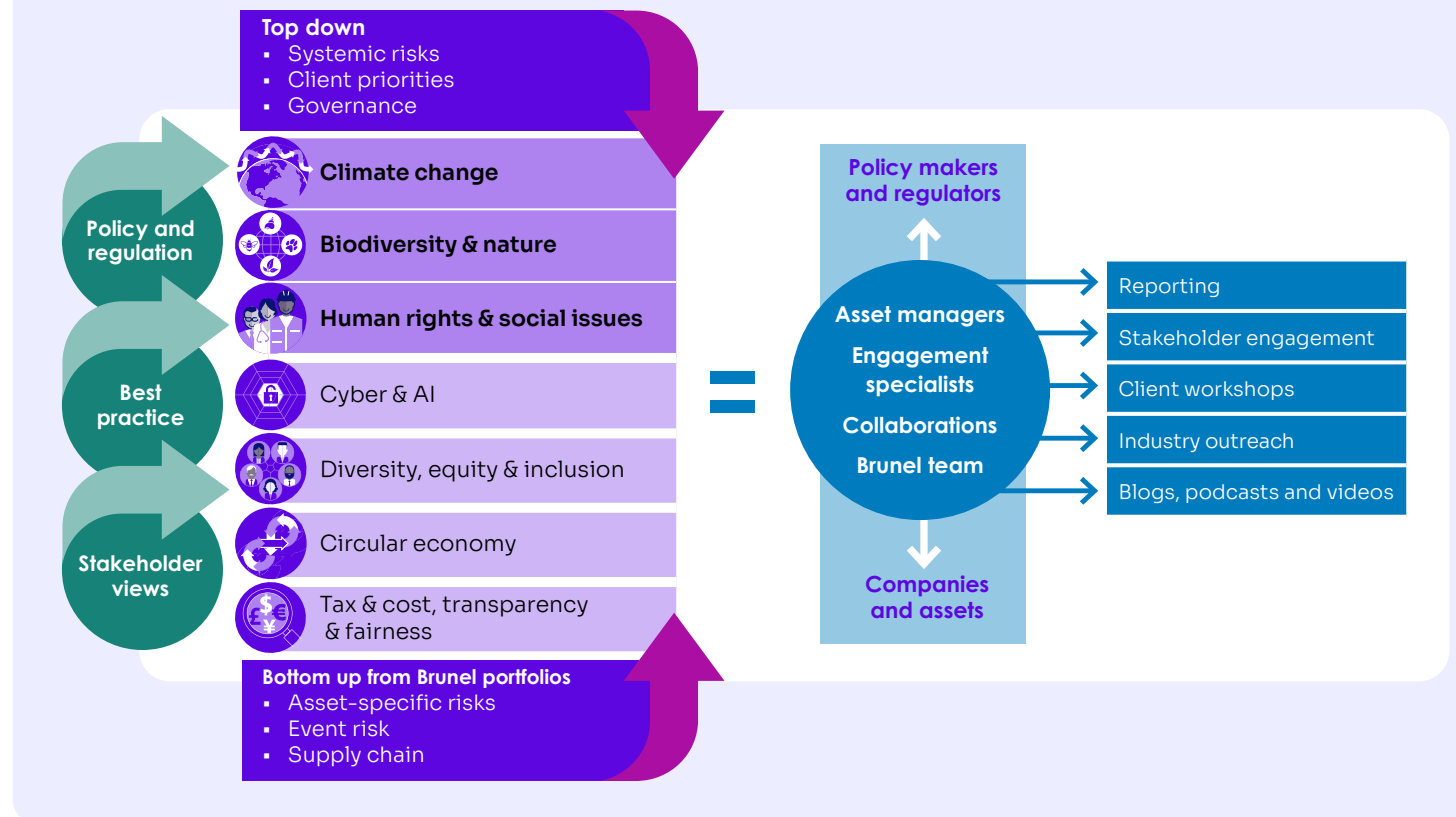
## Acting responsibly in a world of contradictions continued

Brunel’s business model not only ensures a top-down focus on big picture risks but also addresses the fundamentals of wider client concerns, regulation, good governance and the exposure to risks arising from individual companies. In other words, our areas of focus are as much about the fundamentals, the foundations of sound investment practice and investor protections as they are about geopolitical and planetary issues. One cannot be addressed without the other.

Ensuring the foundations of shareholder and bondholder rights are maintained is critical. Shareholder rights are the focus of our collaboration with other asset owners on the Governance for Growth Investor Coalition. Engaging with policy makers is a core component of how Brunel delivers on its commitments to serve the best interests of partner funds and their beneficiaries.

A Tale of Two Cities has many themes that are worthy of further exposition but most meaningfully in reflecting on 2025 and the demands on UK asset owner seeking to act and invest responsibly is that systems can’t stay the same and expect different outcomes. Dickens warns that “sow the same seed of rapacious license and oppression over again, and it will surely yield the same fruit”. Although Brunel itself will not directly be part of shaping the future we have an ardent desire that through our people and through sharing our work and practice we provide inspiration to others.

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



We believe it is compatible, even essential, that strong financial performance is delivered in a way that is compatible with sustainable economic growth and a thriving society.

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Acting responsibly in a world of contradictions continued

**Case Study:**  
**Governance for Growth Investor Campaign**



We have joined with some of the UK's largest pension schemes – collectively managing £3.2 trillion on behalf of 38 million savers – to emphasise to policymakers that strong governance is fundamental to sustainable growth and a key catalyst for capital creation.

Through this campaign, we call for shareholder rights and core governance safeguards to remain intact so the UK can continue to position itself as a destination of choice for domestic and international capital. Together, we are strengthening the evidence base, shifting the conversation, and helping shape policy in support of thriving UK companies and capital markets.

**More details [here](#).**



Brunel's approach to responsible investment aims **to deliver stronger investment returns over the long term, protecting our partner funds' interests through contributing to a more sustainable and resilient financial system, which supports sustainable economic growth and a thriving society.**



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# Creating systemic influence in the UK

## Background and objective

As sustainability regulation and expectations accelerate, UK asset owners are keen to ensure implementation remains practical, proportionate and decision useful.

In the summer of 2025, three exposure drafts were published and put to consultation by The Department for Business & Trade (DBT), Department for Work & Pensions (DWP), Financial Conduct Authority (FCA) and energy policy teams:

1. UK Sustainability Reporting Standards
2. Climate-related transition plan requirements
3. Assurance of sustainability reporting

Recognising that fragmented responses to policy consultations could risk confusion and dilute influence, Brunei invited key members of the asset owner community to a round table. The objective was clear: to create alignment and shared understanding across asset owners on the practicality of the policy proposals, implementation challenges and data gaps and to present more coherent, evidence based feedback to regulators.

## Key themes emerging from the discussions

Participants strongly supported alignment with international sustainability standards, emphasising that consistency reduces cost, complexity and confusion for both investors and reporting entities. However, there was equally strong agreement that how standards are implemented matters as much as the standards themselves.

Proportionality and sequencing were central concerns. Asset owners stressed that reporting requirements should reflect where strategic decisions are made and should not force investors to report before underlying corporate data is available. Participants also highlighted the importance of avoiding duplication with existing frameworks, arguing that sustainability reporting must deliver decision useful insight rather than becoming a compliance exercise.

On transition planning and assurance, participants supported ambition and transparency but cautioned against overly prescriptive requirements that could discourage candour, innovation or long term thinking. Forward looking information, narrative explanation and safe harbour protections were seen as essential to credible, meaningful disclosures.

## Case Study: Investor and Issuer Forum

As a steering committee member we helped drive the Investor & Issuer Forum’s 2025 agenda—working with senior leaders across the investment chain to strengthen UK equity markets and champion sustainable value creation. We also shaped key research projects and contributed to the Compass, now a common anchor for collaboration across the investment chain.



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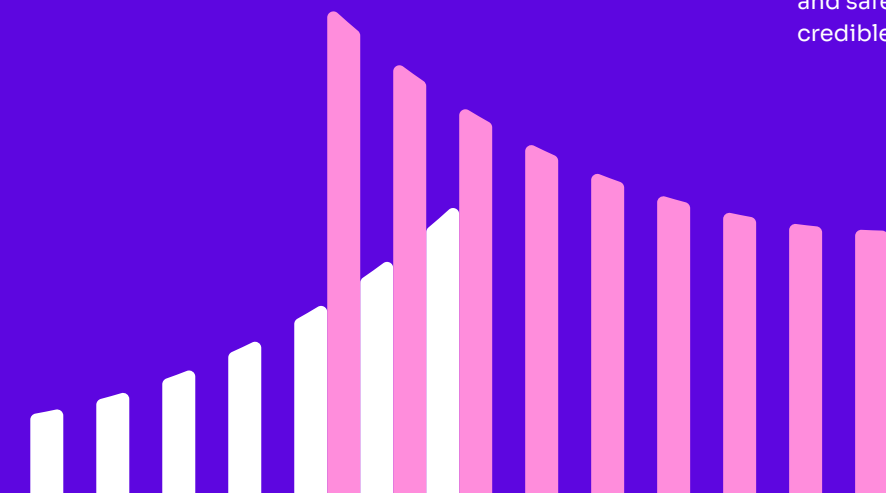
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# Influencing globally to enhance the system – exploring China’s sustainable finance ecosystem

Since 2019, global investment firm Neuberger Berman has worked in close partnership with Brunei Pension Partnership to invest across private markets and multi-asset fixed income, with specific commitments to impact and climate-transition investments. In June 2025, Faith Ward joined a Neuberger tour with a select group of European asset owners meeting and sharing best practice with key institutions in China’s sustainable finance ecosystem. Faith asked Jonathan Bailey for his thoughts on the trip.

**Faith: We’ve arrived back from our brilliant trip. Before we reflect on the learnings, could you explain a bit around the purpose of the trip?**

Jonathan: China is central to the global sustainability and climate transition story. As the world’s second largest economy, it represents around 17% of global GDP and close to 30% of global carbon emissions. That means progress—or lack of progress—in China will have a material bearing on the world’s ability to meet the goals set out under the Paris Agreement.

From an investment perspective, there is also a clear disconnect. Despite China’s economic and emissions footprint, its representation in the MSCI ACWI Index is only around 3%, and many global investors have reduced exposure to China in recent years. For us, that makes independent, on the ground research even more important. In late 2022, Neuberger began operations for its wholly owned onshore fund management company in

China. In June 2025, we organised a one-week inaugural tour for European asset owners through Beijing, Suzhou and Shanghai meeting with key stakeholders across the Chinese sustainable finance value chain. The visit was designed to deepen our understanding of how China’s sustainable finance system is evolving in practice – beyond the headlines, to share learnings, and to assess how policy, regulation and capital allocation are interacting to support the transition.

**Faith: We engaged in dialogue with a lot of players from China, can you reflect a little on why these partners were chosen and why the range of groups was important?**

Jonathan: The programme was structured to give us a system-wide view of how sustainable finance operates in China. We met with senior policymakers and regulators, including the central bank regarding transition finance, capital markets regulator regarding stewardship and ESG funds, and the Ministry of Finance regarding China’s newly published internationally aligned sustainability disclosures, to understand how climate and sustainability considerations are being embedded into financial policy and supervision.

We also engaged with large asset owners as well as banks and insurers that are central to financing the transition. Alongside this, discussions with listed companies and the stock exchange provided insight into how sustainability disclosures, stewardship expectations and transition strategies are being implemented in practice. Taken together, these meetings offered a coherent picture of how policy ambition, financial infrastructure and real economy action are increasingly aligned.

“We observed a high degree of alignment ... this level of system-wide coordination is notable... and increases the likelihood that sustainable finance frameworks translate into real-world climate related outcomes.”

**Jonathan Bailey, Global Head of Stewardship and Sustainable Investing, Neuberger Berman.**



Michael Marshall (Railpen), Faith Ward (Brunei) and Jonathan Bailey (Neuberger Berman) at the offices of Shanghai Pudong Development Bank

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## Influencing globally to enhance the system – exploring China’s sustainable finance ecosystem continued

### Faith: What stood out to you as the key takeaway from the study tour?

Jonathan: The most striking takeaway was the extent to which climate and sustainable finance objectives are now being coordinated across China’s financial system. We observed a high degree of alignment between policymakers, regulators, asset owners, financial institutions and listed companies on this topic. This level of system-wide coordination is notable, particularly at China’s stage of market development, and increases the likelihood that sustainable finance frameworks translate into real-world, climate-related outcomes.

At the same time, the tour highlighted that while policy direction is clear and accelerating, market practices are still evolving. Investor reliance on ESG ratings remains relatively high, and stewardship and qualitative engagement are at an earlier stage than in more mature markets. That gap creates an important opportunity for long term global investors to contribute constructively—by engaging regulators on market infrastructure, supporting disclosure convergence with international standards such as ISSB, and reinforcing the role of active ownership in driving credible transition strategies.

Finally, we were encouraged by the openness we encountered. Chinese regulators, exchanges and corporates consistently expressed a willingness to engage with global investors and to incorporate feedback as frameworks continue to evolve.

**Faith: Investors have a Paris-aligned commitment to reach Net Zero emissions by 2050. China has committed to achieve Net Zero by 2060, with emissions peaking at 2030. How do investors wrestle with this challenge?**

Jonathan: A key consideration for global investors is



Michael Marshall (Railpen), Faith Ward (Brunel) and Neuberger Berman team with Shanghai Pudong Development Bank representatives at their offices in Shanghai.

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the need to assess decarbonisation pathways in their proper jurisdictional context. China’s climate targets reflect its stage of economic development, energy mix and development priorities, and they sit within a broader global framework that recognises differing starting points and responsibilities across countries.

Against the backdrop of a significant climate-related financing gap across emerging and developing economies, there is growing recognition that investors pursuing net zero objectives need to engage with transition pathways that are credible at a country and sector level, rather than applying a one-size-fits-all approach. This is consistent with the principle of *Common But Differentiated Responsibilities and Respective Capabilities*, which underpins international climate agreements.

That principle is also reflected in emerging transition finance frameworks, including the draft guidance developed through the UK’s Transition Finance Market Review—where Faith has played a leading role as a working group co-chair.

“For investors, the implication is clear: supporting well-designed transition strategies in markets like China is not a deviation from Paris alignment, but a necessary part of delivering real-world decarbonisation at scale.”

**Faith: Looking ahead, what does this mean for the climate transition in China and in Emerging Market Developing Economies more broadly?**

Jonathan: One of the most common questions we were

asked throughout the tour related to the ESG backlash in the US, and whether that had changed global investors’ commitment to sustainability. Our tour group’s general response was that, although political narratives may vary in some geographies, many global asset owners remain committed to integrating financially material sustainability factors into investment processes and often also target specific sustainability-related outcomes such as investing with a net zero commitment.

Looking forward, for global investors there is a particularly important signalling role to play. Continued engagement with Chinese and broader Emerging Markets and Developing Economies (EMDE) stakeholders, including regulators and market participants, helps reinforce that sustainability remains a long-term investment priority. In-person engagement matters in this context. Travelling to the region, listening directly and maintaining open dialogue are essential to building trust and supporting

credible transition pathways over time.

From an asset allocation perspective, while performance has improved over the past 12-18 months, China and other EMDE equity markets have generally underperformed US equity markets over the past decade, leading many global investors to remain structurally underweight. At the same time, Chinese regulators and companies are working to make the market more appealing to international investors. Priorities include: (1) improving corporate returns on equity through more disciplined capital allocation and improved governance standards, and (2) creating more formal channels for investor dialogue including the introduction of an inaugural stewardship code. In parallel, China’s innovation push—spanning climate technologies, artificial intelligence, and automation through robotics—could have meaningful implications for global competition and supply chains.



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# Partnering with funds

Collaboration with our partner funds is central to the ambition and scale of our RI and stewardship work. It brings diverse perspectives to decision-making, making our approach more robust and fit for purpose.

Our governance framework underpins this relationship and necessitates consensus. Alongside monthly partner fund meetings, we run dedicated sub-groups for financial, operational, responsible investment and investment matters, enabling focused discussions. At a higher level, the Brunel Oversight Board (Pension Committee representatives) and the shareholder forum (administrative authority representatives) engage directly with the Board and influence its agenda. The breadth of these engagements allow us to interact with different representatives from our partner funds ensuring diversity of input.

More details are available on our [website](#).

## Day-to-day engagement

We work closely with partner fund officers, answering queries, attending pension committee meetings and building resources they can share with their members.

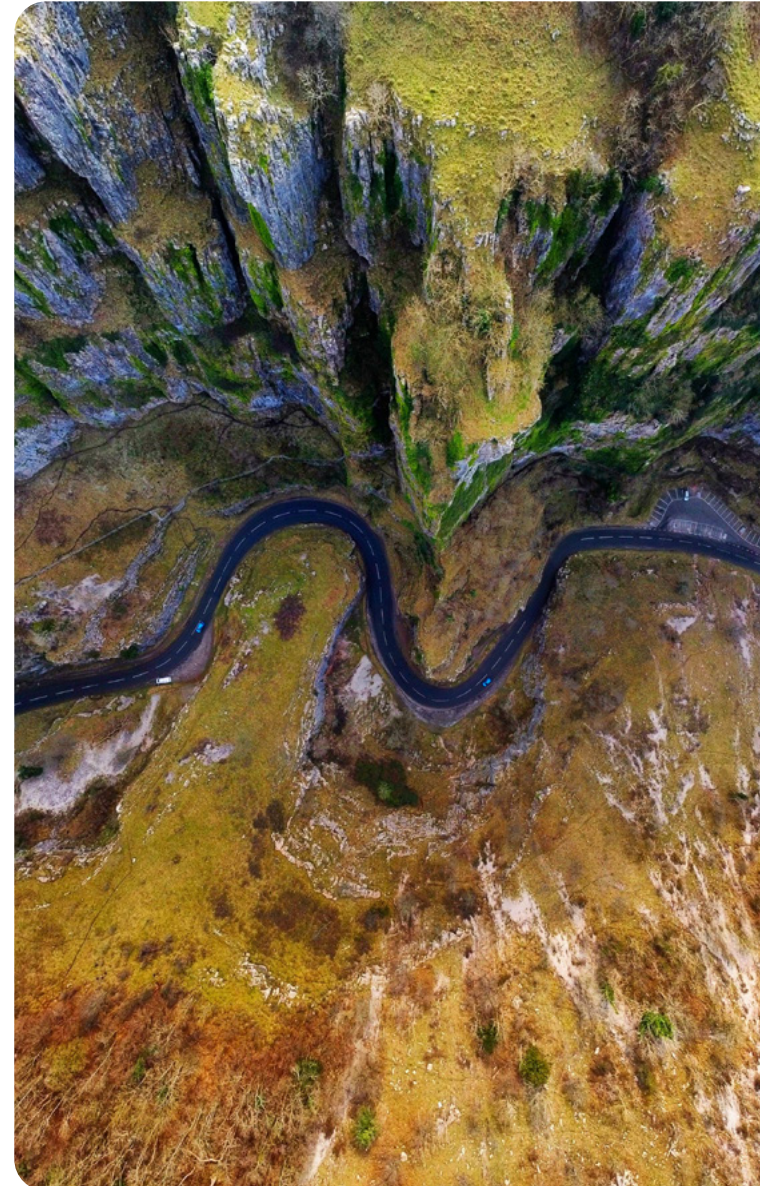
Partner funds not only actively shape our RI and stewardship priorities, provide feedback on policies and raise challenging issues, many have been actively involved, helping to reinforce the voice of the asset owner with the companies in which we invest. Having set expectations, they scrutinise our activities through quarterly assurance days, which include deep dives into RI, emerging risks, investment performance and implications for strategic asset allocation.

## Continuous improvement

Our consensus-based decision-making model strengthens both our approach and that of our partners. Ongoing dialogue has driven additional analysis, leveraged manager and service provider insights and improved communications.

A key example is our evolving climate policy, which reflects rising expectations from partner funds and beneficiaries. We have set out a clear process for assessing climate alignment and, where appropriate, selective divestment. Work continues to refine this process, detailed in our climate progress report.

Many of our partner funds joined our engagements with companies in the water utilities sector and consumer staples sector to discuss these companies' approach to climate physical risk, biodiversity and community related issues. They also joined us for presentations from external experts to build their understanding of where the market is at and where the company asks should be pitched. We have heard first hand from partners that such initiatives have enabled better understanding of the thematic areas but also the practical implications of engagement. In their inputs, they have brought to the fore, valuable insights covering their local environment and community concerns, making engagement dialogues so much more valuable.



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Partnering with funds continued



**Josh Brewer**  
Oxfordshire Pension Fund

### Partner fund reflections

As Chair of the Responsible Investment Sub-Group, I have had the pleasure of working closely with Brunel and our partner funds to monitor, implement and develop our collective approach to being responsible investors. With a theory of change that seeks to drive systemic change in the investment industry, Brunel has been at the forefront of RI amongst the LGPS funds.

There is a lot to be proud of:

- Working with asset managers to enhance their approach to sustainability;
- Partnering with FTSE to provide a Paris-Aligned – Benchmark passive index for clients;
- Creating infrastructure portfolios where more than 80% of capital is invested into companies delivering sustainability outcomes;
- Developing innovative engagement approaches such as the physical climate risk and biodiversity engagement programme; and

- Creating a transparent and rules-based Climate Maturity Alignment framework for the highest emitting companies in our portfolios

What I have been most proud of is working on the Climate Maturity Alignment framework. It is a transparent, well-structured approach to identifying and addressing the highest emitting companies that do not meet our expectations. Setting the criteria each year required internal debate and consensus building around targets that worked for all 10 funds. This was done in a collaborative way with a focus on seeing real world impact by encouraging companies to align to a net zero pathway. It is an approach that I will be working to embed at our new pool and would hope to see replicated more broadly across the LGPS pools and, eventually, the wider investment industry.

### Case Study: Exploring key topics with partner funds



We actively look for opportunities to engage with clients and build capacity. Our annual Investor Day programme is a key part of this effort. This year, we focused on two topical areas: investing in conflict affected and high risk regions, and our climate stocktake. The session provided an important forum for pension committee members and client officers to raise questions and reflect the concerns they, and end beneficiaries, are grappling with.

To ensure a high quality discussion and a deep examination of our approach, progress and challenges, we brought together external experts from EOS at Federated Hermes Limited (EOS) and Chronos Sustainability, alongside our Chief Responsible Investment Officer, to lead the half day session. As covered in this report, conflict affected regions, particularly the Occupied Palestinian Territories, continue to be an area of close interest for our partner funds. The virtual session offered the space to unpack complex questions around our risk assessment, our engagement strategy, and the limits of investor influence.

The Climate Stocktake (more information on p46) served as our “report card” on implementation of our climate policy. It was reassuring to demonstrate continued leading practice and tangible improvements across several areas where we have set clear commitments and targets.

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# Implementing Responsible Stewardship



**Vaishnavi Ravishankar**  
Head of Stewardship

**Over the past year, growing political and public narratives framing sustainability as being at odds with economic growth have increasingly shaped the context in which we, and our managers, operate.**

This backdrop, most pronounced in the US, has complicated day to day stewardship and engagement for many managers, reinforcing the importance of asset owners providing clarity, consistency and a strong, principled voice on why sustainability remains integral to long term value in uncertain times.

From our vantage point as a long term asset owner, these pressures have coincided with a weakening of shareholder rights and a noticeable shift in how some companies present, or downplay their sustainability performance. As some issuers scale back ambition or make ESG activity less visible, Brunel is doubling down on what matters most: the credibility of actions that genuinely mitigate investment risk and support long term value creation. Our partner funds have demonstrated strong support for our strategy to reinforce fundamental principles.

Publicly listed equities (listed markets) account for nearly half of the assets that Brunel manages and is the most developed area of stewardship in the investment industry. Our [Stewardship Policy](#)

articulates our stewardship approach across asset classes – it is tailored to the type of investment, accounting for factors such as level and legal structure of ownership, channels for exerting influence, regulatory expectations and geographical differences.

For instance, when assessing private market investments, sustainability is embedded throughout the selection process. These factors form part of key requirements and portfolio specifications. We also actively engage to improve disclosure and evidence the alignment and impact of outcomes. Where direct engagement may be limited and voting rights absent in certain asset classes, such as multi-asset credit, sovereign debt or liquid alternatives, stewardship will focus on manager’s investment decision making.

In 2025, we updated our Stewardship Policy to reflect the changes in the service provision and the operation of the Responsible Stock Lending Policy (which is updated annually and approved by the Brunel Investment Committee). More details below.

Our website provides more [case studies](#), reports, [voting records](#) and information about our Stewardship activities.

## A snapshot of highlights from 2025 include:

**651** companies engaged

**41%** of engagements succeeded in moving at least one milestone towards its objectives

**236** public policy interactions

**54%** reduction in carbon intensity from our baseline

### Examples of issues addressed at:

- China Longyuan and Shell on climate transition risk
- Next and JD Sports on workforce pay and adopting the real Living Wage
- Telefonica on female representation on the board
- PepsiCo on its nature-related disclosures

### Through collaboration with peers and stakeholders we engaged in issues including:

- Responsible AI
- The UK water sector
- Building a more responsible global mining sector
- Human rights protection and the creation of a framework for responsible defence investment

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## Implementing Responsible Stewardship continued

### Manager engagement

Given our outsourced investment model, we work with a broad set of external managers, more than 20 in listed markets alone. Close collaboration over the years has allowed us to draw on their expertise while continually stretching and evolving our own Responsible Investment ambitions.

RI and stewardship performance are core elements of our tender requirements. During manager selection, we test key aspects of their approach — including strategy and prioritisation, decision-support tools and resources, reliance on data providers, effectiveness of RI and stewardship integration, and their engagement and

### Manager Selection

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

voting practices (including how internal disagreements are handled). These discussions give us a clear sense of a manager’s ambition, culture, and the strength of collaboration between portfolio managers and RI teams.

Our internal portfolio managers, supported by the RI team when needed, conduct quarterly and annual reviews of manager performance, with RI and stewardship assessed as standard. Any performance gaps are identified, tracked, and followed up to ensure concerns are addressed appropriately.

### How do we approach misalignment?

Several commentators have pointed out that investors have become more conservative in their voting stances, while many US companies are becoming more risk-averse in their sustainability disclosures. We are also mindful that if sustainability disclosures wane, it may have implications for how asset owners and managers collectively deliver on targets and policy objectives. This makes stewardship effectiveness an even higher priority.

In response, we held extensive discussions with managers across 2024–2025 on how this volatile regulatory backdrop is shaping their stewardship approach. We also engaged with managers who withdrew from climate related collaborative initiatives, urging them to reconsider. Brunei’s position remains firm: we strongly support global initiatives that drive consistency, standardisation, and collaboration across the investment industry, as they improve the effectiveness of Stewardship and support meaningful progress toward responsible investment objectives.

### A changing shareholder engagement landscape

Recent shifts in US Securities and Exchange Commission (SEC) guidance have materially altered the shareholder engagement landscape, creating new hurdles for investors seeking to advocate for change at US companies.

The SEC has expanded the circumstances under which investors owning more than 5% may be deemed to be “influencing” a company, triggering significantly more onerous beneficial ownership disclosures. New interpretations of Schedule 13D/13G rules suggest that investors conditioning support on specific actions—even on governance or ESG issues—may be treated as active rather than passive, with early reactions including large index managers pausing or scaling back engagement meetings while they reassessed compliance risks.

At the same time, the SEC has stepped back from its traditional referee role on non binding shareholder proposals, effectively giving companies greater discretion to keep proposals off the ballot.

While market practice is still evolving, these changes amount to a substantial recalibration of shareholder rights and stewardship more broadly. Collectively, they have introduced greater legal uncertainty, raised the costs of routine stewardship, and shifted power toward corporate management—reshaping the ability of long term investors to advocate for improvements across their US holdings.

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## Implementing Responsible Stewardship continued

### Case Study: Climate alignment maturity Assessment

Our climate alignment maturity process illustrates both the rigour of our manager monitoring and the collaborative approach that drives stronger stewardship outcomes.

In 2024, we set out clear climate alignment expectations for managers, including the level of analysis required. The criteria—developed jointly with our partner funds—were designed to ensure that laggard companies were monitored, escalated, and, if necessary, exited in line with our climate policy. These criteria became progressively more stringent over time.

At each assessment point, high impact holdings in active portfolios were evaluated using CA100+ and TPI analysis. Companies flagged as “climate controversial” were identified to managers as being at risk of divestment. Managers could then provide their own analysis, share insights from engagements, or escalate engagement where progress was lacking. This led to detailed discussions on performance trajectories and areas for improvement.

Where multiple managers held the same stock, the process also allowed us to compare stewardship approaches and the rationale underpinning investment conviction. The outcomes of this process are shared annually in our Climate Progress Report.

### NZAM statement

In 2026, we coordinated an investor statement in support of the updated Net Zero Asset Manager (NZAM) Initiative, encouraging managers to sign and reaffirm commitment to support investing in line with the global goal of net zero emissions and how this aligns with fiduciary responsibilities. The statement has attracted 53 asset owner signatories to date, representing \$3.7 trillion.

As RI and stewardship are firmly embedded in our manager selection and monitoring, we scrutinise any shifts in managers’ positions or signs of misalignment. Within our Brunel Investment risk committee meetings, the outcomes of annual and quarterly manager reviews are discussed, and managers are assessed on performance including on responsible investment and stewardship. This provides an opportunity for our internal portfolio managers to report on what measures have been taken by managers to allay concerns. There have been instances of changes to allocations and mandates culminating from internal consultations and

formal consideration of performance at the Brunel Investment Committee. RI concerns have been a critical component of those decisions.

We believe alignment with our asset managers across stewardship activities is more important than ever. Clear, explicit guidance from asset owners—including Brunel—will help managers who want to remain progressive on climate and systemic risks despite rising political noise. Brunel has made public declarations at the PRI in Person to encourage more asset owner action and collaboration as well as private and public statements around the importance of partnership. Our focus is firmly on the long term: looking beyond short political cycles, grounding expectations in science, and prioritising pragmatic wins. A key priority for us is testing the credibility of long term corporate commitments and ensuring that any rollbacks are superficial rather than substantive, so they do not constrain progress aligned with beneficiaries’ long term interests. Read about our support for the Asset Owner Statement on Climate Stewardship in the climate section.

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## Implementing Responsible Stewardship continued

### Case Study: Multi-asset credit: How we worked with Oaktree



In 2019, Brunel had an ambition to work with multi-asset credit managers that could adhere to the Brunel Climate Change Policy – and integrate the broader Responsible Investment approach into their investment process.

In Brunel’s initial manager search we found that, while most managers did incorporate RI practices into their processes, many were not fully aligned with our Climate Change Policy. When it came to climate considerations, the multi-asset credit universe was in a much worse place than equities. So we targeted not just managers who thought about RI but those who could implement our climate goals.

Oaktree views sustainability as an extension of their broader approach to investment because of their emphasis on risk control. Factoring in sustainability is therefore important in managing risks – as well as in finding opportunities. Oaktree has a centralised sustainability team but also appoints a Sustainability Lead – a senior investment professional – within each investment strategy.

Brunel’s aim to drive meaningful change in the financial system means enabling investors to address climate change more effectively. Some targeted actions can help but broader transformation is crucial. When we

appoint external fund managers, it’s crucial that we set expectations and clear, shared objectives, and then trust our managers to help shape how those objectives are achieved.

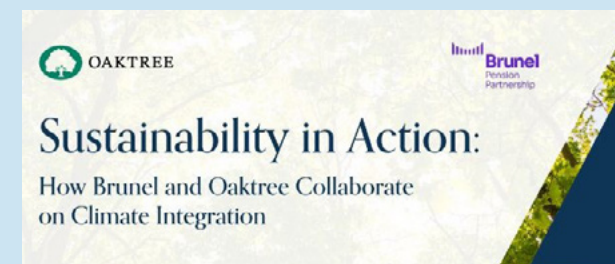
So it’s not dictation but partnership. For example, we encourage them to focus on desired investment outcomes rather than simply executing instructions verbatim. That might mean exploring alternative approaches to achieving those objectives and, if appropriate, recommending amendments to investment agreements – such as broadening risk parameters – to facilitate better results and mitigate against unintended consequences. Multi-asset credit is especially complex – making creativity even more important.

Brunel has an objective on net zero alignment – in our case 100% aligned/aligning with net zero by 2040 – in all asset classes where it was feasible, such as corporate bonds. For more challenging areas, like sovereigns and structured credit, we instructed managers to work in the spirit of the policy and lend capital to issuers with the principles of the policy in mind. As a result, capital in the more challenging areas of multi-asset credit was biased away from material emitting sectors. Two key challenges were covering all assets – carbon intensity data could be lacking – and managing timelines. Leveraged loans and structured credit, for example, were flagged as being tough to impose targets on, given the size and resource of the underlying companies involved.

Oaktree uses an ESG Assessment Tool to evaluate 15 ESG risk factors based on both industry materiality and companies’ risk management practices for each of the material factors. The tool is designed to help investment professionals evaluate and prioritise risks by identifying the companies that have the poorest risk management of the most financially material sustainability risks.

To help meet Brunel’s specific needs, Oaktree created a Net Zero Alignment Tool. It enables analysts to track whether a company has disclosed its GHG emissions, set emission reduction targets, announced plans to meet those targets and started to reduce its carbon footprint. Beyond Net Zero alignment, it also incorporated emissions and engagement into managing Brunel’s goals – using a carbon emissions dashboard and an internal engagement tracker.

Both parties use reviews and analysis to see where the approach is working – and where it needs to evolve. Monitoring and transparency are crucial to making the partnership productive – and achieving our goals.



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# Engagement approach and impact

This report highlights our stewardship approach (see diagram below) and several engagements undertaken on our behalf by our managers and our stewardship provider, EOS.

## Amplifying our stewardship



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## Implementing Responsible Stewardship continued

EOS undertake engagement with holdings within our segregated active and index-tracking listed equities portfolios. The process is guided by a 3-year engagement plan identifying key themes and priorities, which largely reflect Brunel’s own focus areas. We have highlighted the process around milestone tracking and engagement success in our [previous Responsible Investment and Stewardship Outcomes Reports](#).

The engagement case studies and the below statistics demonstrate the strong alignment between our sustainability priorities and our fiduciary duty, and how that framing continues to guide our expectations and stewardship approach.

### Policies & Processes

#### Conflict of interest

There have been no material conflicts of interest in relation to stewardship within 2025, our policy, which can be found on the website, details the steps and approach.

Over 2024/25 the monitoring and reporting regarding conference and networking attendance has been heightened to improve transparency, strengthening our process to identify and report on conflicts.

EOS reports to Brunel on perceived potential conflicts when voting on our behalf, prompting us to incorporate additional oversight where necessary.

### Engagement in 2025

651

companies engaged

405

companies featured engagements with senior management or board members

115

companies featured engagements with the CEO or chair

236

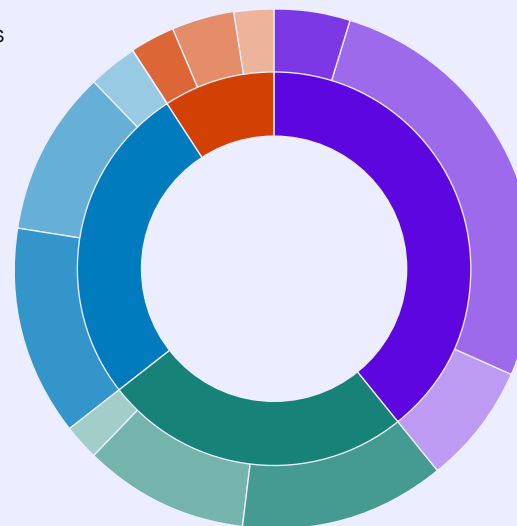
public policy interactions including consultation responses, letters, meetings and discussions

1,078

meetings instructed

### Engagement coverage

This diagram illustrates a summary of the 3,144 issues and objectives on which EOS engaged with companies in 2025. Its holistic approach to engagement means that it typically engages with companies on more than one topic simultaneously.



- **Environmental 39.2%**
- Circular Economy & Zero Pollution **12.6%**
- Climate Change **68.6%**
- Natural Resource Stewardship **18.8%**
- **Social 25.6%**
- Human & Labour Rights **50.1%**
- Human Capital **40.4%**
- Wider Societal Impacts **9.5%**
- **Governance 26.3%**
- Board effectiveness **49.2%**
- Executive Remuneration **39.0%**
- Investor Protection & Rights **11.9%**
- **Strategy, Risk & Communication 9.0%**
- Corporate Reporting **31.6%**
- Purpose, Strategy & Policies **42.2%**
- Risk Management **26.2%**

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## Implementing Responsible Stewardship continued

### What does success look like?

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

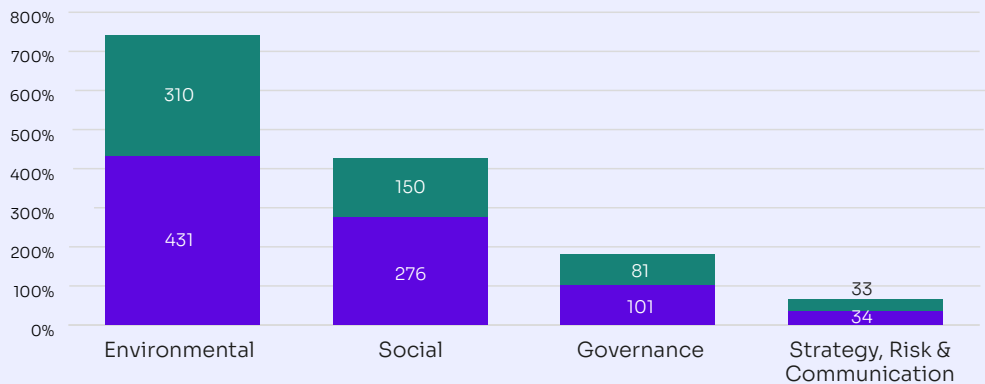
### Engagement progress on objectives set by EOS on Brunel's behalf

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

In 2025, EOS engaged with **651** companies on **3,144** environmental, social, governance, strategy, risk and communication issues\* and objectives. At least one milestone was moved forward for about **41%** of its objectives during the year.

### Engagement undertaken on behalf of Brunel by EOS

- Engagement ongoing
- Positive progress (engagement moved forward at least one milestone during the year to date)

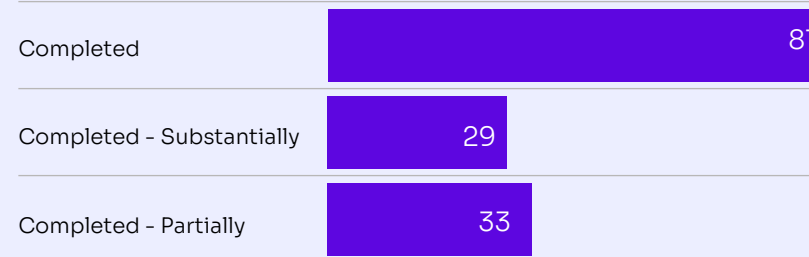


\*An issue is a topic we raise with a company during engagement without defining a specific outcome. This is appropriate for lower-materiality topics where we do not expect to engage frequently, or when we are still assessing what change we may ultimately seek and are not yet able to set a precise objective.

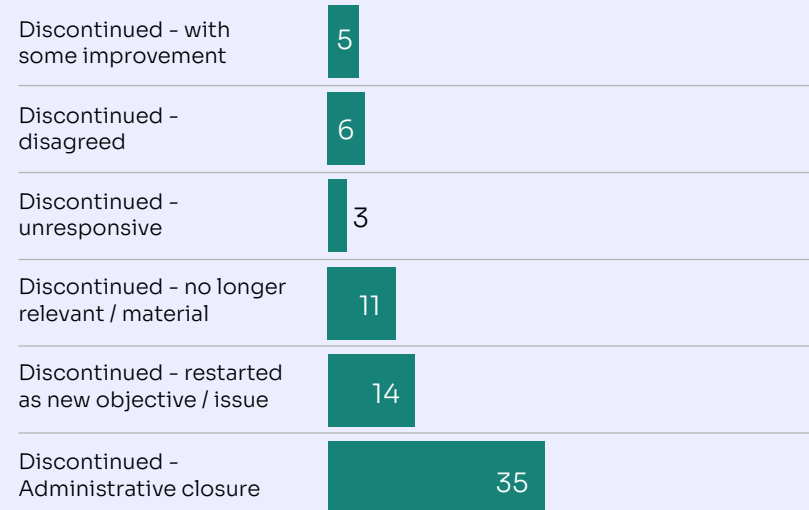
### Completed objectives

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

#### Completed objectives



#### Discontinued objectives



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## Implementing Responsible Stewardship continued

### Our active equity holdings and how they were engaged on selected themes during 2025

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

|                                |                                   | Microsoft Corporation                   | NVIDIA Corporation | Alphabet Inc. Class A | Apple Inc. | Amazon.com, Inc. | Broadcom Inc. | Taiwan Semiconductor Manufacturing Co., Ltd. | AstraZeneca PLC | Tesla, Inc. | ASML Holding NV | Mastercard Incorporated Class A | Visa Inc. Class A | HSBC Holdings Plc | Alphabet Inc. Class C | Shell Plc | Eli Lilly and Company | Unilever PLC | TJX Companies Inc | Thermo Fisher Scientific Inc. | AutoZone, Inc. |   |
|--------------------------------|-----------------------------------|---|--------------------|-----------------------|------------|------------------|---------------|--|-----------------|-------------|-----------------|---------------------------------|-------------------|-------------------|-----------------------|-----------|-----------------------|--------------|-------------------|-------------------------------|----------------|---|
| Environmental                  | Climate Change                    | GHG Emissions Reduction                 | ●                  | ●                     | ●          | ●                | ●             | ●  | ●               | ●           | ●               |                                 | ●                 | ●                 | ●                     | ●         | ●                     | ●            | ●                 |                               | ●              |   |
|                                |                                   | Governance & Transparency               | ●                  | ●                     | ●          | ●                | ●             | ●  | ●               | ●           | ●               |                                 |                   |                   | ●                     | ●         | ●                     | ●            | ●                 | ●                             |                | ● |
|                                |                                   | Climate Opportunities                   | ●                  | ●                     | ●          | ●                | ●             | ●  | ●               | ●           | ●               | ●                               |                   |                   | ●                     | ●         | ●                     | ●            | ●                 | ●                             |                |   |
|                                |                                   | Physical Risk                           | ●                  | ●                     | ●          |                  |               |  | ●               | ●           | ●               | ●                               |                   |                   | ●                     | ●         | ●                     | ●            | ●                 |                               |                |   |
|                                | Circular Economy & Zero Pollution | Circular Economy & Waste                |                    |                       |            | ●                | ●             | ●  |                 |             |                 | ●                               |                   |                   |                       |           |                       |              | ●                 | ●                             |                |   |
|                                |                                   | Pollution                               |                    | ●                     |            | ●                |               | ●  | ●               | ●           | ●               | ●                               |                   |                   |                       |           | ●                     | ●            | ●                 | ●                             |                |   |
|                                | Natural Resource Stewardship      | Biodiversity & Sustainable Food Systems |                    |                       |            | ●                | ●             |  |                 | ●           | ●               |                                 |                   |                   |                       |           | ●                     | ●            | ●                 |                               |                |   |
| Water Stress                   |                                   | ●                                       | ●                  | ●                     |            | ●                | ●             | ●  | ●               | ●           |                 |                                 |                   |                   | ●                     | ●         | ●                     | ●            |                   |                               |                |   |
| Antimicrobial Resistance       |                                   |   |                    |                       |            |                  |               |  |                 |             |                 |                                 |                   |                   |                       |           |                       |              |                   |                               |                |   |
| Governance                     | Board Effectiveness               | Board Composition & Structure           | ●                  | ●                     | ●          | ●                | ●             |  | ●               | ●           | ●               | ●                               | ●                 | ●                 | ●                     | ●         | ●                     | ●            | ●                 | ●                             | ●              | ● |
|                                |                                   | Succession & Stability                  |                    |                       |            | ●                | ●             |  |                 | ●           | ●               | ●                               |                   |                   | ●                     |           | ●                     |              | ●                 | ●                             | ●              | ● |
|                                |                                   | Board & Mgt Effectiveness               |                    | ●                     |            | ●                | ●             | ●  |                 |             | ●               | ●                               |                   |                   |                       |           | ●                     |              | ●                 | ●                             | ●              | ● |
|                                | Investor Protection & Rights      | Minority Protections                    |                    |                       | ●          |                  | ●             |  |                 |             | ●               |                                 |                   |                   |                       | ●         |                       | ●            | ●                 | ●                             | ●              | ● |
|                                |                                   | Basic Shareholder Rights                | ●                  |                       | ●          | ●                |               |  |                 | ●           | ●               | ●                               |                   |                   |                       | ●         | ●                     | ●            | ●                 | ●                             | ●              | ● |
| Executive Remuneration         | Pay Design & Transparency         | ●                                       | ●                  | ●                     | ●          | ●                |               |  | ●               | ●           | ●               |                                 |                   | ●                 | ●                     |           | ●                     | ●            | ●                 | ●                             | ●              |   |
| Social                         | Human Capital                     | Employment Terms & Conditions           | ●                  | ●                     | ●          |                  | ●             | ●  |                 | ●           | ●               | ●                               |                   |                   |                       | ●         |                       |              |                   | ●                             |                |   |
|                                |                                   | DEI & Innovation                        | ●                  | ●                     | ●          | ●                | ●             | ●  | ●               |             |                 | ●                               | ●                 |                   |                       | ●         |                       | ●            |                   |                               |                |   |
|                                |                                   | Health, Safety & Wellbeing              |                    | ●                     | ●          | ●                | ●             | ●  | ●               |             |                 | ●                               |                   |                   |                       | ●         | ●                     |              |                   | ●                             |                |   |
|                                | Wider Societal Impacts            | Conduct & Ethics                        | ●                  | ●                     | ●          | ●                | ●             | ●  | ●               | ●           | ●               |                                 | ●                 |                   |                       | ●         | ●                     | ●            |                   | ●                             | ●              | ● |
|                                |                                   | Safe Products & Services                | ●                  | ●                     | ●          | ●                | ●             | ●  | ●               |             | ●               | ●                               | ●                 | ●                 | ●                     | ●         | ●                     | ●            | ●                 | ●                             | ●              |   |
|                                |                                   | Anti-bribery & Corruption               |                    |                       |            |                  |               |  |                 |             |                 |                                 |                   |                   | ●                     |           | ●                     |              |                   |                               |                |   |
|                                |                                   | Responsible Tax Practices               | ●                  |                       | ●          | ●                | ●             |  |                 |             | ●               | ●                               | ●                 | ●                 | ●                     | ●         |                       |              |                   |                               | ●              |   |
|                                | Human & Labour Rights             | Access & Affordability                  |                    |                       |            |                  | ●             |  |                 | ●           |                 |                                 | ●                 | ●                 |                       |           |                       | ●            |                   |                               |                |   |
|                                |                                   | Indigenous & Community Rights           | ●                  | ●                     | ●          |                  |               | ●  | ●               |             |                 |                                 |                   |                   | ●                     | ●         | ●                     |              |                   |                               |                |   |
|                                |                                   | Supply Chain Rights                     | ●                  | ●                     | ●          | ●                | ●             | ●  | ●               |             | ●               | ●                               |                   |                   |                       | ●         |                       |              | ●                 | ●                             |                |   |
| Digital Rights                 |                                   | ●                                       | ●                  | ●                     | ●          | ●                | ●             | ●  |                 |             |                 |                                 | ●                 | ●                 | ●                     |           |                       |              |                   |                               |                |   |
| High Geographic Risks          |                                   | ●                                       | ●                  | ●                     | ●          | ●                | ●             | ●  |                 | ●           | ●               | ●                               | ●                 |                   | ●                     | ●         | ●                     | ●            | ●                 | ●                             | ●              |   |
| Strategy, Risk & Communication | Purpose, Strategy & Policies      | Business Purpose                        | ●                  | ●                     | ●          | ●                | ●             |  | ●               | ●           | ●               |                                 |                   |                   |                       |           |                       | ●            |                   |                               |                |   |
|                                |                                   | Long-term Sustainable Strategy          | ●                  | ●                     | ●          | ●                | ●             |  | ●               | ●           | ●               | ●                               | ●                 | ●                 | ●                     | ●         | ●                     |              | ●                 | ●                             |                | ● |
|                                |                                   | Capital Allocation                      | ●                  | ●                     |            |                  | ●             | ●  | ●               | ●           | ●               | ●                               | ●                 |                   |                       |           | ●                     |              | ●                 | ●                             |                | ● |
|                                | Corporate Reporting               | Audit & Accounting                      | ●                  | ●                     |            |                  | ●             |  |                 | ●           | ●               | ●                               | ●                 | ●                 | ●                     | ●         |                       | ●            | ●                 |                               | ●              | ● |
|                                |                                   | Sustainability Transparency             | ●                  | ●                     | ●          | ●                | ●             |  |                 | ●           | ●               | ●                               | ●                 | ●                 | ●                     | ●         | ●                     |              | ●                 | ●                             | ●              | ● |
|                                | Risk Management                   | Enterprise Risk Practices               | ●                  |                       | ●          | ●                |               | ●  |                 | ●           | ●               | ●                               | ●                 | ●                 | ●                     | ●         | ●                     | ●            | ●                 |                               | ●              | ● |
|                                |                                   | Cyber Security                          | ●                  |                       | ●          | ●                | ●             |  |                 |             | ●               | ●                               | ●                 | ●                 |                       |           |                       | ●            | ●                 |                               |                |   |

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# Voting approach and impact

## Our voting process

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

We monitor how votes are executed and, in some cases, choose to override EOS's recommendations. This may happen where we feel the pace or strength of escalation is not sufficient, or where we have additional context from engagements carried out by our managers. We continue to use a watchlist to prioritise companies that have been flagged by public benchmarks (TPI, CA100+, Forest 500 assessments), the highest emitters, thematic research, alerts on contentious votes at high impact companies and companies falling short of Brunel's climate alignment expectations.

In 2025, we applied enhanced monitoring to 187 issuers. This deeper scrutiny resulted in 44 instances (across active and index-tracking funds) where we overrode EOS's recommendation in order to align voting outcomes with our expectations.

We remain committed to meeting partner fund needs while maintaining a unified voice consistent with pooling principles. To support this, we have provisions for differential voting in exceptional circumstances.

Voting in our index-tracking pooled investments is carried out by Legal and General Asset Management. Although they are not bound by our Voting Guidelines, we have historically been able to direct votes in a small number of cases, to reflect the approach taken in our active portfolios. Last year, we reported on how we have partnered with Tumelo to use pass through voting\* and direct a greater number of votes in our index tracking portfolios. The below case study goes into detail around how we operationalised the process.

## Case Study: Tumelo: strengthening asset owner oversight and alignment across active and passive voting



In 2025, we continued to use Tumelo to strengthen alignment between our stewardship priorities and voting outcomes across both active and passive equity holdings. The platform has supported a more coherent approach to escalation, particularly on climate-related votes, by enabling targeted intervention.

Practically we prioritised a defined subset of companies where voting outcomes were most relevant to our escalation strategy, notably where there was overlap between active and passive holdings or where votes formed part of a wider engagement or escalation pathway. This prioritisation helped streamline decision-making and ensured stewardship resource was focused where it could have the greatest impact.

### Outcomes and decision-useful insights

Through Tumelo, we applied overrides to over 30 shareholder resolutions during the year. These interventions were primarily linked to climate-related escalations and enabled greater consistency in how voting

decisions reflected our expectations across portfolios. We maintained our manager's vote instructions as default on the rest of the portfolio given their strong RI and stewardship credentials.

### Shell plc

A key example during the year was our voting at Shell, where Tumelo was used in the context of a co-filed shareholder resolution. The ability to align voting across active and passive holdings was particularly important in this instance, given the close voting results of 20.4%.

### Stewardship operationalisation

By integrating the platform into established systems and workflows, we were able to enhance oversight and decision quality without materially increasing operational complexity.

While we remain mindful of resourcing considerations, our experience to date demonstrates that a targeted, risk-based approach to pass-through voting can improve alignment, strengthen escalation, and deliver more decision-useful insights, particularly where asset owners are engaging at depth with a small number of priority companies.

\*Pass-through voting is a service that enables asset owners to influence how the proportion of shares attributable to their investment in a pooled fund is voted by the asset manager

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## Voting approach and impact continued

The 2025 proxy season saw a sharp drop in shareholder proposals reaching the ballot, alongside increased SEC discretion for companies to exclude non binding resolutions deemed overly prescriptive or “ordinary business”.

We continue to use director accountability as a key mechanism to challenge companies, where criteria set out in our [2025 voting guidelines](#) have not been met. Historically we have refreshed the guidelines annually, in 2026, with approval from the Brunel Investment Committee, we haven’t made material changes to the guidelines. The previous iteration, strengthened requirements across a range of criteria: governance, climate, nature, diversity & inclusion, human rights and tax.

Our proxy season analysis also points to the fact that shareholder rights have and will remain a frontline issue over 2026. As stewards of capital on behalf of multiple generations, we remain committed to protecting shareholder rights, strengthening accountability, and maintaining momentum on the issues that will shape long term value creation.

### Responsible stock lending

Our approach to responsible stock lending is set out in our Stewardship Policy. Where there is a perceived trade-off between the economic benefit of stock lending, and Brunel’s ability to discharge its obligations as a responsible long-term investor, the latter will have precedence. To manage risk, Brunel has put in place specific safeguards, including restricting lending to approved borrowers, retaining 5% of any stock, limiting average loan duration to 21 days, and applying strict collateral requirements. Brunel may also pause stock lending in circumstances where it could undermine shareholder rights — such as when co-filing a resolution or if lending might enable borrowers to influence voting outcomes.

### Case Study: Using AI to inform stock recall decisions

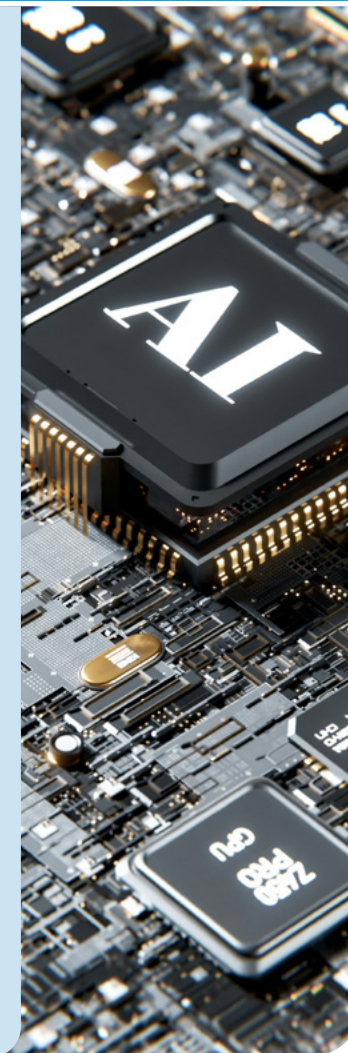
As an asset owner, effective stewardship requires timely and accurate oversight of activities affecting voting and engagement outcomes. Stock lending can generate additional returns for beneficiaries, but it also introduces stewardship risks if voting rights are not available when material shareholder decisions arise.

In 2025, Brunel enhanced its responsible stock lending oversight by integrating AI into its stewardship processes. We developed an internal AI-enabled monitoring tool to improve visibility of stocks on loan and support timely recall decisions where stewardship considerations are relevant.

The tool tracks loaned holdings alongside key shareholder votes flagged under Brunel’s responsible investment parameters, enabling more efficient identification of situations where recall may be required to protect voting rights. By automating monitoring and flagging processes, the approach reduces operational risk, improves data consistency, and frees up stewardship resource.

Following a successful pilot, the tool is now embedded into business-as-usual processes. It has already supported effective stock recalls ahead of priority votes and has removed reliance on a third-party monitoring service, delivering ongoing cost savings alongside improved resilience. The initiative demonstrates how targeted use of technology can strengthen stewardship oversight while supporting Brunel’s responsible stock lending policy.

Brunel suspended stock lending in early 2026 to facilitate the transition of assets as part of the pooling restructuring but have continued to share our approach and innovative use of technology to enhance effective and efficient policy implementation.



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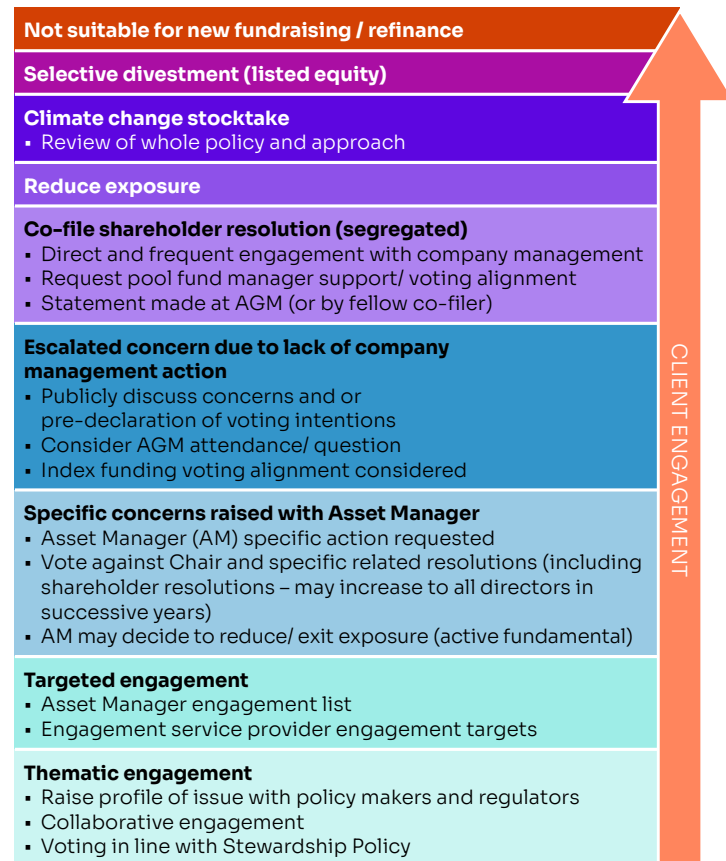
## Voting approach and impact continued

### Escalation process

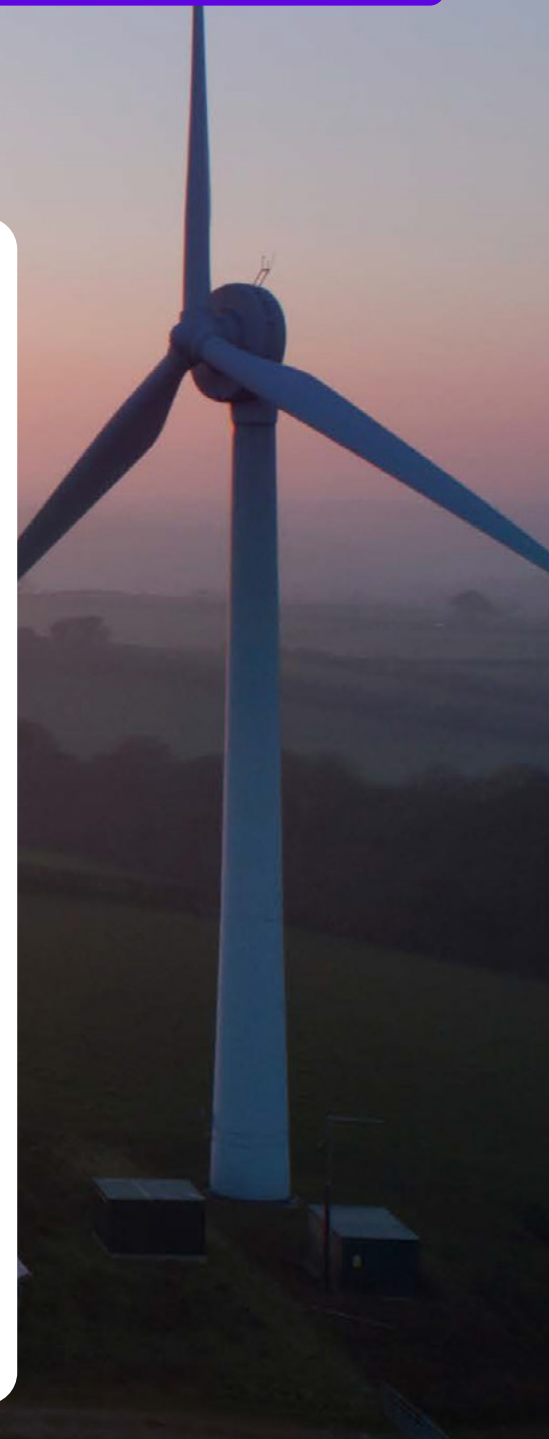
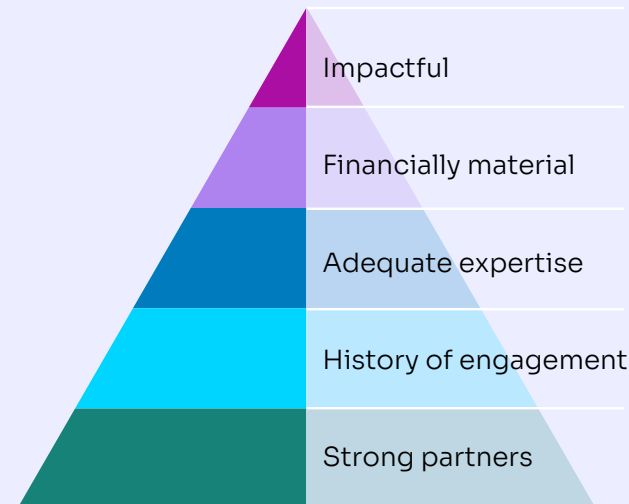
Our escalation process is not linear, as illustrated in our Shell and BP case study in last year's report. We routinely draw on multiple stewardship levers when companies are resistant to challenge on RI performance. Escalation may begin with direct correspondence to the chair (either from Brunel or via our

managers), progress through voting actions such as supporting or opposing resolutions or director re-elections and extend to co-filing shareholder proposals. The pathway differs case by case, but every escalation step is grounded in a clear and robust rationale.

### Our approach to escalation



### Criteria considered when co-filing shareholder resolutions



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Voting approach and impact continued

**Case Study:**  
Shell: Momentous win and ripple effects



**Shareholder resolution**

We reported last year about our engagement activities with Shell and the resolution we co-filed alongside other LGPS investors and ACCR, focused on the misalignment of the company’s LNG strategy and climate commitments. As a long-term shareholder, the resolution was centred on additional transparency on how Shell reconciles net zero ambitions with its projected LNG growth which impacts on investors’ assessment of the climate and financial resilience of its business.



**2025 engagement with...**

**...the company**

We had a series of engagement dialogues with the company both before and after co-filing the shareholder resolution touching on the lack of visibility of the company’s climate trajectory over 2030-2050, the role of LNG and the demand drivers instigating optimistic projections and the competitiveness of the LNG portfolio as well as valuation impacts under different energy transition scenarios. All of the investor co-filers also met with the Chair just before the AGM to reassert our concerns – while the constructive dialogue was welcomed, the meeting did not encourage us to withdraw the resolution.

**...with managers**

Shell continues to be a controversial holding in terms of its climate alignment maturity despite its historic leadership on climate disclosures. We had rich and insightful conversations with our managers that held the stock on our behalf, with deeply technical discussions to unpack their views on risk exposure, understand engagement history and their feasibility and appetite to escalate.

Interestingly, we also learnt that the resolution asks resonated with several other investors prompting robust conversations between the company and their shareholders even where their final vote differed.

**Impact**

Given the broader weakening of investor support for ESG resolutions following regulatory changes in the US, we were careful not to view the vote outcome as the sole measure of success. Nevertheless, we were pleased that the resolution achieved more than 20% support, an outcome that sent a strong signal.

The strong shareholder support combined with a series of questions over their transition plan at the AGM prompted the company to seriously consider the asks in the resolution and initiate consultation with their shareholders. Shell has committed to publish additional information on their LNG strategy to respond to concerns, which has been welcomed by the shareholders.

We will continue to monitor the upcoming disclosure in the context of our holding and our climate alignment maturity process.

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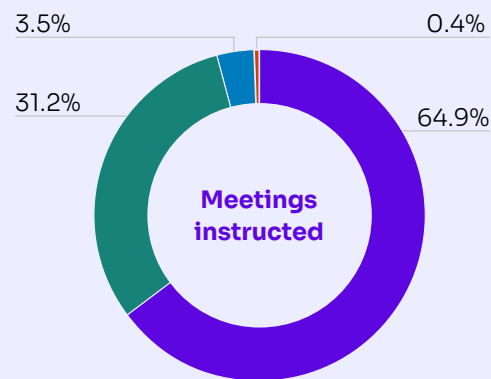


## Voting approach and impact continued

### Meetings voted

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

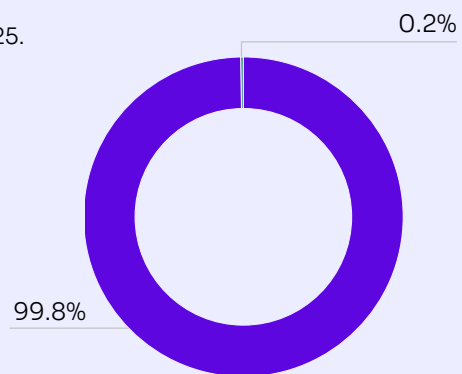
- Against
- For
- Supported management by exception
- Abstain



### Voted vs unvoted meetings

Brunel has voted at 99.8% of votable company meetings in 2025. Unvoted meetings were due to operational barriers.

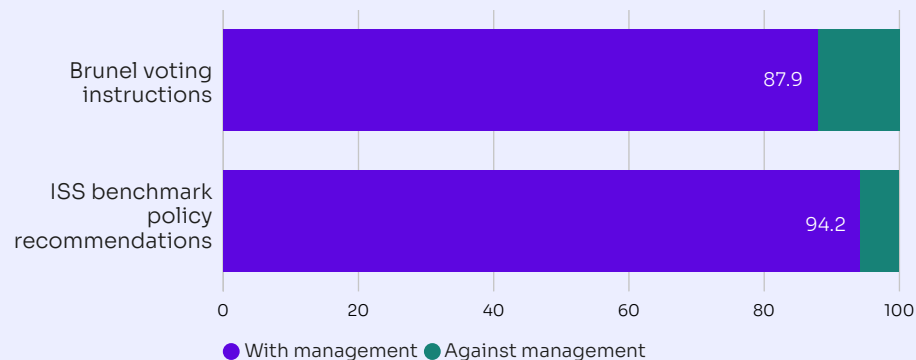
- Voted Meetings
- Unvoted Meetings



### ISS recommendations vs Brunel voting instructions

EOS, through ISS provides Brunel with bespoke voting recommendations. Resolutions for companies in the engagement plan, or those prioritised for manual intervention, are reviewed directly by EOS analysts. Brunel apply an additional layer of scrutiny to a selection of votes, ensuring further challenge and oversight.

In 2025, Brunel supported management on **87.86%** of votes; under the ISS Benchmark policy, this figure would have been **94.2%**. This clearly demonstrates Brunel's more active and independent stewardship stance.



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# Thinking & acting with data

Brunel’s approach to responsible investment is built on the belief that data should never sit on the periphery of decision making. It must be systemised, embedded, and shared so that all teams are working with the same information. Our ambition has always been to make improvements that benefit Brunel while also contributing to wider system level change across the industry. By strengthening how ESG and climate data is understood, structured, and used, we support better outcomes not only for our clients but for the broader investment ecosystem.

## Systemised data

Siloed or incomplete datasets make it harder to compare portfolios, maintain responsible investment data quality, and meet increasingly sophisticated reporting and monitoring expectations.

Our focus has been on ensuring that data can be centralised and embedded in processes across teams so that it becomes a standard part of decision making rather than an additional layer.

1. ESG data is not viewed in isolation. It becomes part of a connected picture that supports integrated thinking across portfolios.
2. Risks and opportunities can be identified earlier and with greater clarity. This supports stronger investment decisions and deeper stewardship conversations.

3. Better insights allow for sharper engagement priorities and clearer escalation pathways. This increases the quality and effectiveness of our stewardship work.

A key example of how this approach comes to life is in our quarterly risk reporting, where we have developed criteria to identify where risk sits within our portfolios. This framework uses TPI Management Quality Scores and Net Zero Alignment assessments, allowing us to convert the TPI datasets into insights that are actionable and useful for both investment and stewardship activities.

## Collaborating with data providers

We have developed collaborative and constructive relationships with the data providers who support our work. These partnerships allow for continuous dialogue on how products can evolve, how gaps can be addressed, and how new capabilities can be shaped to better meet the needs of asset owners. For instance, our responsible investment manager represents Brunel on the steering committees of FTSE and S&P, actively inputting into strategic dialogues and steering best practice.

We have seen several concrete examples where our feedback has helped influence product enhancements that are now part of global offerings. This demonstrates how improvements do not only benefit Brunel but can help drive change across the entire system. These relationships also give us early access to test new products which deepens our understanding of what is emerging in the market. At the same time, providers benefit from our insights which helps them create products that are better aligned with real client needs.



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# Biodiversity & nature



## WHAT

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

## HOW

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

The past year has strengthened the scientific consensus that biodiversity loss is accelerating at a dangerous pace, with ecosystems worldwide approaching irreversible tipping points. This is particularly alarming given that all businesses, and more than half of global economic activity, depend directly or indirectly on nature for essential services such as pollination, soil health, water regulation and climate stability.

The February 2026 Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) report, warns that businesses face significant risks—including potential extinction—unless they actively protect and restore the nature they rely on. Approved by more than 150 governments, the report highlights that current business-as-usual practices are driving rapid biodiversity loss, which in turn threatens the global economy and financial stability. The UK’s 2026 Nature Security Assessment warns that ecosystem degradation could disrupt food and water systems, destabilise supply chains, increase geopolitical tensions, and undermine long term economic resilience.

The evidence points to a decisive conclusion: biodiversity loss is a systemic financial risk. At Brunel, we believe that we have both a responsibility and a strategic interest in acting now. That was the call to action from our CRIO speaking on - The Financial Case for Nature: Risks, Returns and Real-World Action panel at the IPBES-12 Parallel Programme Business and Finance Day.

We are seeing some positive trends indicating that awareness and momentum is picking up: Adopters of the Taskforce on Nature-related Financial Disclosures

(TNFD) include 720 organisations making up \$22 trillion in assets under management. We are also seeing increasing dialogue on nature-positive project finance to bridge the estimated \$700 billion annual biodiversity finance gap.

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



Faith Ward at the IPBES-12 Parallel Programme Business and Finance Day, February 2026. The panel’s topic was: *The Financial Case for Nature: Risks, Returns and Real-World Action*

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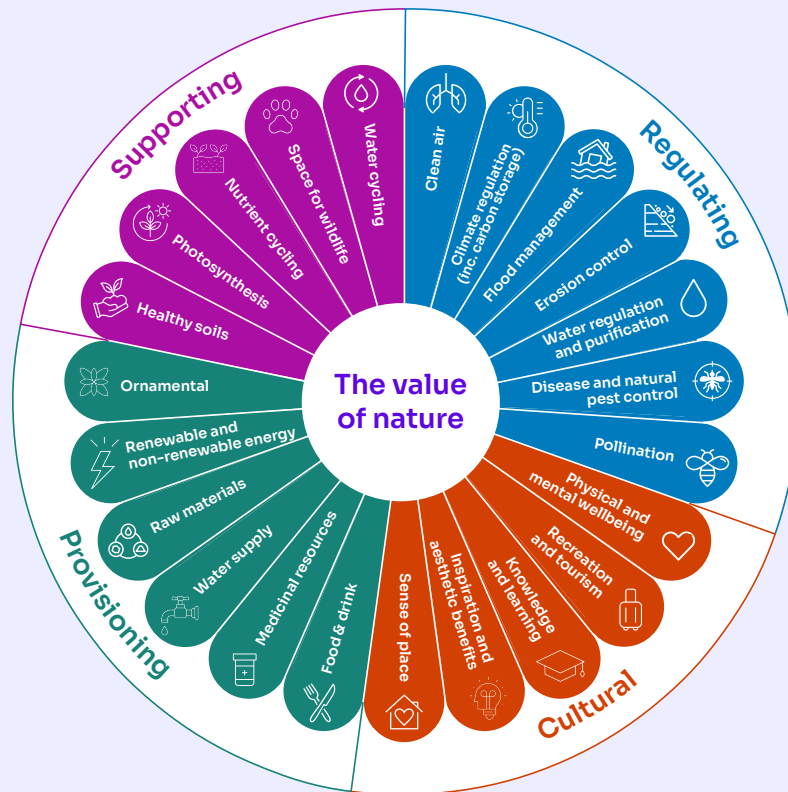
Biodiversity & nature continued



**Why is nature important to investors?**

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

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



**TNFD**

The Taskforce on Nature-related Financial Disclosures (TNFD) has developed a set of disclosure recommendations and guidance that encourage and enable business and finance to assess, report and act on their nature-related dependencies, impacts, risks and opportunities.

The recommendations and guidance will enable businesses and finance to integrate nature into decision making. The aim is to support a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes, aligned with the Global Biodiversity Framework.

In 2025, Brunei undertook a TNFD gap analysis to identify and prioritise the actions needed to achieve compliance with the framework. The analysis assessed Brunei's current position across the four TNFD disclosure pillars: Governance, Strategy, Risk and Impact Management, and Metrics and Targets. The findings will help our clients develop their approach to nature-related risks and opportunities.

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Biodiversity & nature continued



### Case Study: Deforestation & water stress

As a TNFD early adopter, Brunel undertook a TNFD gap analysis and on that basis, began its work on deforestation and water stress.

Water stress is an important consideration because companies with high water demand are more vulnerable to limited water availability or rising water costs. From early internal analysis and tool testing, water stress emerged as a clear starting point for engagement.

We used the S&P Physical Risk dataset to rank companies according to its Water Stress Index, where higher values indicate greater competition for available water resources. It provided metrics that could be applied consistently across our active listed portfolios, which helped us identify companies operating in high water stress areas and those lacking adequate water management policies. The analysis provided a critical aid for our internal portfolio managers to identify priority holdings to bring into conversation with delegated asset managers, while also shaping our view on where voting escalation may be appropriate.

Deforestation was also selected, as a systemically important nature risk that is highly relevant to Brunel's climate, biodiversity and human rights commitments. Deforestation is a major driver of global nature loss and has strong links to climate transition risk and supply chain resilience. At the holdings level, companies exposed to forest risk commodities face

operational, legal and financial risks, including supply chain disruption, higher compliance costs, reduced resilience and reputational harm. These can undermine long term business performance.

For this work, we used the Forest IQ dataset, which enabled us to assess companies within our active listed portfolios across three pillars:

- Metric 1 - Deforestation exposure: volume of forest-risk commodities
- Metric 2 - Financial materiality: revenue dependence on these commodities.
- Metric 3 - Commitments & actions: policies and practices on deforestation and human rights.

Our analysis of holdings exposed to Water Stress and Deforestation will allow us to take the following steps:

1. Identify key portfolio risks.
2. Engage with material high risk companies.
3. Integrate findings into our risk processes.

The results of this work will be published in our 2026 Climate Change Progress Report.

#### Assessment Criteria

Aggregated assessment across commodities

| Company         | Commodity    | Metric 1<br>Total Exposure | Metric 2<br>Total Materiality | Metric 3<br>Total Performance |
|-----------------|--------------|----------------------------|-------------------------------|-------------------------------|
| Example Company | Palm Oil     | Critical exposure          | High materiality              | Weak                          |
|                 | Soy          |                            |                               |                               |
|                 | Pulp & paper |                            |                               |                               |

Credit: Forest IQ

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# UK water sector engagement



Over the past two years, our investor group, with Royal London Asset Management leading the engagement and as secretariat, has undertaken a comprehensive engagement programme with 11 UK water utility companies. The initiative was driven by a shared commitment to responsible investment and stewardship, aiming to set robust investor expectations and catalyse meaningful change across the sector.

## Why we engaged

The objective of the engagement programme was to encourage the UK water sector to deliver resilient, sustainable outcomes for customers, communities, and the environment. By working together, we sought to amplify the investor voice, influence company behaviour, and align sector practices with long-term ESG goals. The engagement was structured around four pillars: climate change adaptation, biodiversity, affordability, and antimicrobial resistance (AMR), reflecting the most material risks and opportunities facing the sector.

## Key asks

We asked companies to:

- **Advance climate change adaptation** by investing in innovative technologies (e.g., AI, smart networks), maintaining asset health, and developing nature-based solutions for flood and drought resilience.
- **Prioritise biodiversity** through ambitious net gain targets, natural capital assessments, and habitat restoration plans.
- **Embed affordability** by expanding financial support mechanisms, such as social tariffs and hardship funds, to ensure equitable access to water services, especially for vulnerable customers.
- **Address AMR** by recognising it as a risk, investing in advanced treatment technologies, and participating in collaborative research to mitigate its spread.

These expectations were communicated through direct engagement with Royal London Asset Management coordinating responses and facilitating best practice sharing.

## Progress Made

9 years

Active bondholder engagement since 2016

11 water utility companies

Assessed over 2 years (2023-24)

4 pillars

Climate change adaptation, biodiversity, affordability, and antimicrobial resistance (AMR)

19 investor expectations

We encourage investors: asset managers and asset owners, to adopt our investor expectations

Performance highlights

Nearly all the companies showed improvements, particularly in biodiversity

Performance gaps

Two companies fell below baseline scores due to pollution and biodiversity gaps

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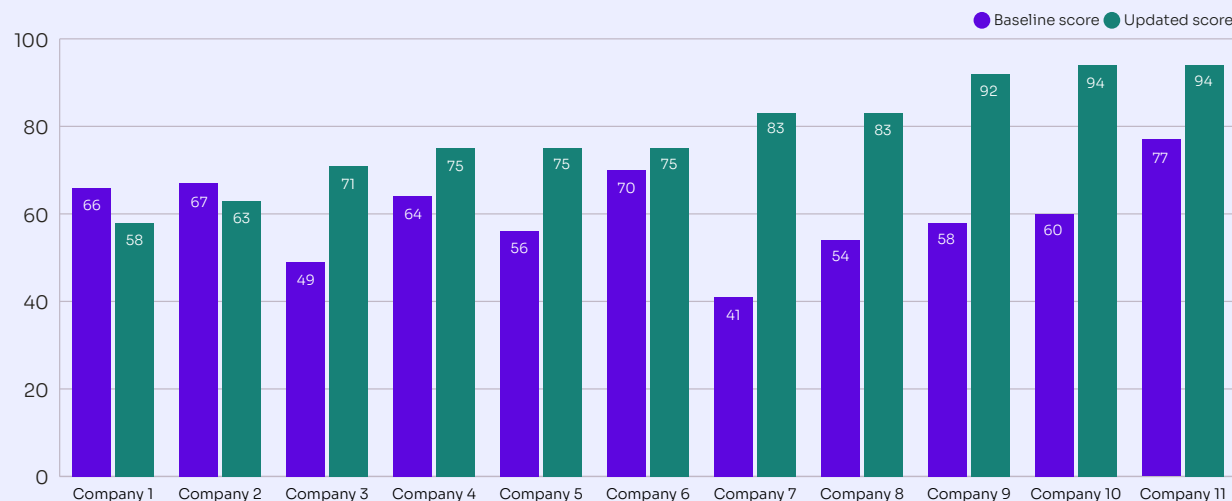
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UK water sector engagement continued



Progress from 2023 baseline to 2024



Scores have been normalised to a scale of 100 and company names anonymised. Reference to any security in this report is for information purposes only and should not be considered a recommendation to buy or sell.



Nearly all companies demonstrated improvements against our benchmarks, particularly in biodiversity, with substantial investment commitments for the 2025–2030 regulatory period. The graph comparing baseline in 2023 to 2024 illustrates significant progress from baseline scores, especially in biodiversity, as mentioned, and climate adaptation. The two companies that lagged did so due to pollution and biodiversity gaps.

Innovative practices were adopted, such as smart metering, predictive analytics, and nature-based solutions. Companies like Anglian Water and Yorkshire Water invested in network monitors and AI-driven systems to reduce pollution and leaks. Biodiversity strategies included habitat restoration, local plans,

and collaboration with stakeholders. Affordability initiatives expanded, with direct financial support and targeted outreach for vulnerable customers.

**Ongoing challenges**

Despite progress, significant challenges persist. Pollution incidents, aging infrastructure, and regulatory constraints remain major hurdles that require ongoing engagement. The uneven development of biodiversity action plans and inconsistent reporting across companies highlight the need for stronger baseline data and transparency. Affordability is still a concern, with regional disparities and barriers to accessing support. AMR mitigation is at an early stage, with sector-wide engagement and regulatory guidance still developing.

**Next steps**

As collaborative investors, we remain committed to ongoing stewardship. The next phase will focus on accelerating change, strengthening transparency, and deepening collaboration. We will continue to monitor company performance against the expectations outlined in the report, prioritising innovation, pollution control, climate-related risks, and biodiversity. Our shared goal is to ensure the sector meets both regulatory and investor expectations, delivering meaningful outcomes for all stakeholders.

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**Case Study:**  
Sleaford Swale – rainwater harvesting for biodiversity – Cornwall Local Impact Portfolio

The Sleaford Biomass Plant harvests rainwater, which is then distributed throughout the production process. This is an unusual practice for biomass plants, which not only maximises energy efficiency but supports biodiversity in the area through the natural development of a swale, abundant with flowers and wildlife. Water voles, ducks and herons are regularly spotted on site. It has also become a secure place for beekeeping. The Sleaford Swale was a runner-up in the 2021 Lincolnshire Environmental Awards.

Rainwater is harvested from two rooftops at the Sleaford site and is collected in tanks to be used in the process of generating energy. At the end of its use, all drains pump the water through the reed beds of the swale running adjacent to the plant, which act as a filter, and ends up in the River Sleat. Visual checks on the water take place daily and chemical analyses are soon to be introduced. This is beyond what is expected from Sleaford as part of its environmental permit. However, it actively strives to reduce the risk of pollution and environmental hazards, and the team feels it is important to do more than is required.

Replacing municipal water with rainwater reduces the amount of municipal water needed to be treated and pumped to its destination, both of which are energy intensive exercises. So, by employing rainwater harvesting, the carbon footprint of the plant is significantly reduced.

Harvesting rainwater also works to bridge the broken link of water infiltration in the hydrological cycle, especially in urban areas where just 15% of rainwater gets absorbed by the soil due to the low permeability of the landscape.



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**Case Study:**  
Regenerative agricultural in practice



Brunel joined other EOS clients and colleagues on a visit to Filston Farm in Kent, England to explore why and how farmers are adopting regenerative practices, and the frameworks needed to support a successful transition. Generational farmers, John and Julie Dinnis, together with their four children, offered an honest account of their journey toward regenerative farming. They shared the successes and challenges they’ve encountered, both on the farm and in building relationships with downstream buyers, offering valuable insights into the practical realities of implementing regenerative agriculture.

It became clear that companies must define “regenerative agriculture” consistently to avoid greenwashing and give farmers confidence that certified regenerative products can command a premium. The visit also reinforced that regenerative approaches need to remain flexible and tailored to local conditions—soil health, weather patterns, crop rotations, and livestock integration all interact differently across farms.

Long-term contracts emerged as essential for enabling farmers to adopt regenerative methods in an economically viable way, given thin margins. Finally, the experience highlighted how crucial supportive public policy is. Sustainable farming will only scale if incentives are redirected toward regenerative practices and away from conventional systems that undermine long term environmental and economic resilience.

Learnings from the event will feed into engagement asks and dialogues with our holdings.

**Votes to note**



**PepsiCo**

At PepsiCo, Brunel voted **For** the shareholder resolution requesting a public report assessing the extent to which the company’s supply chains and operations impact biodiversity and are vulnerable to biodiversity loss. The proposal asked for disclosure on how PepsiCo identifies and manages its nature-related dependencies, risks and impacts across sourcing and operations, and recommended using recognised guidance such as the Taskforce on Nature-related Financial Disclosures to inform the assessment. We believe improved biodiversity disclosures from Pepsico is critical to enhanced understanding of nature related risks and opportunities it faces. The resolution received 17.7% support at the company’s AGM.

**In 2025**

**116**

EOS core engagements on Biodiversity and Nature

**43**

milestones progressed

**14**

votes escalated



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# Physical climate risk and biodiversity



Our flagship engagement project on physical climate risk and biodiversity entered its second phase during 2025. The engagement focused on the food and beverage sector due to the sector’s high vulnerability to physical climate risk and high impacts and dependencies on the natural environment.

“10 percent of the currently suitable area for major crops and livestock are projected to be climatically unsuitable by mid-century under high emission scenarios.”

IPCC Sixth Assessment report Working Group

Financial risks for the sector can materialise as:

- i. Productivity and disruption to supply chains
- ii. Damage and repair costs
- iii. Insurance costs
- iv. Requirement for capital investment into infrastructure to protect assets and protection systems
- v. Investment into assessment, management responses and programmes

The dialogues continued to build on the conversations previously had on governance, risk assessment and nature issues. Although public disclosures from companies did not evolve as much as expected since last year, we were pleased to see companies expand their analysis and show improvements in the way they conceptualised and managed physical climate risk and nature related issues. Some examples of companies we have seen making positive strides are below:



1. **Heineken:** Has assessed dependencies and impacts on nature through a holistic nature impact assessment



Sustained by Nature and Water

2. **Suntory:** Expanded its view of regenerative agriculture beyond simply reducing Scope 3 emissions, now recognising its role in building resilience to variable weather conditions



3. **Walmart:** Improved nature-related disclosure by outlining its assessment process for nature impacts and dependencies

## Key insights:

- Assessing impacts and dependencies on nature was seen in more companies than phase one of the engagement activity. Those leading the sector are also overlaying the information with their climate risk assessments to understand exposure and actions needed.
- Evidence of climate, nature and water being considered as central to business resilience and integrated thinking around solutions was clear.
- Water stewardship activities were mature among most companies we spoke to, promising traction as an adaptation intervention measure.
- Companies spoke about driving and scaling their regenerative agriculture and climate adaption plans through leveraging their existing supply chains.
- Although there is still a way to go on common definitions and frameworks, this is an area where investor scrutiny could deliver better outcomes for climate and nature parameters as well as farmer livelihoods.

## Next steps

The project will include another round of dialogue with companies following a benchmark analysis. While building on the same themes, the next phase will seek to expand understanding of the overlap of human rights risks and climate adaptation.

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# Climate change



## WHAT

**Drive systemic change in the investment industry so that it is fit for purpose for a world where temperature rise needs to be kept to well below 2°C (ideally 1.5°C) compared to pre-industrial levels.**

## HOW

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

Throughout 2025, the global response to climate change continued to increase in complexity and challenge. While the financial risks associated with climate change are increasingly well understood, the external environment in which investors are operating has become more fragmented. Policy signals remain inconsistent across regions, regulatory momentum slowed or reversed, and geopolitical pressures complicated both the pace and pathway of the transition.

The COP in Brazil in November 2025 marked an important moment for global climate dialogue, highlighting both the urgency of action and the growing divergence in national and regional approaches. Alongside this, in person engagement through international investor forums such as the Principles for Responsible Investment (PRI) played a critical role in enabling deeper, more grounded discussion. Our Chief Responsible Investment Officer’s attendance at the PRI in Person event in São Paulo provided an opportunity to engage directly with peers, policymakers and asset owners, particularly from regions that will be central to delivering the transition.

The physical impacts of climate change continued to become more frequent and severe, amplifying risks to economies, infrastructure and asset values. For long term investors, this combination of rising physical risk and uneven transition progress presents a fundamental challenge.

Climate change is no longer a distant or theoretical concern; it is a systemic financial risk affecting portfolios today. Markets continue to grapple with how to price climate risk accurately, data remains incomplete and uneven across asset classes, and there is growing recognition that voluntary action alone will not deliver the scale or speed of change required. In this context, investors face increasing pressure to demonstrate that their approach to climate change is credible, grounded in fiduciary duty and focused on real world outcomes rather than ambition alone.

It is against this backdrop that climate change remains a core RI priority for Brunel. Our approach starts from the recognition that climate change cannot be addressed through isolated actions at the asset or portfolio level. The challenge is systemic, requiring coordinated responses across capital allocation, stewardship, collaboration and public policy engagement. Brunel therefore focuses on using its position in the market to help shape the conditions needed for an orderly transition, recognising that well-functioning markets and an enabling policy environment are essential to managing climate related financial risk.

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## Climate change continued



A key external challenge remains the gap between long term climate goals and short-term incentives within the investment system. While many companies and investors have set targets aligned to global temperature goals, progress on implementation has been uneven and, in some cases, has stalled. Brunel’s response is to place a strong emphasis on delivery. This means integrating climate considerations into investment decision making, setting clear expectations of asset managers, and using stewardship to support credible transition pathways, particularly in systemically important sectors.

Another defining challenge is the need to balance climate ambition with economic and social realities. The transition will not be linear and will involve trade-offs, particularly across regions and sectors. Brunel’s approach reflects this complexity. Our strategic objective is not to pursue climate action in isolation, but to contribute to an investment system that is fit for purpose for a world where temperature rise needs to be kept well below 2°C, and ideally limited to 1.5°C, while remaining focused on long term value creation for our clients.

Climate change is also deeply interconnected with Brunel’s other RI priorities, particularly biodiversity and nature. Fragmented approaches risk shifting pressures from one system to another. By taking a systems based, long term and outcome focused approach, Brunel aims to respond to the evolving external challenges of climate change in a way that supports portfolio resilience, market stability and the world our clients’ members will ultimately retire into.

### Implementing our climate policy

We aim to drive systemic change, recognising a market failure where structural issues in the investment system hinder effective climate risk management.

Our Climate Change Policy rests on five pillars to embed climate awareness across Brunel’s work. A core element is enhanced stewardship, supported by improved data and targeted engagement. By leveraging our outsourced model, we amplify impact through partnerships with asset managers, strategic partners, fund managers and private market GPs. Clear expectations, shaped by our Asset Owner ‘Aligning Expectations’ initiative and formalised in the Asset Owner Statement (see p42), underpin this approach.

Better data access and qualitative insights from managers enable informed decisions. In 2024, we held workshops to set climate alignment expectations and deepen analysis of high-impact companies. Using Transition Pathway Initiative (TPI) data alongside manager input adds nuance to our process.

Our climate alignment framework, referred to on p20, is detailed on our website and in the annual Climate Change Progress Report, applied 2024-agreed criteria throughout 2025. Companies showing insufficient progress, based on TPI and CA100+ data, were classified as climate controversial. The outcomes of the process are reported in our 2026 Climate Progress Report.



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Climate change continued



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

Calling on asset managers to evolve and strengthen their climate stewardship, the asset owner statement on climate change was published in September 2025. The statement was designed to be an aid for asset owners, to monitor progress on climate stewardship and move the investment community towards tangible progress on a systemically important issue.

While it is not a prescriptive document, it provides pathways for signatories to embed the statement in a way that aligns with their culture and investment practices. We have received positive indications from our asset managers and other asset owners that the statement has been useful to establish common understanding on asset owner views.

The prompt for this statement was joint dialogue between asset owners and managers at the Brunel-led asset owner and asset manager ‘aligning expectations’ roundtable and direct feedback from asset managers that it would be useful to see shared asset owner expectations.

The statement continues to garner support, with eight additional leading institutional investors in 2025 in France and Switzerland endorsing the statement and bringing collective representation to \$2 trillion in assets under management. The statement co-authors have held conversations with global asset owners to socialise the statement and facilitate implementation. The next steps on the project will be to understand the impact of the statement, assessed through interactions between the signatories and their asset managers.



Statement from asset owners who have a **shared view** on the relevance of climate change as a systemic and material issue and the **urgency of action** needed across the investment eco-system to address it.



Seeks to articulate what is expected of our managers to **evolve and intensify climate stewardship** efforts based on **5 core principles**.



Co-authored by People’s Pension (Lead), Brunel Pension Partnership and Scottish Widows.



**Case Study:**  
Barclays climate commitments

Meaningful engagement relies on a sustained process built on persistence, consistency and long term dialogue.

We continued to press major banks on credible transition plans, robust client engagement and targets aligned with their net zero commitments in 2025. We were able to drive a unified, ambitious agenda by collaborating with NGOs and peer investors.

With Barclays, we held our annual CEO meeting to track delivery against the commitments that led us to withdraw our 2024 shareholder resolution. These annual engagements are a direct outcome of constructive dialogue and reflect a shared willingness to make meaningful progress.

Late last year, in a room of 12 investors representing \$3 trillion, we urged the bank to hold firm on its climate commitments despite peers stepping back. We flagged our serious concerns about increased fossil fuel financing. While recognising the bank’s progress on low carbon financing, we emphasised the need for stronger transparency on the underlying methodology and ambition reflected in a renewable energy target.

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**Case Study:**  
Climate stewardship in China with Ninety One

**China Longyuan**

Ninety One engaged with a Chinese utility company to address its management of climate transition risk. Through the fundamental research process which incorporates ESG factors, the company, classified as a climate solution holding due to its primary focus on wind and solar power generation, was identified as an engagement priority. The company’s coal-based thermal power operations were identified as a potential material risk to future stock returns, given evolving regulatory, policy and transition dynamics.

Over an extended period this issue was raised with management, seeking greater clarity on the strategic direction of the coal assets and encouraging consideration of an exit pathway. The engagement centred on capital allocation priorities, transition planning and the potential financial implications of maintaining coal exposure within a predominantly renewable energy business.

Since initiating this dialogue, the investment team continued to closely monitor developments through its ongoing research and engagement framework. This included a continued assessment of the company’s capital allocation decisions, climate-related disclosures and any residual transition risks to ensure alignment with its positioning as a climate solution holding.

**This case study demonstrates the importance of engagement and investor patience in supporting high impact companies through transition. Over the period, the company materially reduced its fossil fuel exposure and later reported divesting its remaining coal-fired operations.**

**CIMB**

Ninety One engaged with CIMB, a major ASEAN bank to address its commitments on sustainable finance. The bank had a stated commitment to strengthening its sustainability profile and had previously announced that it would no longer finance new thermal coal mines or coal-fired power plants and had committed to phasing out coal exposure from its portfolio by 2040.

Ninety One’s fundamental research process which incorporates ESG factors, identified this commitment to be a source of future value creation. Our stewardship focused on monitoring delivery of the bank’s Forward23+ sustainability strategy, with particular attention to the credibility and implementation of its climate commitments. Specific engagements by Ninety One centred on transition planning, portfolio alignment and the robustness of disclosure relating to financed emissions.

This topic was raised with the company on a number of occasions, with the investment team closely monitoring implementation progress of the coal exit commitment, progress against financed emissions targets and the composition and integrity of sustainable finance activities to ensure alignment with long-term climate objectives and risk management expectations.

The company has demonstrated measurable progress, with the bank having exceeded its sustainable finance mobilisation target and improving its standing in the S&P Global Corporate Sustainability Assessment.

**CIMB was one of the companies Faith Ward met and engaged with at the UNEP-FI Asia event held during the China study tour (p.13-15).**



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## Case Study: Sagility – embedding sustainability into value creation strategies

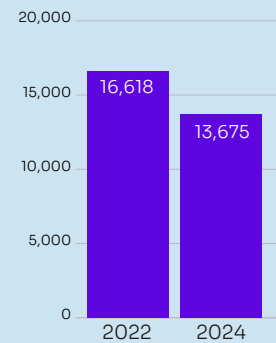


Sagility is an outsourced healthcare business process service provider focused on the US payor (insurance) market, based in India. The company provides end-to-end back-office and front-end processing covering the entire customer lifecycle and employs c25,000 people across 34 facilities in India, the Philippines, Jamaica, and the US.

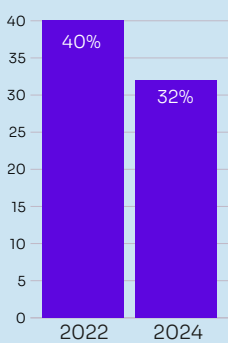
Since acquiring Sagility in 2022, EQT has embedded sustainability as an integral part of the value creation strategy. By partnering with EQT’s sustainability experts on targeted initiatives and implementing strong governance frameworks, Sagility has achieved measurable progress across several areas:

### Selected key sustainability progress

#### Scope 1 & 2 emissions (tCO2e)



#### Voluntary attrition



Note: Emissions use FY (2022 = Apr 22-Mar 23); Attrition uses CY (2022 = Jan-Dec 2022)

### Key achievements:

1. Developed a comprehensive decarbonization roadmap with validated Science-Based Targets, focusing on reducing emissions and ultimately improving operational efficiency.
2. Increased renewable electricity consumption from 0% to 30%, supported by EQT’s renewable energy tender programme.
3. Collaborated with EQT to conduct a talent management assessment, enhancing practices to elevate performance targets and reduce attrition and related costs.
4. Sagility is the first company in Asia to implement a sustainability linked margin ratchet, aligning financing terms with sustainability performance. In 2025, Sagility was able to achieve \$1.9 million in cumulative interest savings.

*Sagility is held in Brunel’s Private Equity Cycle 2 portfolio*

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**Case Study:**  
Reducing energy consumption with smart building technology



BlackRock UK Property Fund has integrated smart building technology in several properties and has seen excellent results. IBOS (Intelligent Building Operating System) fully optimises building mechanical and engineering systems to maintain optimal environment conditions.

At Putney Exchange in London, there has been a 29% energy reduction since installation of the IBOS technology. The installation has also seen carbon emissions savings of over 152,100 kg, equivalent to 18.5 million mobile phone charges.

**Votes to note**



**Centrica**

At Centrica, Brunel voted **For** on the advisory resolution to approve the Climate Transition Plan, acknowledging the significant steps the company had taken, including increased ambition of operational targets, clarity on policy and regulatory dependencies in meeting these goals. We will continue to engage on the company's emission trajectory, third party verification and further transparency on green investment. The resolution received 93.4% support.

Significant votes at Shell are covered in the case study on p.29.

**Walking the talk**



To encourage colleagues to embrace more efficient travel, Brunel offers an EV salary sacrifice scheme, charging points at work and incentives to travel in climate mindful ways.



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# Accountability – our second Climate Stocktake

We believe climate change presents a systemic and material risk to long term investment outcomes, economic stability and society. That conviction brings with it a responsibility not only to act, but to demonstrate, clearly and credibly, whether those actions are delivering as intended. Accountability is fundamental to ensuring that our climate approach delivers real-world change.

A structured, evidence-based assessment of progress against our Climate Change Policy 2023–2030 was undertaken by Chronos Sustainability. It was designed to ask whether we had done what we committed to do, and how effectively.



## Independent scrutiny and evidence led evaluation

Independent review is central to the process, providing external challenge, methodological rigour and assurance to clients and stakeholders.

Interviews with key stakeholders and a wide range of internal and public sources, including climate and stewardship reports, product disclosures, operational emissions data, policy submissions, portfolio monitoring reports and internal analysis provided the evidence base.

Progress was assessed against both formal policy targets and defined actions, using a transparent red, amber, green (RAG) framework focused on whether outcomes and activity were on track at this stage—rather than whether long dated targets had already been fully delivered.

## Measuring delivery against commitments

**The Stocktake confirmed that Brunel’s overarching climate commitments—net zero financed emissions by 2050 aligned to a 1.5°C pathway, and net zero operational emissions (Scope 1 and 2) by 2030—remain on track.** By the end of 2025, all in-scope assets were covered by alignment targets, supported by enhanced monitoring of financed and operational emissions and the publication of a Carbon Action Plan setting out how operational targets will be met.

Progress is monitored systematically and reported publicly, reinforcing transparency and enabling scrutiny over time.

## Testing influence, not just activity

Recognising that climate outcomes are shaped by policy frameworks beyond our direct control, the Stocktake also evaluated policy advocacy—an area where accountability is often weakest.

Chronos reviewed Brunel’s advocacy across UK, EU and international contexts, assessing both activity and outcomes. The findings highlighted areas of tangible contribution, alongside others where progress has been constrained by political dynamics or stalled reform. Importantly, the assessment was explicit about these limitations, reinforcing Brunel’s commitment to honest evaluation rather than attribution without evidence.

## Client centred accountability

Client perspectives were embedded throughout the Stocktake, drawing on surveys, workshops and direct engagement. Feedback confirmed that climate change remains a priority for partner funds and that Brunel’s responsible investment activity delivers value. Clients also emphasised the importance of transparency and alignment with asset managers.

## Continuous challenge, continuous improvement

Chronos concluded that Brunel had dedicated effective resources to climate action and advocacy, applying a range of approaches across its policy objectives. While outcomes are shaped by external forces, the Climate Stocktake concludes that positive progress has been made across the Climate Change policy objectives. It also demonstrates the commitment to scrutinise effectiveness, acknowledge constraints and refine approaches.

For Brunel, accountability is not a one-off exercise. The Climate Stocktake is a core mechanism for maintaining credibility, strengthening delivery and ensuring that ambition is matched by evidence.

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# Human rights & social issues



## WHAT

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

## HOW

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

On a five-year basis, the frequency and lethality of conflicts has more than tripled since the early 2000s. Beyond the immense human toll, the economic impact is staggering: high-intensity conflicts are typically followed by a cumulative drop of about 20 percent in GDP per capita after five years, relative to pre-conflict projections.<sup>2</sup>

In 2025, in addition to supporting transparency on holdings and stewardship progress to our partner funds, we strengthened our internal capacity to monitor how well managers are identifying and assessing human rights risks. This applies to conflict-affected and high-risk areas (CAHRAs) such as the Occupied Palestinian territories and the Democratic Republic of Congo (DRC) and across companies with high exposure to aerospace, defence and military contracting activities.

Over the past year, human-rights expectations for companies have tightened significantly, with mandatory due diligence regimes, forced labour import bans, heightened scrutiny of high-risk supply chains, and rapidly expanding digital rights regulation reshaping the landscape for responsible investors. In Europe, the implementation of the Corporate Sustainability Due Diligence Directive and the forthcoming 2027 EU Forced Labour Regulation are pushing businesses to demonstrate risk based human rights due diligence across their value chains, while updated UK Modern Slavery guidance raises the bar on transparency and remediation. In the US, a surge in strategic litigation—

from forced labour cases to technology related human rights harms—has sharpened accountability for global supply chain impacts and digital rights risks.

In addition to strengthening regulatory environments, the challenges for corporates around operational and value chain disruption, stakeholder concerns and reputational damage are intensifying.

### Activities over the year

Brunei and our underlying partner funds have been focused on building out and systematising our approach to human rights. Queries on human rights in the context of high-risk conflict regions from our clients and underlying beneficiaries prompted the extensive work we carried out over the year. Geopolitical uncertainty, rise in conflicts and unprecedented rises in defence spending have all played a role in driving increased concern and scrutiny.

We undertook an analysis of our exposure to the Democratic Republic of Congo, given the overlapping nature of conflict and human rights related risks. Given our low direct exposure to the region, we continue to monitor indirect exposure and encourage companies with value or material supply chain links to the DRC to strengthen human rights due diligence, improve disclosure, and use their influence responsibly. We do this through the Global Investor Commission for Mining 2030 and initiatives such as the [Goma Call for Peace](#).

<sup>2</sup> <https://www.worldbank.org/en/research/publication/fragile-and-conflict-affected-situations-vulnerabilities>



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### Our approach

Grounded in fiduciary duty, our approach is guided by the UN Guiding Principles and OECD standards, we manage risks through a combination of portfolio restrictions, integration of human rights into investment risk and other processes and stewardship through our managers, specialist service provider and relevant collaborative initiatives.



**We align with globally recognised norms:** restricting investment in companies that breach UN Global Compact Principles (UNGCPs), as well as operating specific exclusions of controversial weapons or their components where breaches have occurred.



**We integrate risks into investment decisions:** integrating human rights risks into investment decision-making, particularly in CAHRAs. Legal structures impact the range of actions at our disposal.



**We undertake ongoing monitoring and engagement:** engaging with companies that are subject to human rights risks and operating in CAHRAS.

Monitoring and engagement are carried out through:

Partnership with our asset managers

Leveraging expertise of Federated Hermes EOS

Joining collaborative initiatives

Working to inform and shape UK Government Policy

We use Sustainalytics' Global Standards Screening to identify human rights related risks across our active segregated portfolios, assessing companies on the severity of impacts, degree of corporate responsibility, and the quality of management responses. Companies flagged as violating, or at risk of violating, the UN Global Compact Principles are brought into our quarterly Brunel Investment Risk Committee process for deeper scrutiny. This enables internal portfolio managers to present insights from external managers, evaluate whether concerns are being credibly addressed, and recommend whether continued holding is justified or whether divestment is warranted as has been the case in certain instances. This disciplined review not only strengthens Brunel's internal capacity and challenge function but also provides assurance that our managers have the necessary data, analysis and information flows to manage human rights risks effectively and in line with our expectations.

We also operate specific exclusions on controversial weapons in combination with human rights violations

in our active portfolios. This process which was set up following discussions with our partner funds helps us restrict investments in companies with the most egregious human rights records.

Similar restrictions also apply within the Paris-Aligned Benchmark (PAB) passive portfolios. Managers operating pooled products (for which Brunel cannot control individual assets) often operate similar restrictions but exact approaches may differ from those applied by Brunel.

Stewardship is central to our approach. In addition to our work with asset managers, we use resources from a specialist engagement provider and collaborate with other investors to engage with policymakers and companies. The focus is on ensuring companies acknowledge human rights impacts within their direct operations and supply chains and have appropriate governance structures to limit and address concerns.

EOS engage on a range of human rights issues on our behalf, with focus areas including:



Affordability

Digital Rights

High-Risk Regions

Indigenous & Community Rights

Supply Chain Rights

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Under Brunel’s direction, EOS and our managers engage with CAHRA exposed companies to test the robustness of their human rights due diligence, disclosure of outcomes, and responsiveness to affected stakeholders in line with United Nations Guiding Principles on Business and Human Rights (UNGPs). This ensures that heightened risks in conflict regions are systematically identified, challenged, and, where necessary, escalated through engagement and voting.

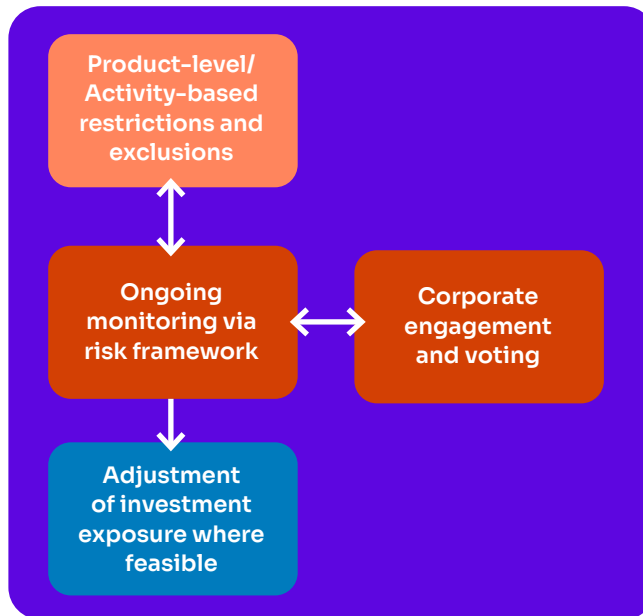
### Impact

Capacity building, both internally and among delegated asset managers has been our key source of success. Our robust risk processes and the contributing dialogues has enabled us to sharpen our scrutiny but also provide our partner pension funds with tools and resources to respond to beneficiary concerns. The fact that our restrictions and exclusions have resulted in selective divestments gives us assurance that the process has worked.

We also believe there is strong value in stewardship, and the influence investors can have in signalling expectations in high risks contexts. However, it is important to acknowledge that the highly dynamic nature of CAHRAs presents real constraints on the degree of impact that engagement alone can achieve. In some cases, meaningful change may not extend to shifting product lines or business models; instead, progress is more likely to take the form of strengthened policies, governance practices, disclosure, and enhanced human rights due diligence. We also observe that companies often face divergent regulatory requirements across jurisdictions, which can create complex legal risks and limit the actions they are able to take in response to investor concerns. Compounding this, confidentiality barriers and uneven information flows can make it difficult to fully understand exposure in certain sectors, and human rights data remains imperfect despite

the range of tools available. We therefore combine independent data sources with our own analysis and actively contribute to industry efforts aimed at improving data quality, coverage and reliability.

Overall, we believe our approach is consistent with our responsibility as long term stewards of capital, while recognising that both we—and the wider investment industry—must continue to strengthen our practices. We remain committed to continual improvement.



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**Defence in focus**

As governments reassess defence spending in response to shifting geopolitical dynamics and rising global tensions, investors are evaluating the potential implications with increasing caution. While the aerospace and defence sector is expected to continue its growth trajectory, determining what genuinely constitutes “defence” is becoming more complex—particularly as AI driven innovation and advancements in cybersecurity reshape the modern security landscape. Every day products can be used for military specific applications and those that are tailor made for defence can be used for humanitarian purposes – and it is not often easy to determine the value the company is generating from a particular device or who the end user is.

We have seen growing interest from clients and members regarding how we invest in and engage with the defence sector to ensure that our responsible approach remains effective. We recognise that there is no single pathway that addresses all concerns. However, we are committed to navigating the risks and opportunities in a balanced and well considered manner. We believe that clearer, jointly developed norms between the defence industry and investors are essential to addressing the elevated risks the sector faces, including those related to human rights, corruption, and environmental impacts. To that end, we are closely following and actively contributing to the Guidance for Responsible Investment in Defence-related companies, which is led by the Church Commissioners and is being advanced by a coalition of investors and expert organisations.

**Case Study:  
Collaborative policy advocacy**

Responding to increased government expectations around defence investment, we convened peer discussions to understand how asset owners are approaching the associated risks and priorities. Reflecting these insights, we advocated for stronger controls and greater transparency across the sector to ensure investors can meet both their fiduciary obligations and relevant legal requirements. We also engaged directly with the UK Government to emphasise the importance of maintaining robust guardrails on arms control and disarmament. In our view, it is essential that international human rights standards remain central to policy design, and that UK defence companies continue to demonstrate best in class transparency supported by stringent internal compliance systems. Among our recommendations was the consideration of making the export licence compliance code mandatory, which we believe would enhance investor confidence in the rigour of government oversight. While our support for human rights principles was welcomed, the Government indicated that the code would remain voluntary due to the strength of the existing UK export control framework.

We will remain in conversations with other investors and signatories to continue the dialogue with the Ministry of Defence and Department for Business and Trade.

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**Case Study:**  
GOfit – considering impact through SDGs



GOfit is a Spain-headquartered fitness and wellness company that operates a network of sport and recreation centres (including swimming pools, spas and a wide range of group exercise classes) across Iberia and Italy. GOfit actively considers the impact of its business via the lens of the UN's 17 Sustainable Development Goals (SDGs). The company calculates that in 2022 it contributed €110m to national GDP and approximately €300m worth of social benefits annually, thanks to the multiple positive social impacts generated by the use of its facilities.

*GOfit is held in the Brunel Private Debt Cycle 3 portfolio*

**Case Study:**  
PGIM UK Affordable Housing Fund – Affordable rents for single families



Cornwall Pension Fund wanted to create a fund that positively impacted local people, as well as their investment opportunities, using the PGIM UK Affordable House Fund, which aims to help build a portfolio of houses for working families and co-renters at affordable rents.

One example is a cohabiting couple with a child and a cat who moved into a 2-bed property within the St Austell scheme in May 2025. They were already local to the St Austell area. One tenant works as an apprentice electrician, while the other works as a legal assistant. Both tenants are in their mid-20s. Based on their rent of £1,025 pcm (inclusive of £30 pet rent), and an estimated annual net household income of c£43k, the rental affordability is 28%.

As Cornwall Pension Fund wanted to create a fund that impacted local people, as well as their investment opportunities, this is a great example of how money can be invested to support local communities and generate a return.

**Votes to note**



Brunel supported a suite of UK retail workforce pay resolutions at JD Sports, Next Plc and Marks & Spencer Group plc, voting **For** shareholder proposals calling for clear disclosure on:

- how base pay is set for hourly paid staff and contracted workers
- board oversight, the extent of pay below the real Living Wage, turnover rates and the costs and benefits of adopting the real Living Wage.

The votes reflected the relevance of pay and fair work practices in consumer-facing businesses that rely on large frontline workforces and contracting arrangements. While we are cognisant of the profound challenge that companies face in balancing the costs to keep prices low for consumers, demonstrating commitment to all staff is a key value driver for the industry. Support was **30%** at Marks and Spencer, **26.7%** at Next and **13.6%** at JD Sports, with ShareAction reporting that excluding JD Sports' controlling shareholder stake, approximately **34%** of non-controlling shareholder votes were in favour.

**Walking the talk**



With a huge focus on Human Rights in 2025, Brunel ensured that all of its staff had the opportunity to increase their knowledge and understanding about key issues.

During the wind down of Brunel, recruitment services, mental health support, financial and legal advice have been made available to colleagues.

In 2025

193

EOS core engagements on human rights and social issues

40

engagements related to CAHRAs

50

milestones progressed

22

vote escalations

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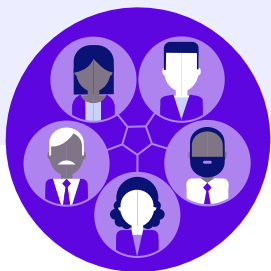
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# Diversity, equity & inclusion



## WHAT

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

## HOW

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

Diversity, equity, and inclusion (DEI) initiatives are facing increasing scrutiny, legal challenges, and societal polarisation. This has significantly influenced how companies and investors approach DEI, reducing transparency and complicating risk assessment and progress tracking. Despite these challenges, we firmly believe that boards, senior leadership, and businesses must reflect the diversity of society to remain effective and deliver long-term value. We will continue to use our stewardship tools to challenge practices that fall short of sound governance expectations. This commitment is evident in our engagement and voting activities, as well as in collaborative initiatives that promote systematic consideration of diversity, foster inclusive workplace cultures, and advance fairness.

Our commitment to improving board effectiveness through greater diversity remains unchanged. While the framing of these discussions may differ in the US, we continue to communicate clearly to companies that enhanced board decision making is a priority for us. Our engagements increasingly focus on the underlying drivers of board performance—such as succession planning, the robustness of board effectiveness reviews, the quality of skills matrices, and director tenure. This has led to more substantive and insightful conversations about a company’s current position and appetite to progress further.



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Diversity, equity & inclusion continued



**Case Study:**  
Telefonica – Board gender diversity



Telefónica is a global telecommunications operator offering fixed and mobile network services. EOS began engaging with the company on board gender diversity in 2017, when female representation stood at 18%. Given the sector’s reliance on innovation and talent, they emphasised that stronger board diversity can enhance strategic decision making, competitiveness and long term financial performance. Although the board had adopted a global diversity and inclusion policy, progress was slow, and in 2018 EOS met the company in Madrid to discuss the steps needed to accelerate change. Clear expectations for a credible plan to increase female representation on the supervisory board were set. Subsequently EOS met the company regularly, most recently in October 2025 with the Director of Labour Relations and Diversity.

**Changes, outcomes and next steps**

The company has since made steady progress, increasing female representation on the board to 29% in 2019, 33% in 2021, and reaching 40% by December 2023—a level it maintained through significant board changes in 2025, including the appointment of a new Lead Independent Director. These developments should support more diverse perspectives in boardroom discussions and strengthen long term performance by promoting an inclusive culture across the wider workforce. Telefónica has now committed to improving gender diversity within senior leadership and reports that it is on track to meet its 2027 and 2030 targets. We, along with EOS, will continue to monitor progress across all organisational levels and engage as needed to ensure continued momentum.

**Case Study:**  
Evolving the Asset Owner Diversity Charter



Our external managers are aligned with our expectations. Their contractual obligations to report on their own diversity metrics, whether through the Asset Owner Diversity Charter or equivalent frameworks, reinforce the importance we place on transparency and accountability in this area.

**Supporting the development of the Asset Owner Diversity Charter**

The Asset Owner Diversity Charter (AODC) is a collaboration of asset owners who want to improve transparency and progress on diversity, equity and inclusion across the investment industry. Signatories commit to asking consistent DEI questions during manager selection and monitoring, sharing learning and helping raise standards across the market.

This year we have supported the AODC’s work as it moves into an important phase of growth and system development.

**Scaling impact: enhancing data infrastructure**

As the AODC’s influence has grown, so has the volume of the data collected. This year we supported the Steering Committee’s work to ensure AODC’s infrastructure can keep pace with its ambition.

- **Strategic selection:** We supported the AODC Steering Committee through a rigorous Request for Proposal (RFP) process to appoint a specialist data provider.
- **Technical advisory:** Drawing on our internal expertise, we reviewed procurement materials and provided practical input on user-end functionality.
- **The outcome:** The new platform will transition the AODC to more sophisticated benchmarking, actionable insights and automated data collection.

**Organising the 2026 AODC conference**

We are currently assisting with the organisation of the AODC conference, scheduled for the end of April 2026. Marking the AODC’s five-year anniversary, the event will bring together signatories, managers, and researchers.

The conference serves two practical purposes:

**Knowledge sharing:** Showcasing insights from several years of data, academic research, and industry practice.

**System rollout:** Formally introducing the new data provider to the signatory base to improve how the industry tracks DEI moving forward.

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Diversity, equity & inclusion continued



**Case Study:**  
Transforming lives through music – within Private Equity



In May 2024, Vespa Capital added Rocksteady Music School ('Rocksteady') to its portfolio. As the UK's leading provider of in-school

rock and pop band lessons for primary school children.

Its inclusive approach empowers children, builds confidence and self-belief, while nurturing creativity and teamwork. The business' in house Foundation enables access to music education to some of the most disadvantaged children in society and those facing challenging circumstances, helping the business stay true to its belief that no child should be left behind.

"Inclusion is a key part of our philosophy," says CEO Scott Monks. "We aim to provide accessible music education for all children, including those with special learning needs or from families who can't afford traditional lessons."

Parents consistently report the positive effects of Rocksteady lessons, particularly in boosting collaboration and confidence.

Rocksteady ensures teachers are highly trained to meet diverse student needs, creating an inclusive and supportive environment. As UK's largest private employer of musicians on a full-time permanent basis, the School also provides steady career paths for musicians, offering stability in a typically uncertain profession.

- **68%** of parents whose child "sometimes" or "often" struggles with school attendance report that Rocksteady makes a positive difference to their child's attendance and enthusiasm for going to school
- **94%** of parents say Rocksteady lessons have increased their child's confidence
- **50%** of parents say Rocksteady lessons have improved their child's concentration

Contributing to Sustainable Development Goals:

|   |  |   |
|---|--|---|
| <b>4</b> QUALITY EDUCATION<br> | <b>8</b> DECENT WORK AND ECONOMIC GROWTH<br> | <b>10</b> REDUCED INEQUALITIES<br> |
|---|--|---|

*Rocksteady is held in Brunei Private Equity Cycle 1 portfolio*

**Votes to note**



At Deere & Co, Brunei voted **For** the shareholder resolution requesting a civil rights audit. The proposal asked for an independent assessment, consistent with the Civil Rights Audit Standards, to analyse bias and discrimination risks across the company's policies, practices, products and services, and to publicly disclose the findings, given its heightened risk of inequitable practices due to a broad customer base and extensive supply chain. We were supportive of the underlying rationale given the company's operational context. The resolution received **30.4%** support.

**Walking the talk**



Brunei tracks the gender paygap each year, and reports on the appropriate statistics in our annual report.

Since 2022, when our gender paygap was 44%, we have steadily reduced this, reaching an all time low of 12% in 2025.

In 2025

**46**  
core engagements  
EOS core engagements related to DEI

**109**  
vote escalations

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# Tax & cost, transparency & fairness



## WHAT

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

## HOW

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

Corporate tax transparency continued to accelerate in 2025 as EU public country by country reporting requirements took effect and early disclosures highlighted a widening divide between companies that are proactively embracing full jurisdiction reporting and those offering minimal or selective transparency. At the same time, the rollout of the OECD global minimum tax has pushed multinationals—especially those operating in low tax jurisdictions—to strengthen their tax governance, data systems and internal controls as effective tax rates rise and compliance demands become more granular. These shifts, combined with increasing regulatory divergence between regions and intensified scrutiny of profit shifting practices, have made corporate tax positions far more visible and strategically significant.

During the year, we continued to pay close attention to how companies are preparing for changes in regulations, the quality of disclosures and the credibility of tax risk management. Several engagements that EOS took on our behalf focused on public country-by-country reporting, in line with their Responsible Tax Principles. Brunel also supported shareholder proposals at several North American companies focusing on tax transparency in line with the Global Reporting Initiative’s tax standard.

## Cost transparency

Brunel made cumulative savings of £265m in gross fee savings (£173m net) since 2016, significantly ahead of what the business case had anticipated. Brunel has already broken even, saving around four-and-a-half times the costs we incur via the reduction in management fees we negotiate. For example, in 2023/24 Brunel saved the equivalent of £57m in investment costs compared to current market rates and full investment costs to partner funds.

Brunel has successfully implemented its Value for Money (VFM) Scorecard, which focuses on the long-term sustainability of the business and ensures the requirements of key stakeholders are being met.

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Tax & cost, transparency & fairness continued



**Case Study:**  
Ongoing outreach on tax transparency



We joined a private webinar hosted by CSR Europe and the Fair Tax Mark to speak with companies participating in the European Business Tax Forum. We engaged directly with heads of tax at leading firms, outlining our expectations as investors—both for our underlying holdings and for our managers. We highlighted why effective tax management and transparency matter for long term value, discussed the policy and regulatory shifts shaping the tax landscape, and set out our case for the importance of country by country reporting in supporting robust investment decision making.

**Case Study:**  
Chevron - tax practices



Dialogue with Chevron on its tax practices has been ongoing since 2023, focusing on concerns around the company’s approach to tax incentives, transfer pricing, and country by country reporting in line with GRI 207 and EOS’ tax expectations, when we recommended supporting Oxfam’s shareholder proposal for a report on tax transparency aligned with the GRI tax standard.

In 2024, Chevron published its new Approach to Tax Transparency report. A subsequent engagement explored board oversight and how Chevron’s tax principles are embedded in governance and decision making across the organisation. The company stated that accountability for tax is embedded throughout the business, noting that tax remains a standing agenda item at board meetings within the finance function. Chevron also highlighted that its finance processes are well established and supported by AI and other tools to strengthen accuracy and enhance reporting.

Although we appreciated the company’s updated tax and transparency disclosure, we again recommended supporting Oxfam’s shareholder proposal for a report aligned with the GRI standard. We requested further discussion with the company’s tax experts in 2025. With Australia introducing mandatory country by country reporting this year, we expect further momentum towards enhanced tax transparency globally.

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Tax & cost, transparency & fairness continued



Votes to note



At Merck, Brunel voted **For** the shareholder resolution requesting publication of a tax transparency report. The proposal asked for disclosure aligned with the GRI Tax Standard, including public country-by-country reporting of revenues, profits and tax payments, to support assessment of responsible tax practices. We support enhanced transparency and visibility around how companies align where they operate and pay their taxes.

The vote reflected the relevance of tax risk for a global pharmaceutical group operating across multiple jurisdictions, where changes in tax rules and scrutiny of tax practices can affect cash flows and reputation. The resolution received **22.8%** support.

Walking the Talk



Brunel has been recognised as a ‘super-procurer’ for our ability to negotiate lower than average costs across all asset classes. For example, 79% of strategies procured by local authority clients from Brunel are better than best quartile in the ClearGlass ranking.

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EOS core engagements on tax

41

milestones progressed

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# Cyber & AI



## WHAT

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

## HOW

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

AI is advancing at extraordinary speed, reshaping both opportunity and risk. Companies are adopting AI at scale—with 94% now using AI in at least one business function and the global market surging to \$514.5bn in 2026, up 19% in a single year. These capabilities are delivering major gains: according to Morgan Stanley, companies already using AI report an average 11.5% increase in productivity, underscoring how rapidly efficiency benefits are materialising even as global adoption accelerates.

But the risks are escalating just as quickly. AI enabled phishing has jumped 1,265% since 2022 and ransomware attacks have increased 12% year on year, driven by automation and deepfake based social engineering.

At the same time, geopolitical fragmentation, chip access constraints, and diverging global regulations are amplifying cyber vulnerabilities and operational uncertainty, prompting Moody's to warn that AI adoption is now directly reshaping global infrastructure, resilience, and compliance environments.

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Cyber & AI continued

The World Economic Forum’s Global Cybersecurity Outlook 2026 reports that 94% of security leaders expect AI to be the most significant driver of change in cyber risk, with organisations identifying AI related vulnerabilities as the fastest growing cyber threat (87%).

We have been working alongside our managers and other peers to assess the extent to which companies exposed to high risks are identifying, assessing and managing these risks appropriately. Nordea, one of our asset managers, has done in depth work on identifying risks and opportunities of AI across the value chain (see case study).

**AI governance**

There is a strong role for investors on AI governance. We joined one of the roundtables organised by Oxford AI governance initiative in December 2025 to explore alongside other investors, the current investor approach, rising interest and materiality of risks and opportunities across social and governance themes and discussed how investor action can be supported.

**Case Study:  
Nordea – responsible AI**

We engaged in depth on responsible AI powering with nine companies at key junctures of the value chain, including outside of the portfolio. This engagement revealed meaningful support for decarbonization in the US despite a hostile administration. Drivers of this included targets from hyperscalers (large hosters of many data centres), state-level desire to protect their own citizens from rises in energy prices, and transmission bottlenecks making alternative generation options more attractive. Our key conclusions from these conversations are:

- the energy balance of AI is questionable, and impossible to establish without credible protocols to measure avoided emissions;
- target setting within the supply chain is a challenge;
- the short time to market of solar means value accretive decarbonization remains possible for many US utilities.

**Objectives and progress – hyperscale (Microsoft/NVIDIA)**

Our main push with these companies was to commit to establishing an industry protocol to measure avoided emissions, and to substantiate their scope 3 targets with specific strategies that prioritize reducing present emissions. Our input will be considered for inclusion in climate transition plans.

**Objectives and progress – enabling technology (LAM Research/ASML)**

The main finding with this group of companies was that they demonstrated sophisticated practices for managing their own emissions and reducing customer emission intensity. However, persistent challenges remain in achieving decarbonization commitments from suppliers. We are encouraging the development of stronger strategies toward this goal.

**Objectives and progress – utilities (NextEra/Xcel/CenterPoint)**

Utilities that are in a position to prioritize solar and transmission command a premium; while there is strong policy support for non-economical fossil assets, we were still able to advocate for continued optimization of asset portfolios away from them. Within the portfolio, NextEra has successfully reassured both us and the wider market on the robustness of its solar project pipeline.

**Next steps**

ASML and Microsoft emerged as key actors willing and capable of moving market practices, and we will focus our efforts here for the next phase of the engagement.



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**Case Study:**

**Working with Royal London Asset Management – engaging collaboratively on cyber security**

**Proactive engagement for cyber resilience**

In 2025, high-profile cyber breaches at major companies exposed the scale of disruption and cost these attacks can inflict. As geopolitical tensions mount, supply chains become more intricate, and AI introduces new vulnerabilities, the cyber threat landscape is evolving at pace. For businesses, the consequences are clear: financial losses and reputational damage can be swift and severe – making robust cyber resilience a critical priority.

We have worked alongside Railpen and Royal London Asset Management, since 2020, as part of a dedicated investor coalition focused on addressing systemic cyber risks. Our efforts have centred on engaging with companies most exposed to these threats, advocating for stronger governance, and driving improvements in resilience across the market. In 2025, we engaged with seven companies across the oil and gas, hospitality, banking, healthcare, retail and automotive sectors.

**Emerging cyber security trends and how we engaged**

Cyber security practices among engaged companies have advanced, with stronger governance, improved cultural awareness, and growing collaboration across sectors. Board-level oversight is now common, and alignment with recognised frameworks such as National Institute of Standards and Technology (NIST) Cybersecurity Framework and ISO27001 is becoming standard. However, gaps remain – particularly in linking cyber resilience to executive incentives, ensuring transparency in incident reporting, and addressing overlooked areas like cyber risk in mergers and acquisitions. To accelerate progress, we have continued to advocate for clearer disclosures, systematic integration of cyber risk into corporate processes, and deeper industry collaboration to raise standards and build resilience.

**Intercontinental Hotel Group (IHG)**

After probing beyond public disclosures in 2024, we confirmed that the company had a CISO supported by over 100 specialists and strong supply-chain safeguards. In 2025, IHG improved further, increasing its board expertise, advancing its supply-chain risk management, expanding its training and strengthening its response to incidents. Collaboration also increased. These changes boosted IHG’s score by 32%, making it our biggest improver.

We continue to encourage IHG to increase transparency on its board’s cyber skills and to integrate cyber security into executive remuneration frameworks. We are also pressing for more clarity on how it factors in cyber risks in mergers and acquisitions, and on how the company addresses emerging AI-related risks.

Our goal remains clear: to help companies build robust cyber resilience, foster trust and drive continuous improvement.

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## Case Study: tem – making renewable energy more accessible through our Private Equity



UK based tem is the AI transactions platform that enables businesses to buy energy directly from renewable generators for less than the cost of traditional fossil fuels. Atomico invested in tem in 2024 to support them on their mission to democratise renewable energy and accelerate the clean energy transition.

### Challenge/Opportunity

Right now, no business is paying the true cost of energy - the inefficient wholesale market is stacked with middlemen adding 25%+ of hidden fees on top of the actual price at which energy is being generated. The opportunity to replace his broken transaction is enormous with £317 billion taken by big energy in fees each year (twice the value of every fintech company on earth).

### Solution

tem has built the alternative energy transaction platform, replacing middlemen and inefficiency with AI. Their platform puts power back into the hands of people and lets businesses and generators transact energy directly and transparently for a fraction of the wholesale power price.

### Impact

tem’s vision is to become the trusted engine powering the world’s energy transactions. Today they are already processing £90m+ in direct transactions and powering over 1500 businesses who have switched from traditional utilities still tied to the wholesale market.

tem is held in Brunel’s Private Equity Cycle 2



## Votes to note



Unsurprisingly, AI continued to feature strongly during the 2025 proxy season, with proposals spanning board level oversight, transparency on algorithmic systems, and reporting on human rights related risks.

A recent analysis of 15 AI related resolutions showed that support now averages around 30%—almost double the 16% average support for broader environmental and social proposals in the 2024 proxy year. The stronger support for these resolutions reflected more sophistication in the drafting of the proposals and issues such as child safety and AI related advertising becoming core risk management concerns, as opposed to ideological debates.

Brunel supported two AI governance resolutions at large technology companies, voting **For** proposals that sought clearer accountability and transparency on AI-related risks.

- Alphabet, Brunel backed a request for a Human Rights Impact Assessment of AI-driven targeted advertising, focused on risks linked to systemic discrimination and privacy, and on transparency linked to new AI products, which received **14.5%** support, a positive level of engagement given the shareholder structure.
- Microsoft, Brunel supported a request for a report on its approach to managing risks in the development and use of AI, including data ethics concerns such as the use of personal information, copyrighted works and proprietary data in AI training and the due diligence applied to AI products and features, which received **13.4%** support.

In 2025

65

EOS core engagements on cyber security and AI

18

milestones progressed

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## Walking the talk



### Innovation in Stewardship: AI at Brunel

The **PRI and Thinking Ahead Institutes' 2024 report** issued a stark hypothesis: for stewardship to be effective across the industry, resourcing needs to double. For a lean stewardship team at an asset owner, meeting this expectation through headcount alone is often not feasible.

At Brunel, our embrace of AI was born out of necessity rather than R&D. However, due to the unknown nature of the technology at the time, our adoption was intentionally incremental. What began as a series of small-scale experiments to solve immediate bottlenecks has evolved into a reshaping of our stewardship capacity.

The following four case studies illustrate our chronological journey in deploying bespoke AI “bots” and Natural Language Processing (NLP) tools to free up human resource.

#### Stewardship report scanner

##### Reducing manual strain

**The challenge:** Identifying best-practice case studies for outcomes reporting required manually searching through dozens of our managers’ stewardship reports, a high-intensity, low-efficiency task.

**The solution:** We developed an AI Searcher to scan and thematically filter across 25+ major stewardship reports simultaneously.

**The outcome:** This allows us to aggregate and query the database, ensuring our reporting captures best practice whilst significantly reducing resource strain during drafting.

#### Voting guidelines scanner

**The challenge:** The stewardship landscape covers a vast range of complex, evolving issues. While the global investment industry possesses deep expertise across every niche theme, it is simply infeasible for a lean asset owner team to maintain a dedicated internal specialist for every subject. To ensure our voting guidelines cross-thematically reflected the most effective standards, we previously conducted manual, resource-heavy reviews of over 40 different sets of institutional and peer guidelines.

**The solution:** We deployed an AI bot to aggregate and synthesize these frameworks. The tool provides two useful functionalities:

1. **Commitment analysis:** It allows us to compare the strength and granularity of commitment levels across different themes.
2. **Automated benchmarking:** The tool self-updates its knowledge whenever a new iteration of a peer or industry guideline is released. →

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**Walking the talk cont.**

**The Outcome:** This allows us to calibrate our voting instructions by balancing high-ambition expectations with the practicalities of implementation across different themes. By synthesizing the market’s collective expertise, we ensure our voting guidelines is not just a theoretical “best practice,” but a pragmatic and potent tool for effective stewardship.

**Vote trend analysis**

**The challenge:** A key priority for Brunel is ensuring our stewardship voice remains consistent, regardless of whether a holding is managed actively or passively. Historically, identifying instances where different providers issued conflicting vote instructions for the same company was a manual and fragmented process.

**The solution:** We built a stewardship bot to analyse voting patterns across a dataset of over 50,000 rows of voting data. This allows us to move beyond individual issuers to analyse the dataset as a whole.

**The outcome:** By looking at the aggregate data, we can now surface high-level discrepancies in vote policy implementation that were previously invisible. This allows us to constructively challenge our active and passive voting providers on thematic implementation differences (e.g. increased votes against management for Auditor independence). These evidence-based dialogues drive greater consistency across our entire portfolio, ensuring that Brunel’s stewardship position is consistent, and effective.

**Manager engagement data**

**The challenge:** Collecting and aggregating engagement data from dozens of investment managers is a notoriously resource-intensive task. Historically, this involved a “triple-burden”: lengthy manual outreach, even longer periods of data hygiene (correcting errors and inconsistencies), and the final complex task of aggregation. For a lean team, this administrative “noise” often threatened to obscure the strategic insights, such as identifying which managers were failing to meet engagement milestones or where sector-wide risks remained unaddressed.

**The solution:** We have begun transitioning to a bot-managed process to oversee the data lifecycle. In this initial phase, we have successfully implemented:

- Automated outreach: The tool now serves as a digital coordinator, managing the complex schedule and tracking of manager submissions to ensure timely data delivery.
- Areas for further development: Embedded Data Hygiene (initial validation at the point of entry) and Rapid Aggregation (instantly synthesizing disparate reports into a unified dataset).

**The outcome:** The automation of the outreach management phase has made it significantly easier to stay on top of manager engagement data. It has also reduced manual errors, allowing us to spend more time scrutinizing the data itself rather than just getting the “ducks in a row” to begin the process.



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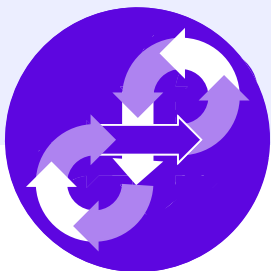
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# Circular economy



## WHAT

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

## HOW

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

Circular economy principles are central to managing both environmental risk and business resilience. Companies that rely heavily on finite resources, high-volume packaging, or complex supply chains face regulatory, reputational, and operational risks if material efficiency and waste management are not addressed. At the same time, adopting circular practices can enhance resource efficiency, reduce costs, and support long-term resilience, aligning with the interests of beneficiaries and the sustainable growth of underlying assets.

Our stewardship approach combines targeted voting with collaborative engagement, recognising that systemic circular economy risks demand both individual company action and sector-level coordination. Key areas of focus in 2025 were packaging and plastics, textiles and microfibre pollution, and governance and disclosure.

During the year, our circular economy stewardship has yielded measurable progress. Voting activity highlighted disclosure gaps and promoted awareness of packaging and plastics risks in high-volume retail, while collaborative initiatives such as the microfibre programme have provided practical tools, guidance and policy leverage to influence corporate behaviour.

Companies engaged have shown incremental improvements in transparency and governance practices, although shareholder support for circular economy resolutions remains limited, and broader adoption of sustainable practices across sectors continues to be slow. The work has nonetheless strengthened investor expectations and reinforced accountability.



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**Case Study:**  
Engagement on microfibre pollution led by First Sentier Investors

Microfibre pollution from textiles and household appliances is an increasingly recognised source of plastic pollution, with implications for marine ecosystems, biodiversity and long-term environmental risk. Addressing microfibre release requires coordinated action across product design, regulation and consumer-facing value chains, making it well suited to collaborative investor stewardship.

In 2025, Brunel Pension Partnership continued its participation in a multi-year collaborative investor initiative focused on reducing microfibre pollution. Activity during the year centred on two complementary strands: policy advocacy and coordinated company engagement, reflecting the systemic nature of the issue.

On the policy side, investors jointly engaged with the Department for Environment, Food & Rural Affairs (DEFRA) to encourage the integration of microfibre considerations into the UK's forthcoming Circular Economy Strategy. During 2025, DEFRA confirmed that the Strategy, including textiles and plastics roadmaps, is expected to be published in early 2026. This provided a clearer policy anchor for ongoing investor engagement and alignment with regulatory developments in other jurisdictions.

Alongside policy advocacy, investors coordinated engagement with a group of major washing-machine manufacturers, seeking improved approaches to managing microfibre release through product design, disclosure and alignment with emerging regulatory expectations. Engagement letters were issued during 2025 with agreed timelines for company responses.

The initiative also shared practical tools and guidance to support engagement, including materials from the European Environment Agency and the Marine Conservation Society, helping investors and companies better understand pathways to reducing microfibre pollution across retail and manufacturing activities.

Brunel participated as a signatory investor and contributor to engagement and advocacy activity, reflecting its broader stewardship approach to pollution, plastics and circular economy risks. With policy timelines clarified and coordinated company engagement underway, the initiative provides a platform for continued investor dialogue on microfibre management as regulatory expectations take shape in 2026.



**Case Study:**  
Global Investor Commission on Mining 2030

Mining is central to delivering the energy transition and broader economic transformation, supplying the metals and minerals required for electrification, renewable energy and digital infrastructure. At the same time, the scale of future demand heightens existing systemic risks, reinforcing the need for a more consistent and responsible approach across the sector.

In 2025, the Global Investor Commission on Mining 2030 marked a major step forward with the publication of its 10-Year Vision and Recommendations. Developed through extensive consultation with investors, mining companies and wider stakeholders, the Vision sets out a long-term pathway for aligning capital, stewardship and policy engagement in support of a more socially and environmentally responsible mining sector, while recognising the industry's critical role in meeting rising global mineral demand.

Against this backdrop, the Commission focuses on the need for clearer, more aligned investor expectations, improved market signals that reward credible improvement, and stronger institutional and policy frameworks to support responsible mining practices across jurisdictions and value chains.

This includes an emphasis on consistent investor expectations around how mining companies identify, manage and disclose material social and environmental risks over the full life of assets, including community impacts and mine closure.

*Brunel Pension Partnership remains a member of the Commission and supported the development of this shared investor blueprint.*

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**Case Study:**  
Reconomy

Reconomy is an international circular economy specialist, headquartered in the UK. The business operates within three main areas: (i) Recycle – allowing customers to achieve zero waste and create sustainable value; (ii) Comply – assisting customers with solving complex environmental regulatory challenges; and (iii) Re-use – providing retailers with circular logistics to deliver a sustainable returns experience.



*Reconomy is held in the Brunel Private Debt Cycle 2 portfolio*

**Case Study:**  
Blue Phoenix Group

Blue Phoenix Group is a leading player in waste recycling, providing critical circular economy infrastructure based in the Netherlands. They also operate in the UK and currently have 11 operational facilities processing over 1.4million tonnes of IBA (incinerator bottom ash) per annum. Energy-from-waste plants are a key UK government strategic solution for dealing with municipal solid waste and a more sustainable alternative to landfills.

*Blue Phoenix Group is held by Stepstone B Infra III/ InfraVia European Fund V, which is in the Brunel Infrastructure Cycle 3 portfolio and Brunel Infrastructure Cycle 2G portfolio*

**Votes to note**

At Walmart, Brunel voted **For** the shareholder resolution requesting a report on how the company could increase the scale, pace and rigour of its sustainable packaging efforts by reducing plastic packaging and removing misleading recyclability claims. The proposal asked for disclosure on reusable packaging initiatives, how packaging labelled as recyclable is assessed against credible standards, and actions to mitigate legal, regulatory and reputational risks linked to plastic use. The vote reflected the relevance of packaging risk for a high-volume retailer with significant own-brand and supplier packaging footprint. The resolution received **6.2%** support.

**In 2025**

**71**

EOS core engagements on circular economy

**15**

milestones progressed

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# Conclusions

Brunel began as a small team with big ambitions—and it has delivered on many of them. The ambitions reflected both the expectations of Brunel’s ten client shareholders and the nature of their responsibilities: local authorities and the Environment Agency already manage the real-world impacts of climate change, biodiversity loss, and social challenges, so treating these as fiduciary risks was both logical and necessary.

Building Brunel’s RI capability was a gradual but determined process. Clients invested time and resources, but more importantly, provided the ambition that drove progress across complex RI priorities. The mandate they set enabled Brunel to integrate RI risks throughout the investment chain.

If asked to distil the question of what has enabled Brunel’s ability to be a leader in responsible investment, climate and stewardship. There have been three essential ingredients:

- Strong and consistent client mandate for action, navigated by the pension fund officers across changing local, national and global political tides.
- Commitment, passion and willingness to put the extra effort to do things differently by every member of staff, strongly supported by our Board; and

- Working with asset managers, strategic partners and asset owner peers that were willing to work with us, innovate, change and share outcomes for the public good.

With this mandate for change and people and resources to act, what can we point to show we have achieved. The organisation committed early to Net Zero, targeting a 50% reduction by 2030, and developed a comprehensive suite of RI, Climate Change, Stewardship and Voting policies. It launched an RI Strategy, conducted two Climate Stocktakes, and embedded RI considerations across all asset classes, including pushing the boundaries of market expectations in private markets.

Alongside deploying available tools and products, Brunel has also been at the forefront, working collaboratively with managers and service providers, to create new ones (TNFD data at S&P, Net Zero in multi-asset credit, Paris-aligned indices) to address gaps. Eight years after FCA authorisation, the answer to whether our approach can deliver strong financial performance, cost savings and enhanced approach to managing climate and other responsible investment risk, is a clear, yes.

All ten LGPS partner funds within the Brunel Pension Partnership have a strong funding position, with improvements made across many.

- **£173m** in net cost savings, since inception, significantly beating expectations

- **33%** in private asset with best in asset classes RI and climate requirements
- **80%** of infrastructure assets contributing to sustainable outcomes
- **4,390** instances of positive progress on stewardship milestones on environmental, social, governance and strategy, risk and communication related matters over 2019–2025
- **54%** reduction in emissions exposure by 2024, cut reserves intensity by **92%**
- **Paris-aligned targets** covering all in-scope assets

Our progress still matters for its own sake: £35 billion of investments have been shaped by our partnership’s RI commitments and ambitions. But we have one last big ambition on RI.

**We want what Brunel has built and delivered to be borrowed, copied, repurposed and harnessed elsewhere, whether at asset owners or asset managers. Whether in targets, outcomes, impact, engagement, or industry and policy coordination, Brunel has proved what is possible. May that give others hope – and opportunity.**

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

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

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

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

Faith’s other roles include member of the Ethics Investment Advisory Group for the Church of England National Investing Bodies; member of Investor Advisory Group for ISSB; Member of the former Transition Plan Taskforce (TPT) Delivery Group and UK Green Taxonomy Advisory Group, as well as Co-Chairing the TPT working group focusing Adaption. Faith is also a Climate Ambassador for the National Federation of Women’s Institutes. Faith was awarded an MBE for services to pensions and the environment in 2025.



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

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

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

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

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

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**Chris van der Merwe**  
Responsible Investment Manager

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

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



**Oliver Wright**  
Responsible Investment Officer

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



**Thomas Lee**  
Responsible Investment Officer

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

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

Thomas holds an MSc in Political Economy of Emerging Markets from King’s College London and a BSc (Hons) in Finance from Queen’s University Belfast. He also holds a CFA Institute Certificate in ESG Investing and has passed the CFA Level 2 exam.



**Tasha Pascal**  
Executive Assistant

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

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

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

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

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| <b>Institutional Investor Group on Climate Change (IIGCC)</b>                              | <p>A forum for collaboration by institutional investors on the investor implications of climate change.</p> <p>Brunei sits on the Board of IIGCC as Chair as well as participating in a number of advisory groups.</p>   |
| <b>International Corporate Governance Network (ICGN)</b>                                   | <p>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.</p>   |
| <b>International Sustainability Standards Board (ISSB)</b>                                 | <p>ISSB aims to deliver a comprehensive global baseline of sustainability-related disclosure standards that provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities to help them make informed decisions.</p> |
| <b>Investment Association (IA)</b>   | <p>The Investment Association is the trade body that represents UK investment managers. Brunei sits on the Climate Change Working Group.</p>   |
| <b>Investors for Purpose</b>   | <p>Investors for Purpose is a collaborative initiative of impact managers, pension funds, social enterprises and others involved or interested in impact investment. A member of Brunei's executive is also on the Board.</p>  |
| <b>Local Government Pension Scheme (LGPS)</b><br><b>Local Government Association (LGA)</b> | <p>National voice of local government, working with councils to support, promote and improve local government. Brunei work collaboratively with LGA on supporting the LGPS and policy advocacy.</p> <p>In 2025 Brunei Chaired the LGPS Cross Pool RI Group.</p>                                |
| <b>Mining 2030 - Global Investor Commission</b>  | <p>The Global Investor Commission on Mining 2030 is a collaborative investor-led initiative seeking to define a vision for a socially and environmentally responsible mining sector overall by 2030, and to develop a consensus about the role of finance in realising this vision.</p>        |

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| <b>Pensions and Lifetime Savings Association (PLSA)</b>              | <p>Primary Pensions industry body for UK.</p>  |
| <b>Principles of Responsible Investment (PRI)</b>                    | <p>United Nations-supported and investor-led global coalition promoting the incorporation of environmental, social and governance factors. Brunei was the first LGPS Pool to join. Brunei is a member of several working groups and initiatives including The Future of Responsible Investment (FORI) and Global Policy Reference Group.</p>   |
| <b>ShareAction</b>   | <p>Charity that promotes responsible investment and gives savers a voice in the investment system.</p>   |
| <b>Transition Finance Council</b>                                    | <p>The Transition Finance Council convenes key stakeholders to serve as a monitoring and accountability mechanism for the TFMR recommendations and support continued engagement, capacity building, collaboration, and international engagement on transition finance, with the aim of scaling a robust transition finance market in support of UK and global net zero ambition.</p> |
| <b>Transition Pathway Initiative (TPI)</b>                           | <p>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. Brunei sits on the Board and Advisory Committee of TPI.</p>  |
| <b>UKSIF (The UK Sustainable Investment and Finance Association)</b> | <p>Membership organisation for those in the finance industry committed to growing sustainable and responsible finance in the UK.</p>   |

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## Looking ahead

In April 2025 we were notified that, following the government’s Fit for the Future review, the Pensions Minister and Local Government Minister were directing Brunel’s clients to join a different LGPS pool, bringing to an end Brunel’s highly successful operation. In September 2025, our clients announced which pools they intended to join, and work commenced on supporting their departure. For more information, please see our latest Annual Report and Financial Statements, published on our website. Please also access our website to find our latest reports, news and insights.

Please note that all information in this report reflects the reporting period of 1 January 2025 to 31 December 2025.

Due to Brunel’s future wind-down, any questions regarding this report will need to be directed to LPPI, LGPS Central, London CIV, or one of our clients.

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