

Climate Change Progress Report 2026

Reporting how Brunel has progressed against our Climate Change objectives in 2025.

Meeting the requirements of

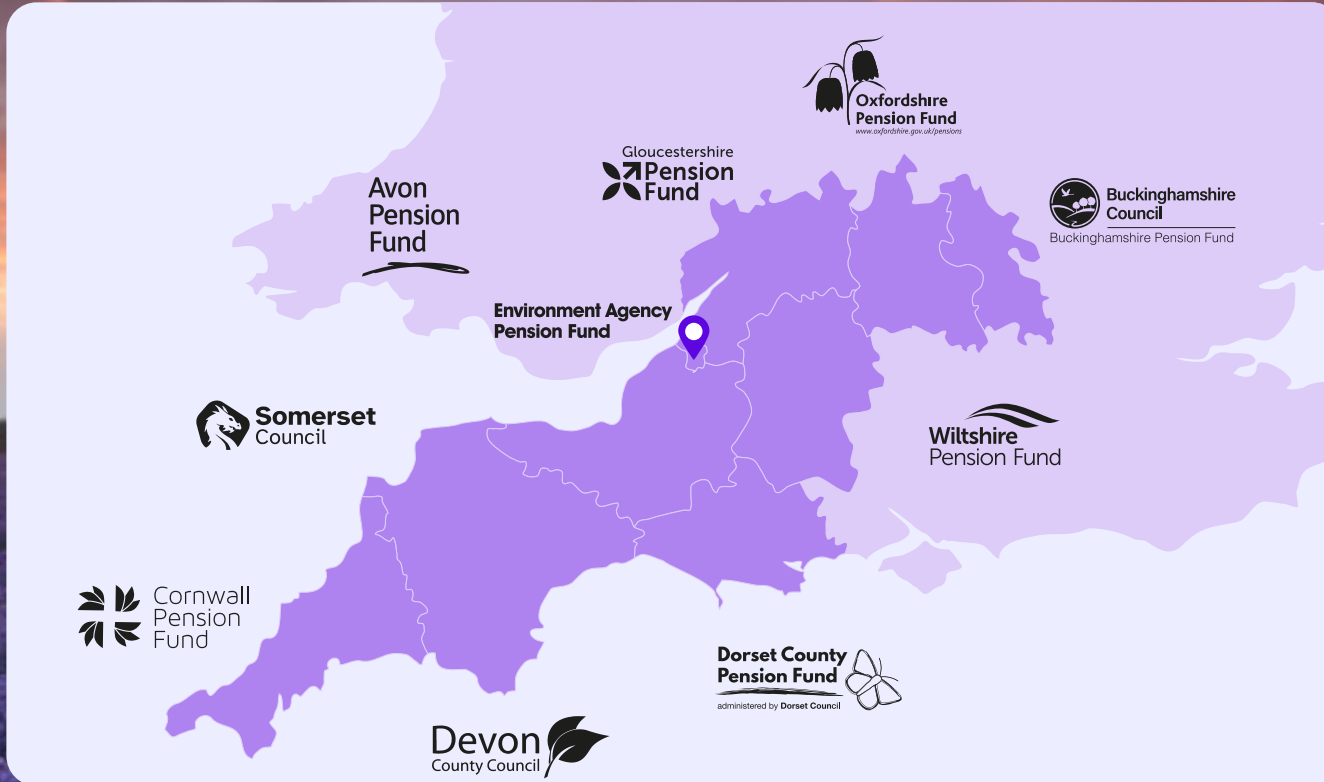
TCFD | TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



This report reflects data gathered and progress made in the year beginning 1 January 2025 and ending 31 December 2025.

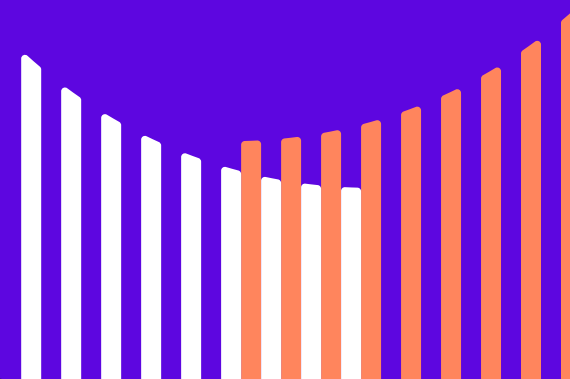


Forging better futures by investing for a world worth living in



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

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



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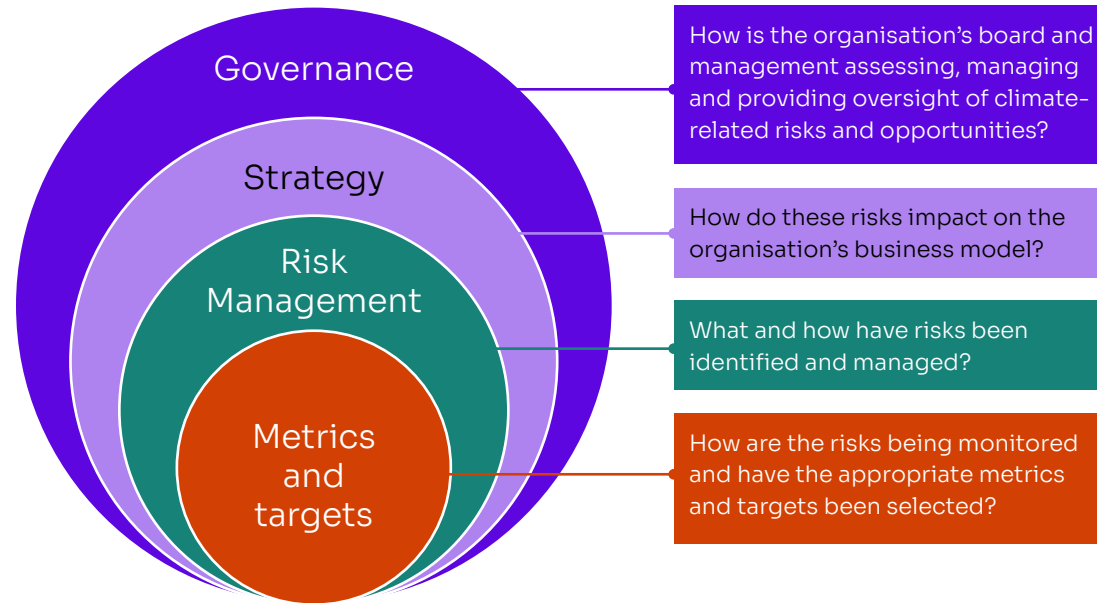
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Our mission, **to invest for a world worth living in**, encapsulates our commitment to embed Responsible Investment (RI) into everything we do.

This report provides an update on the spectrum of activity we have undertaken to support our Climate Objectives. It encompasses both our TCFD Entity Report requirements and reports on progress against our Climate Change Policy 2023-30, which fulfils the asks of the Paris Aligned Asset Owner Commitment.

Within this report, we consider the ways climate is integrated across Brunel



Hopefully this report goes some way to demonstrating how Brunel's climate programme is a transferable model. Pairing ambition with practical implementation, transparency, and accountability, our aim is for it to be borrowed, copied, repurposed and harnessed elsewhere.

Faith Ward MBE

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A word from our CEO



Laura Chappell
Chief Executive Officer

2023–2025 marked the first three-year period in which recorded global temperatures averaged more than 1.5C above pre-industrial levels, according to data published by the UK Met Office. 2025 also saw ocean heat hit a new high for the ninth consecutive year (since records began 65 years ago). Natural disasters accounted for £334 billion of economic losses, according to MunichRe.

Brunei's preparation for wind-down makes this our final Climate Change Progress Report. Through 2025 and the years since our founding, we treated climate change as a material fiduciary risk that we must account for in our investment decisions. But our strapline also highlights the direct relevance of that risk to the quality of members' retirements: Forging better futures by investing for a world worth living in.

We have always viewed our own climate-related initiatives as a way of setting a useful example for industry and policymakers alike, whether in the UK or worldwide. We have also adopted an integrated approach to managing climate risk, so that it shapes not only portfolio construction, manager appointment, engagement and stewardship, but also

our internal practices as a company. Consistency and accountability have been crucial to our impact.

This year has seen our second Climate Stocktake, holding ourselves accountable for the difference we promised to make. The independent evaluations have been included within this report alongside our own reporting, demonstrating our commitment to transparency. The real-world outcomes of our activities are impressive to see at this three-year view. With our partner funds intrinsically involved in the process, it has shown how we have delivered for their members against our climate change policy.

We have leveraged our unique position in the industry to address and manage systemic risks. This report provides an update on our progress against our targets and showcases the various ways we collaborated with asset managers, holdings, and industry peers. Our activities included supporting climate change mitigation, green energy transition projects, and enabling investments that make a positive impact.

Externally, we drove progress through collaborations, such as co-authoring the Asset Owner Statement on Net Zero Asset Managers – by March 2026, signatories represented more than \$3.7 trillion in AUM. Our influence on policy was demonstrated in part through our involvement in the Institutional Investors Group on Climate Change and the Transition Finance Council.

We consistently exceeded regulatory expectations, and this report has gone beyond TCFD requirements, highlighting our achievements and measuring them against the targets set in our Climate Change Policy 2023–30. Our enhanced methodologies and expanded data sets in our Climate-Related Product Report have provided valuable insights for our partner funds and supported informed discussions at pension committee meetings.

In 2025, the value of our work was recognised at the Europe-wide IPE Awards and IPE Transition Awards in multiple categories: ESG Strategy; Stewardship Campaign & Strategy; Transparency & Communication on Transition Strategies. Despite all we faced as a partnership, we continued to deliver and progress on our climate commitments.

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System lead change: The Transition Finance Council (TFC)

The Transition Finance Council (TFC) was co-launched by the City of London Corporation and HM Government in February 2025. The purpose of the Council is to drive forward the roadmap and recommendations set out in the Transition Finance Market Review and to establish the UK as the global hub for raising and deploying transition finance.

The Council's aim is to leverage the UK's existing strengths to become the best place in the world to credibly raise transition capital, invest, and obtain financial and professional services in support of UK and global net zero ambitions.

The Council includes representation from the financial and professional services sectors, real economy, government, regulators, standard setters, and civil society.

The Council is led by Chair the Rt Hon. Lord Alok Sharma KCMG, and Deputy Chair Irem Yerdelen, Lead Member for Sustainable Finance at the City of London Corporation. Faith Ward is Chair of the Working Group for Scaling Finance. Faith is focused on advancing the Council's mission to transform the economy through effective and efficient climate transition, with particular attention to hard-to-abate sectors.

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TCFD Compliance statement

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

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

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

Laura Chappell

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Paris-Aligned Asset Owner Commitment Statement

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

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

In this context in 2025 Brunel Pension Partnership committed to the following, in line with our fiduciary obligations:

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

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

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



Laura Chappell

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We manage more than we can measure

This report provides information about the approach Brunei takes to climate change matters and the strategic objectives of the business. It is recommended that this report is not read in isolation. It is recommended that this report should be considered alongside the Climate-related Product report, which is designed to provide detailed metrics and information regarding individual Listed Markets portfolios.

Unless otherwise stated the metrics shown in this report relate to our Listed Markets portfolios.

Brunei’s approach to managing climate-related financial risks covers all our investments, and we have made considerable progress across all the asset classes we invest in by expanding the coverage of targets across all our assets under management (AUM).

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

We seek to manage climate risk in each and every portfolio, as well as in our own operations, but we are not in a position to quantitatively measure and report progress in all these areas.

We prioritise the disclosure metrics for our listed equities and corporate bonds, as this represents the highest proportion of our assets under management (AUM).

Key areas of progress in 2025

- Our TNFD gap analysis provided insights on deforestation and water risk profile analysis, Creating decision useful information for our partner funds.
- Our climate stocktake process ran through much of 2025, with extensive desk research, partner fund workshops and presentations. The careful evaluation of our climate-related progress has added rigour to the evaluation of the year. Evaluations and more information from the report are included throughout this report
- Enhancing our policy advocacy, including a huge focus on work with the Transition Finance Council and the network of influence provides, as allowed us to increase our impact. Extensive consultation work has also driven our agenda
- Bringing voices together, we hosted a roundtable of asset owners amplifying their voices to policymakers, in this instance on corporate reporting and transition planning engagements

Since setting the target in 2023 we have increased the coverage of Paris-Aligned targets across our AUM from around 50% to 100% of in-scope assets, which represents about 92% of our total AUM.

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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 der Merwe at the IPE Transition Awards 2025

Brunel wins:

Carbon & Net Zero Strategies and ESG Strategy at the IPE Europe Awards, December 2025

Stewardship and Transition Strategy at the IPE Transition Awards in June 2025



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

Forging better futures by investing for a world worth living in

Meeting our fiduciary duties to our partner funds, by efficiently managing their LGPS funds on behalf of their members, is our priority and goal. With our vision guiding on the why and how we do what we do. Our dynamic strategy allows us to navigate the pace of change, whether this be global, national, industry-wide or internal, whilst prioritising returns through Responsible Investment (RI).

We take a long-term view of our fiduciary duty, as do our partner funds, so investing responsibly is essential to meeting that duty over the long-term that pensions necessitate. We believe that integrating environmental, social and governance (ESG) risks is fundamental to successful long-term performance.

Responsible Investment approach

“We aim 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.”

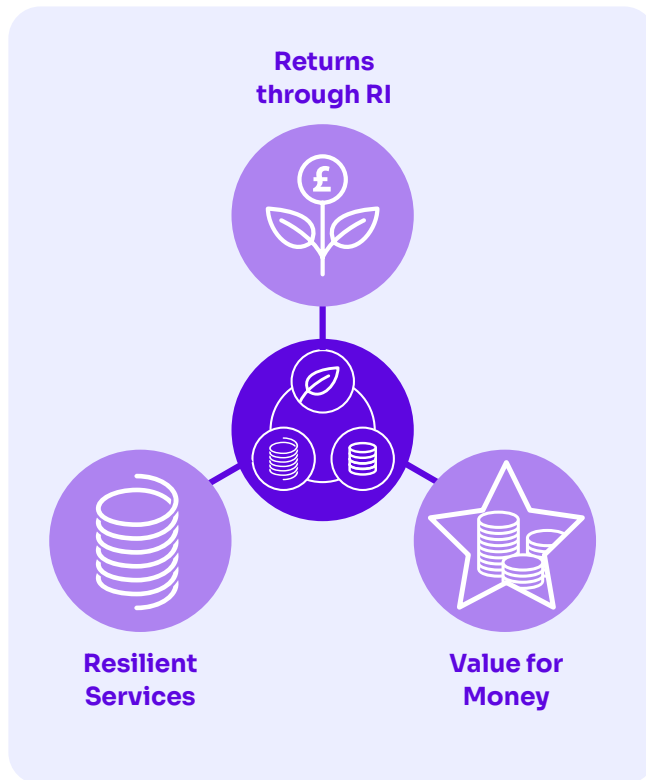
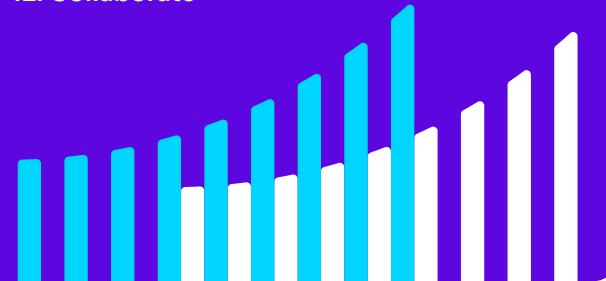
We firmly believe that as responsible stewards of capital, we must act, invest, and encourage others to act. This requires us to invest responsibly. We consider a wide range of impacts, risks and interdependencies, many outside of the traditional purview of financial analysis. But they are financially material when properly assessed and understood. This approach has led to our seven RI priorities, which underpin all our actions.

Efficiency of resources is important for a small and dynamic organisation, so we leverage every opportunity to influence change. Managing systemic risk is a key, and impactful, way to focus on our priorities, and where possible we seek to collaborate and amplify our voice to drive change as part of wider engagement.

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

Brunei 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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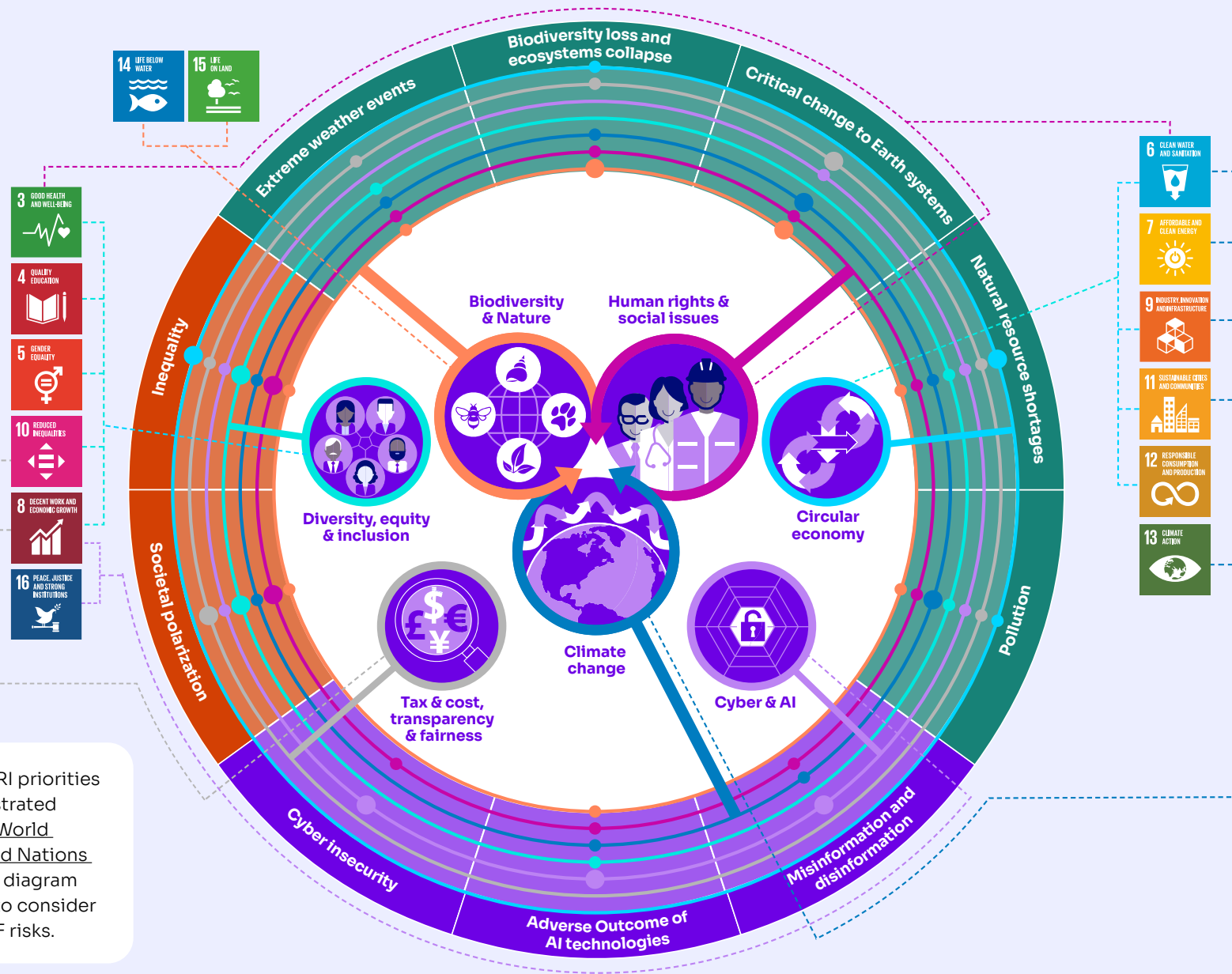


World Economic Forum long term (10yr) Global Risks

- Environmental
- Societal
- Technological



- Significant connection
- Connection



This diagram demonstrates how our RI priorities fit with key systemic risks, as demonstrated by the Global Risks identified by the World Economic Forum, as well as the United Nations Sustainable Development goals. This diagram is reviewed and evaluated each year to consider the links from our strategy to the WEF risks.

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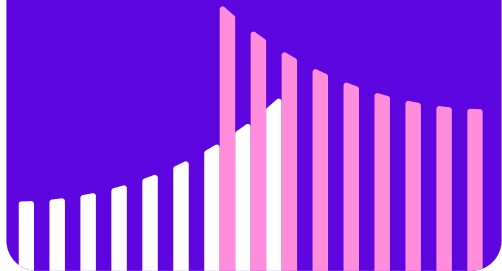
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We believe RI extends to our own operations (buildings, travel, people, and so on), as well as portfolio implementation and responsible stewardship. We apply the same expectations to our own operations as we do of the companies and assets in which we invest. Our Operational Risk section provides details about how this translates to a day-to-day section.



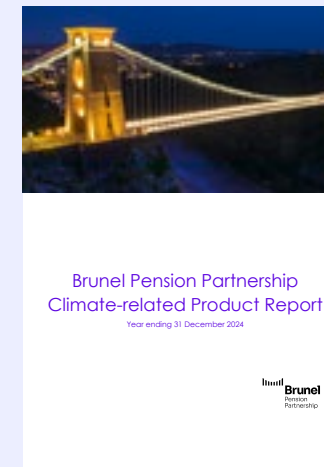
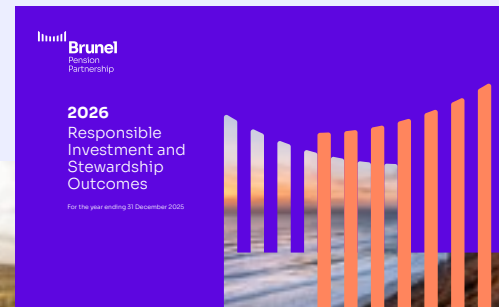
Finding out more

As transparency is a key part of Brunel, we make as much information as we can available.

Our [website library](#) hosts easily accessible documents about us, as well as our Responsible Investment and Climate activity.

These documents can help you find out more.

- 2026 Responsible Investment and Stewardship Outcomes Report
- Climate Change Policy 2023-30
- Climate-related Product Report
- Annual Report & Financial Statements
- Climate Metrics Reports



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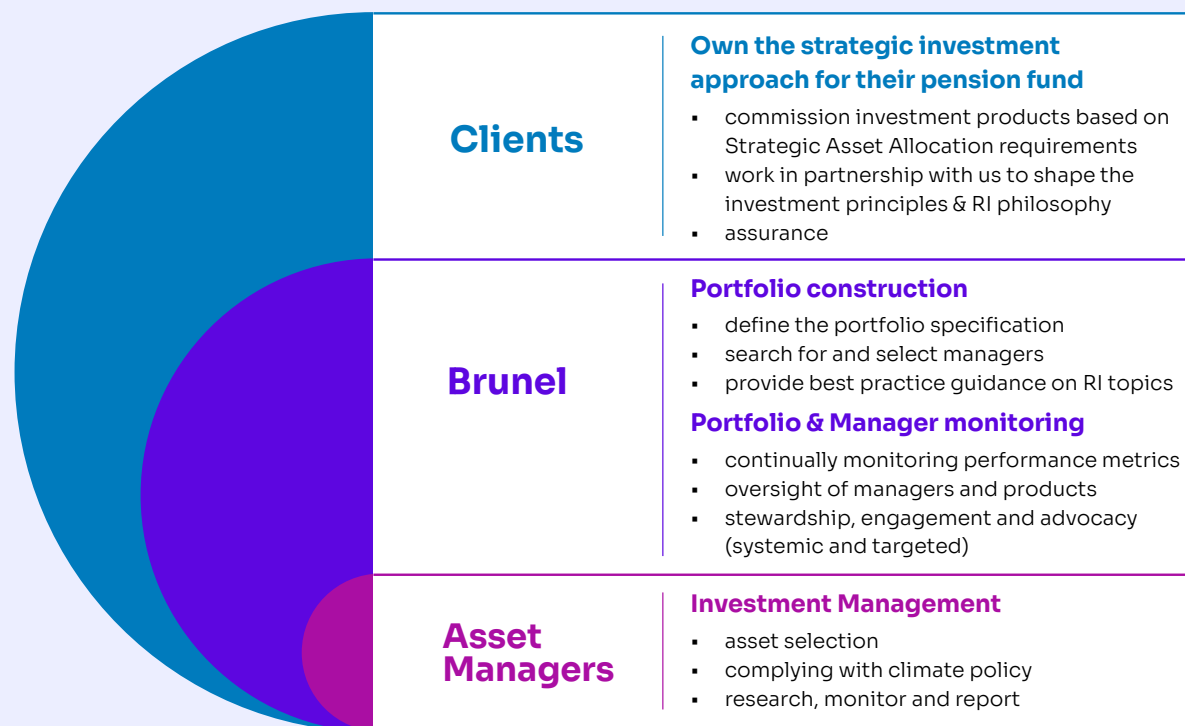
An unusual business model

As a UK Local Government Pension Scheme (LGPS) pool Brunel holds an unusual place in the financial industry. Even more so as 2026 sees our partner funds moving to other pools. Brunel is being wound up as part of the government's Fit for the Future review.

Brunel spans some of the responsibilities associated and linked with an asset owner, and others of an asset manager – yet isn't strictly either of these

things. Below is an overview of where some of the key responsibilities and accountability lay.

This distinction plays out to what is or isn't included within the reporting in response to the recommendations of the FCA and TCFD. The below diagram goes some way to explain why some elements are not within the control of Brunel and therefore not reported against.



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Governance

We, along with our partner funds, believe that managing climate-related risk is a fundamental part of our fiduciary duty, so it is treated as the highest level of risk – a principal (level 1) strategic risk, owned by the Chief Executive Officer. As part of Brunel’s overall strategic risk framework it also has oversight from Brunel’s Audit, Risk and Compliance Committee.

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

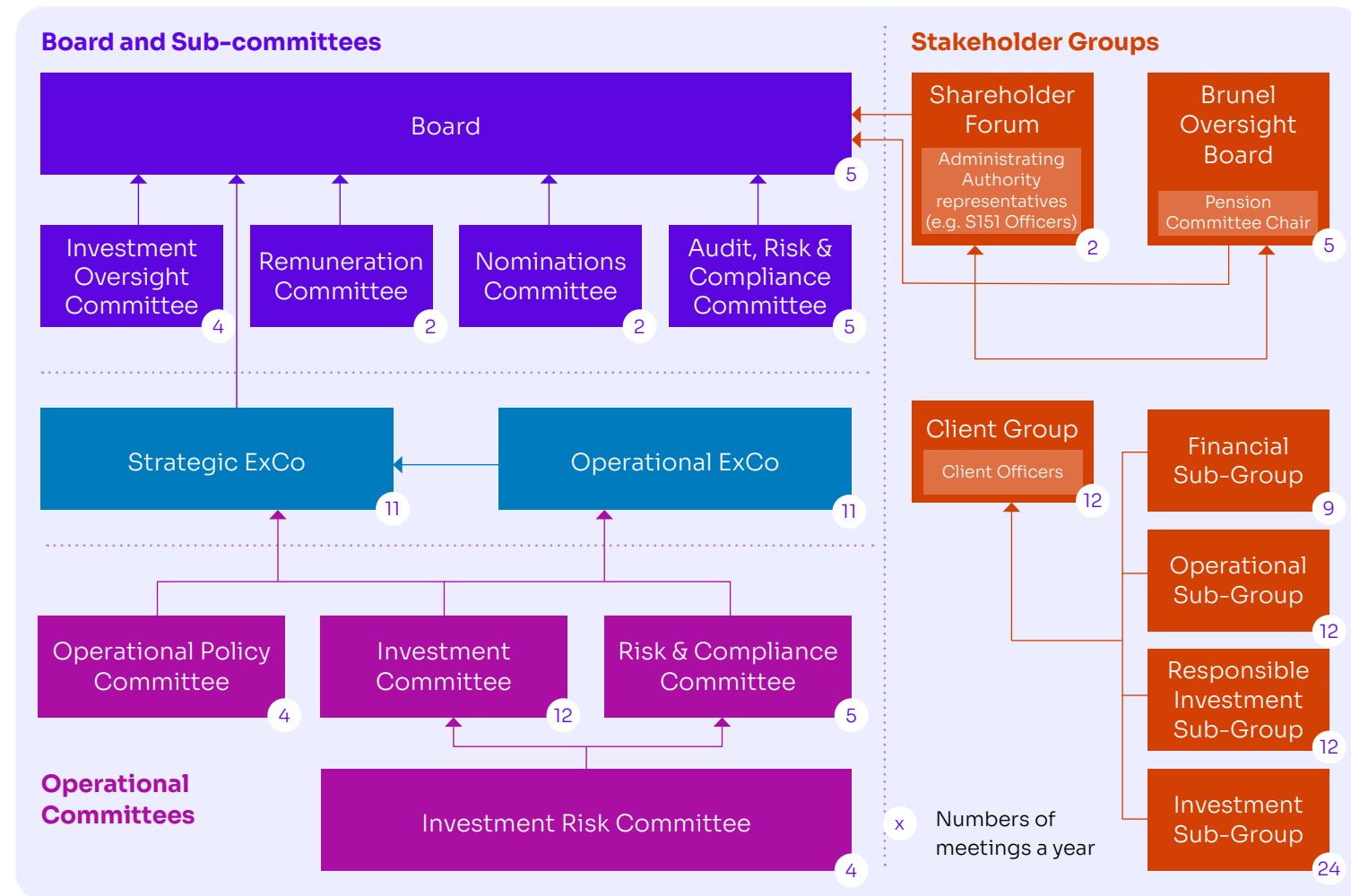
Our Climate Change Policy and strategy are approved by the Brunel Board and our partner funds. Strategic accountability sits with the Brunel Board and Investment Oversight Committee with operational accountability sitting with our Chief Responsible Investment Officer and oversight from the Brunel Investment Committee.

Responsibility for implementation of our climate change policy is diversified across the business, with all members of staff having a high level of awareness and responsibility for climate, and wider ESG risks, as they relate to their roles.

Ultimately our (Interim) Chief Investment Officer is responsible for ensuring the integration of climate risk into portfolio construction, implementation and overall investment decision-making.

The investment team all have an explicit responsibility for the implementation of our RI objectives, including climate risk.

Personal development focusses on maintaining and building this knowledge, including Chartered Financial Analyst Institutes’ (CFA) UK ESG and Climate modules.



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As well as internally facilitated sessions with experts offered to the whole organisation. For those who are senior managers under the Senior Managers & Certification Regime (SMCR), their statements of responsibility include climate, Net-Zero and wider RI competency requirements.

As a partner fund led organisation, the views of our partner funds is essential to our governance. Partner fund interactions and inputs to key decisions are detailed in the above diagram, focussing on those around climate risks and opportunities. The Partner fund Responsible Investment Subgroup, meets monthly, and provides an in-depth opportunity for dialogue around partner fund needs and expectations around climate. Brunei has a dedicated Responsible Investment team of investment professionals who support the Brunei Investment Team and lead on engagement and stewardship activities. For further detail of our Responsible Investment approach, see our annual [Responsible Investment and Stewardship and Outcomes Report](#).

Our governance framework applies and is used for all climate-related decisions at both a systemic and portfolio level. We don't take a materially different approach to any of our asset classes or portfolios. Our philosophy applies to our systemic industry influence, as well as across all portfolios. As far as is practical we are consistent across all asset classes. However, we acknowledge that a pragmatic perspective is also necessary, with some asset classes lagging behind others with available data or systems.

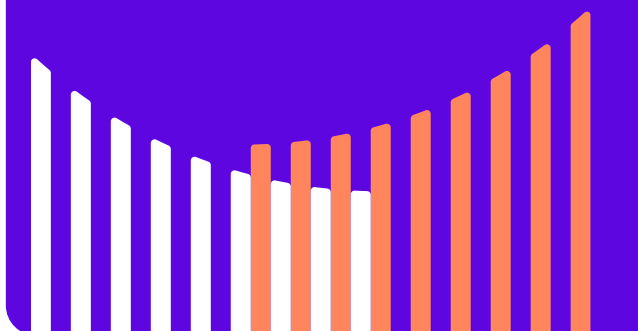
More details about the governance framework, and how it influences decisions making is given in the later risk section.



Josh Brewer
Oxfordshire Pension Fund
Chair of the Responsible Investment Sub-Group

A climate legacy

I have been most proud of 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.



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Climate Change beliefs (Climate Change Policy 2023-30)

We believe that:

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

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

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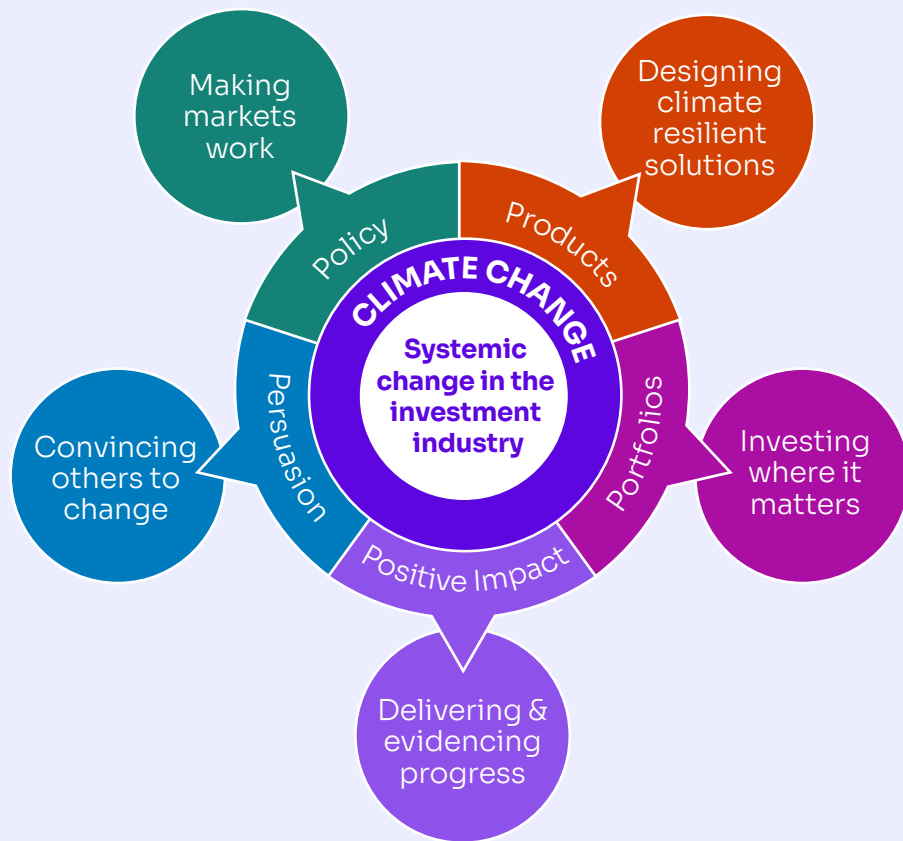
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Policy	Encourage policy makers to establish comprehensive and robust climate change policy frameworks. These need to deliver significant reductions in greenhouse gas emissions, accelerate progress towards the low carbon economy, and enable effective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

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Climate Change Strategy 2023-30

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

We work in partnership with others, enabling our partner funds to be agents of change and aligning ourselves with international efforts, to catalyse change in the financial system at scale.

Our Climate Change policy, first published in January 2020 and updated in 2023, centres around five priority areas: Policy Advocacy, Product Governance, Portfolio Management, Persuasion, and Positive Impact. Our five priorities are interrelated and overlap in places, which is expected. Our actions or ability to deliver a target may be constrained by policy, regulation, or market environment but this won't curtail our ambition. We will always be transparent and explain the steps we take to overcome barriers to progress.

The refreshed strategy in 2023 was a result of our Climate Stocktake, a detailed evaluation of the policy's progress. We have repeated this exercise in 2025, the evaluation has been shared throughout the document, supplementing our own evaluation of our progress. More information is on p34. Using the output of the Climate Stocktake we were scheduled to update our Climate Policy in 2026, bringing in more nature related risks, instead, as with other aspects we have shared our best practice and learnings with the destination pools and our partner funds.

How we approach...

Climate change impacts all of our investments, to ensure that we are applying our policies in an appropriate and equitable ways, across investments and assets classes, we have developed consistent Brunei approaches to key topics.

Viewing climate related risks – a timeframe

We consider timelines from an action perspective; this helps us focus our actions to prioritising risks to maximise impact. Time horizons that have a bearing on the actions taken to manage climate related risks vary across asset classes, most particularly when comparing listed portfolios, where the liquidity enables us to continue to adapt, to those in our private markets where some of the asset allocation decisions taken today will be in the partner fund portfolio for the next 20 years and beyond.

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

Investment action orientated timeframes:

Short term – present day to 2030

Medium term – 2031- 2040

Long term – 2041 – 2050 and beyond

Offsets

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



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We advocate strongly for the regulation of the voluntary carbon market to enable the use of offsets to play a credible role in the transition to a Net-Zero economy. However, in doing so we know that the current state of the market isn't ideal and support the application of the Oxford-Principles-for-Net-Zero-Aligned-Carbon-Offsetting, both by the companies in which we invest, but also investments into assets that contribute to the carbon market.

As with other of our climate ambitions, it is an area that requires systemic change. In working with the other investors, we are trying to encourage and stimulate action towards the creation of an effective and regulated carbon market.

Scope 3 GHG emissions

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

Disclosure of scope 3 emissions is essential as;

- It can often represent as much as 80-90% of the total emissions for a company
- It allows more equitable risk assessment between companies that are vertical integrated versus those who outsource (thereby reducing their direct footprint and potentially looking misleadingly less risky)

- Its absence could lead to misallocation of capital by governments, corporates and investors
- Its absence could lead to misrepresentation of climate alignment

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

Our approach to Scope 3 GHG emissions is part of all 5 points of our climate strategy and all asset classes, in summary:



Policy	Ensure a clear ask for mandatory scope 3 disclosures, particularly by high impact companies. Advocating for International Sustainability Standards Board (ISSB) (S1 and S2) adoption by governments to create a globally consistent baseline, supported by the mandating of transition plans, starting with large, high impact companies and banks.
Products	The disclosure of material scope 3 emissions and related target setting are already components of our asset alignment criteria. Critical to its effectiveness to drive decarbonisation is to call for greater harmonisation of methodologies to enhance credibility of the data and analysis.
Portfolios	Brunel already includes portfolio level scope 3 data for first-tier direct supply chain emissions but will seek to enhance data and analysis of a wider range of relevant emissions in our climate-related product reporting.
Positive Impact	Proactive investment in climate solutions, supporting energy transition and other innovations that reduce the climate impact of products in use and supply chain emissions e.g. electrification of transport and regenerative agriculture.
Persuasion	Enhance the precision of the ask on companies and assets on which categories of scope 3 GHG we view as material. Seek to improve directly held listed assets in high impact sectors and our largest IT companies (see targets below). Scope 3 GHG disclosures and targets will continue to form part of escalation and voting strategies.

Details of how this has progressed against target is detailed in our Implementation and targets section on p38.

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Potentially Stranded Assets

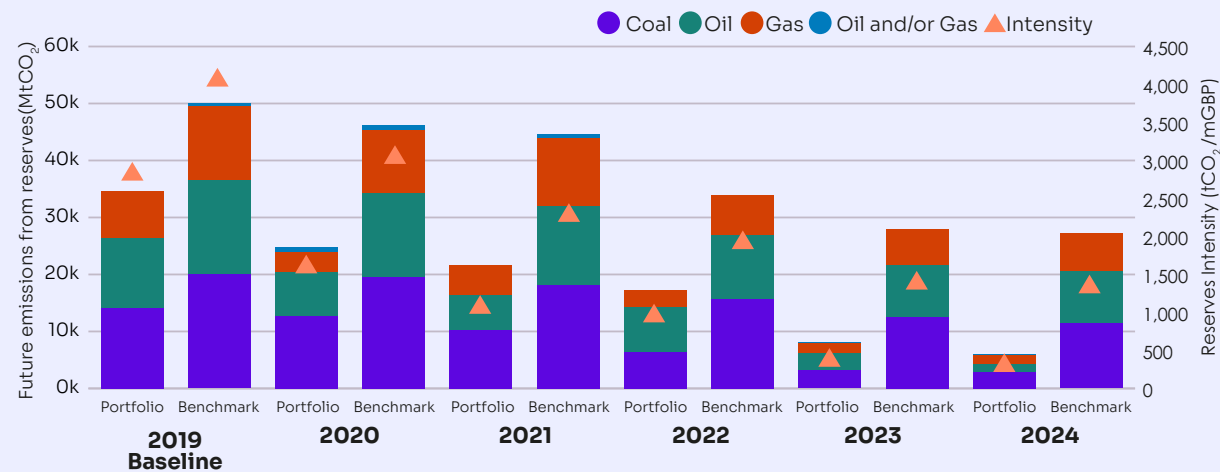
Identifying exposure to business activities in extractive industries allows us to assess the potential risk of ‘stranded assets’. Those assets that may suffer premature write-downs and even become obsolete due to changes in policy or consumer behaviour.

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

When compared to the baseline universe of 2019, Brunei has achieved a 92% reduction in reserves intensity (this accounts for shifts in asset allocation and between fossil fuels, e.g. coal has a higher intensity than oil).

The chart on the right illustrates the changes and summarises the key drivers.

Brunei Aggregate Future emissions from reserves



As at December 2025.

The above decline has been achieved through:

- decarbonisation of the reported Brunei portfolios
- asset allocation changes between portfolios (due to partner fund investment decisions)
- additional Brunei sub-portfolios launched in 2021 (FTSE Russell Paris-aligned benchmark series)
- Methodological distinctions switching from S&P Trucost to S&P Capital IQ
- Currently, the Brunei Aggregate Portfolio is less exposed to both fossil fuel revenues (0.58% vs 1.56%) and future emissions from reserves (7.46 MtCO₂ vs 27.2 MtCO₂) than its custom benchmark.

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Exposure to fossil fuel activities

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

The graph illustrates the revenue exposure breakdown of fossil fuel related activity in the aggregate of Brunel’s Listed Market portfolios (including index tracking funds) and the benchmark as at end December 2025. Our exposure is significantly below the benchmark in all areas.

The largest contributor to Natural Gas Power Generation revenues is NextEra Energy, while Shell is the largest contributor to crude petroleum and natural gas extraction revenues. NextEra Energy has made and

continues to make significant investments in renewable energy and storage projects; it is already the largest corporate generator of renewable electricity in the world, implying substantial climate benefit.

In 2024, following extensive partner fund consultation and a formal approval process, Brunel now makes limited use of activity-based exclusions. This applies to companies for whom stewardship tools cannot affect enough of a change away from the activity engaging.

Revenue

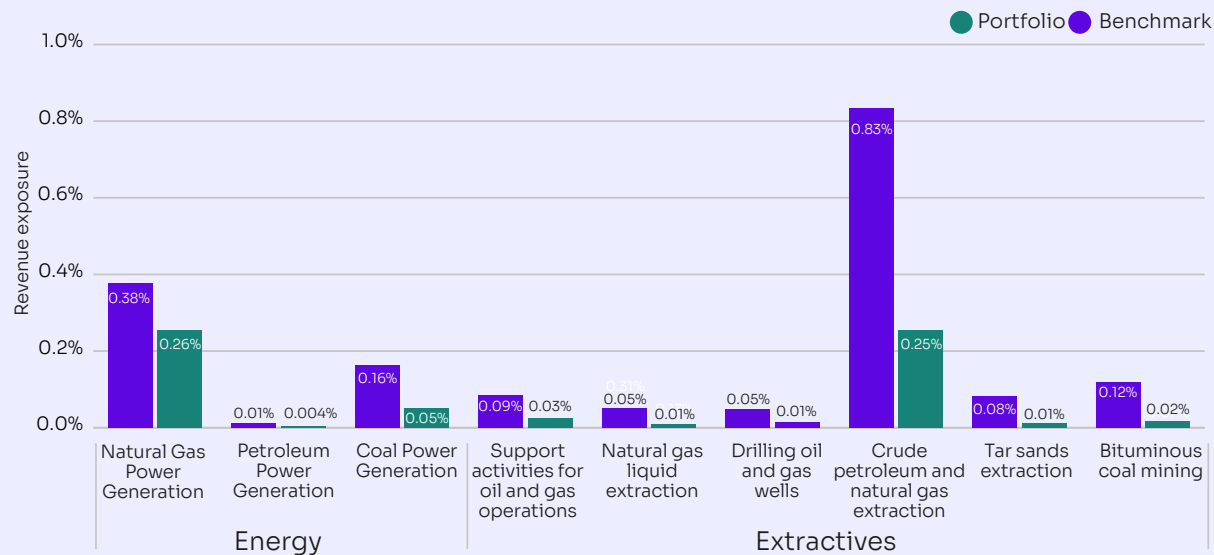
Where most of the company’s revenue is focused on an activity that is often deemed controversial, and there is limited capacity for diversification; these companies can be defined as pure-play focusing primarily on a single product or service area.

From a climate perspective these apply to:

- Thermal Coal Extraction revenues equal or greater than 50%
- Oil Sands Extraction revenues equal or greater than 25%
- Tobacco Production revenues equal or greater than 25%

These activity-based exclusions are applied to our active segregated listed markets portfolios, although similar restrictions exist for the Paris aligned index series. Additional, non-climate-related, restrictions also apply across our portfolios.

Revenue Exposure Breakdown of Fossil Fuel-Related Activity – December 2025



As at 31 December 2025.

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Fossil fuel-related activities

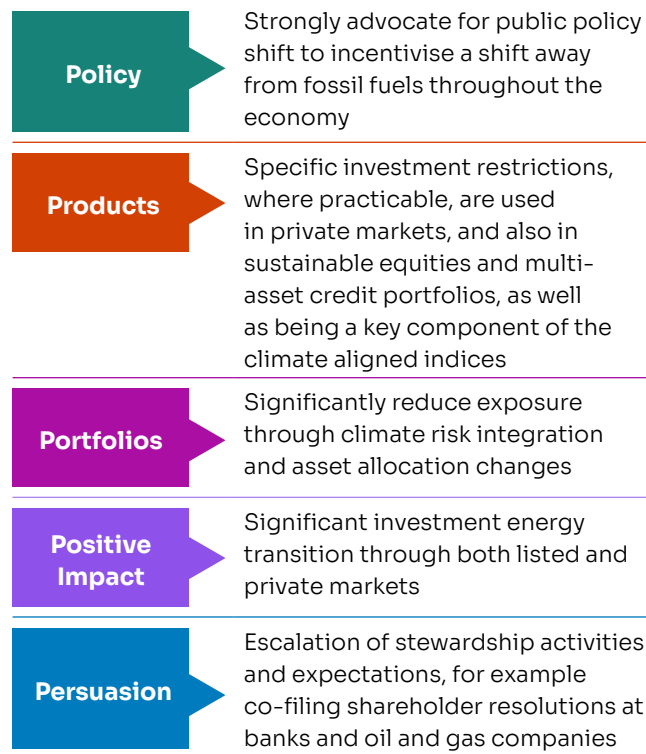
The International Energy Agency (IEA) World Energy Outlook 2025 showed electricity demand growing at twice the pace of total energy demand, although it is great to know that most of the increase is being met by low-emissions sources a significant amount is still driven by fossil fuels.

The IEA utilised the Stated Policies Scenario (STEPS). STEPS takes into account the measures that have been, or are in the process of being, implemented in order to achieve announced energy and climate policy goals. The STEPS scenarios models peak emissions from fossil fuels are expected by 2030. In this scenario, coal demand begins to decline around 2025, while oil and natural gas demand both peak towards the end of the decade. The fossil fuel share of total energy supply declines to 75% by 2030 and below 60% by 2050. In the IEA Net Zero scenario all fossil fuels decline from today, making up less than 65% of total energy supply by 2030 and around 15% by 2050.

More information about the IEA’s [Updated Roadmap to Net-Zero Emissions](#) and [World Energy Outlook](#) and STEPS can be found on the [IEA website](#).

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

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



Deforestation

Biodiversity & Nature is one of our three key Brunei RI priorities. One of the material issues within this is deforestation. Working with Hermes EOS, deforestation risks are considered within engagement activities and voting decisions, informed by company performance in Forest 500. In addition to engagement with companies, we have contributed to wider policy development as a member of the Investor Policy Dialogue on Deforestation (IPDD).

During 2025 we completed an assessment of our exposure to deforestation risks across its portfolio, (See p29). This would have informed development of a deforestation policy, of clear expectations for both companies and asset managers in relation to deforestation, and of metrics to measure progress. The outputs and approach discussed have been shared with the destination pools of our partner funds. We hope this work will continue to have an impact, strengthening approaches to managing deforestation, conversion and associated human rights risks.

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Risks & opportunities

Brunel climate-related strategic risks and opportunities

Our belief that climate-related risk is a fundamental part of our, and our partner funds, fiduciary duty is rooted in the fact that climate change is a foreseeable and materially significant financial risk. We are exposed to the risks and opportunities presented by climate change adaptation and mitigation – effectively managing these impacts is essential.

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

We offer our partner funds investments that directly support the low carbon transition and enable effective adaptation to the unavoidable impacts of climate change.

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

The differing needs reflect our overarching priority to affect real-

world change. We therefore focus on systemic change and pride ourselves on being a leader in RI. Whilst we relish the opportunities to support the low carbon transition, we also acknowledge the catastrophic impact of inaction, by governments and society.

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

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

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

Sources of risk

Risk source	Risk description
Market and Reputational	Failure to manage climate risk through poor awareness and responsiveness over how climate risks will impact on markets, our operations, managers and portfolios and, by extension, our partner funds
Regulation and Technology	Failure to anticipate and effectively manage changes in the market context in terms of regulation, disruption, best practice, innovation and demand – both top-down in terms of product governance, and bottom-up in terms of the impact on individual asset managers and investments
Partner fund and product	Failure to provide portfolios that effectively respond to climate risk in the context of partner fund investment objectives, potentially undermining the objectives of pooling
Physical	Failure to ensure operational resilience
Partner fund and Human Capital	Failure to retain partner funds, attract talent and positively impact industry behaviour, due to mismanagement of all the above risks

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

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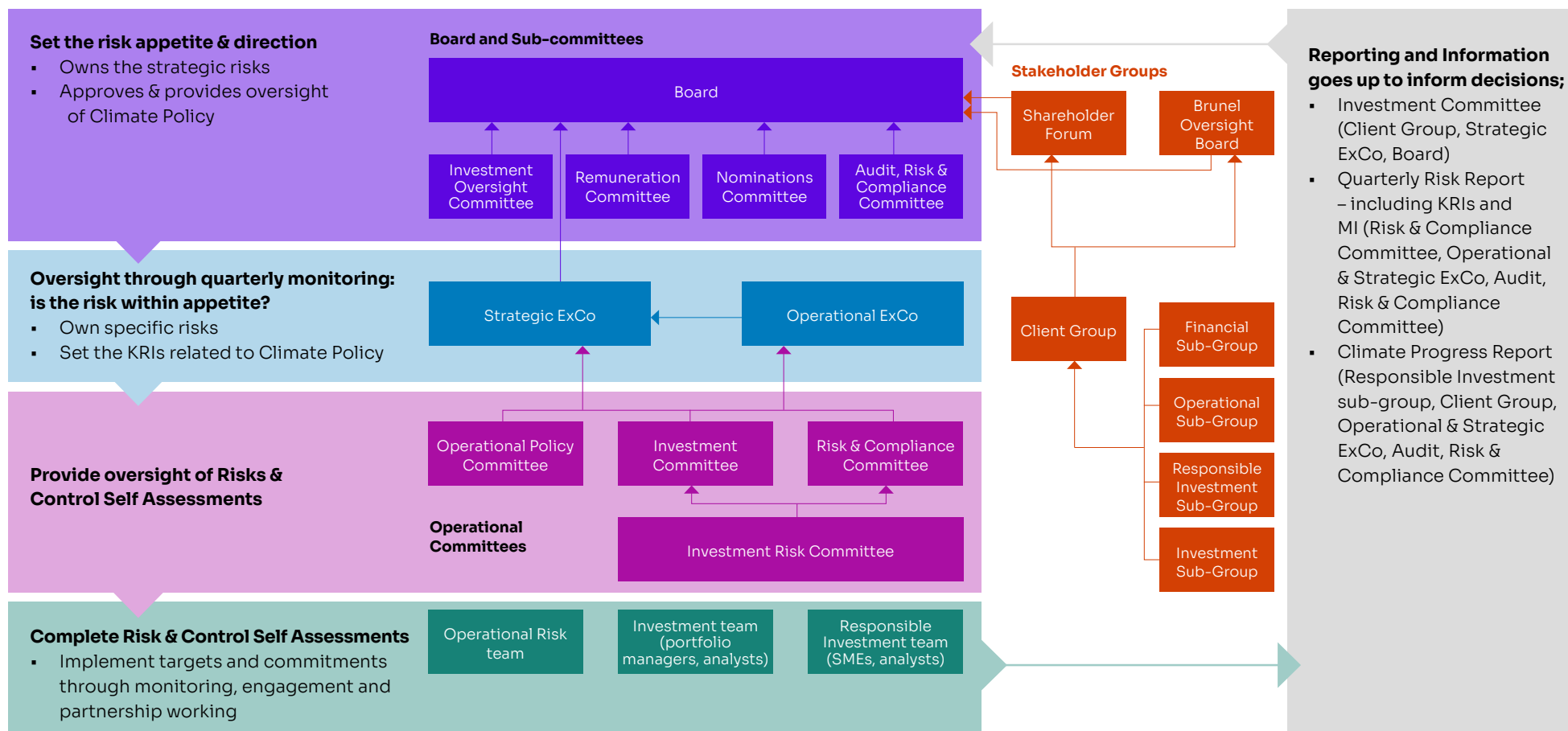
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Reviewing Climate Related Risks

Climate related risks are considered at every level of the organisation. Below is a reminder of our governance structure and where decision making sits. Climate-related risks are often identified through the Responsible Investment and Investment teams. Information regarding the risk and impacts is then brought to the Investment Risk Committee (BIRC). In this forum the standard climate metrics are considered alongside the additional information provided and the materiality of the risk is determined, along with recommended courses of action. Where this relates to a new risk, the emerging risk process (detailed below) is applied.

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



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A quarterly risk review forms part of the Strategic Executive Committee calendar, and where appropriate Board meetings. Factors considered quarterly, as indicators of key risks (KRIs) are:

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

Portfolio climate-related risks and opportunities

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

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

Working in partnership with our managers and general partners (GP), with the support of our strategic partners (SP), is vital to achieve effective alignment between our objectives and their actions regarding climate-related risk. This importance is reflected in the targets set within our Climate Change Policy. One of the key areas of progress is in the integration of climate emission report requirements into the private debt portfolios. Currently 90% of managers overseeing our Cycle 3 and Cycle 4 private debt portfolios have pledged their commitment to carbon emissions reporting.

Becoming Paris-aligned as both a company and investor is a recent initiative. Brunel collaborates with asset managers to develop Paris-aligned investment solutions, committing to offer Paris-aligned options across all asset classes over time, in response to the requirements of our partner funds.

We believe that by truly integrating climate risk into our risk systems and portfolio construction and ongoing monitoring we achieve better outcomes. Throughout 2025 we, with Chris van der Merwe speaking at international events, have done a huge amount of work to upskill other stakeholders, both UK and internationally.

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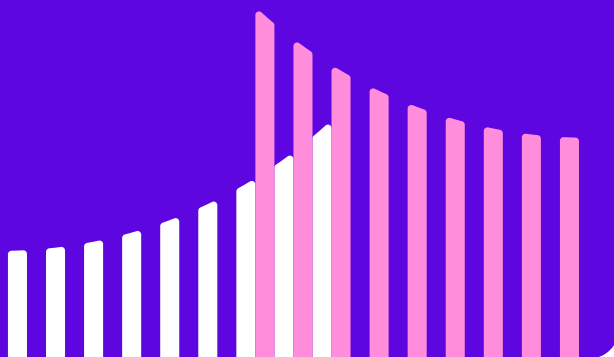
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Real World Impact

Stimulating real world change, is a fundamental part of our Climate Change Policy 2023-2030 and a key objective for Brunel. This focus allows our teams to determine, and act upon the course of action that will deliver that change, rather than just enhance our reputation. This approach, agreed and followed hand in hand with our partner funds, can often mean making difficult decisions to remain invested in companies that do not immediately appear compatible with ambitious climate objectives. We have a robust escalation process for our engagement - such decisions are not taken lightly, and companies are monitored closely through our investment risk processes. We will use this report to be transparent on holdings that fall in that category, such as climate-controversial companies (see p28) and those whose business model is highly focused on specific activities where concern has been raised e.g. pure-play tar sands and thermal coal.



Applying risk frameworks to our multi asset approach

As active stewards of each of our portfolios, our approach to assessing, monitoring and managing climate related risk is embedded in our processes. Culturally climate is intrinsic to the Brunel way and it is consistently treated as an important and strategic point.

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

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

100% of our "in scope" assets have Paris Aligned Targets set against them.



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	AUM % (31.12.25)	Approach to climate risk and Paris Alignment	Paris-Aligned Target set
Listed Equity			
Active Equity	24.4%	Climate risk is fully integrated into our manager monitoring and assessment framework. Our commitment to achieve Net-Zero by 2050 is translated into incremental increases in alignment expectations of all companies, with respective target dates (see metrics and targets). Underpinning these targets are a series of risk metrics which are monitored no less than quarterly.	
Global Sustainable Equity	10.3%	Although our approach to climate risk management is consistent across all our active equity and corporate bond portfolios, Global Sustainable Equities (GSE) differs in its approach to climate opportunities in that the portfolio has a specific objective to pursue such opportunities. GSE also has restricted exposure to certain activities, typical of a product of this kind.	
Passive Equity (pooled) index tracking to Paris Aligned Benchmarks	12.8%	To be labelled Paris-aligned and Climate Transition Benchmarks ('PAB' and 'CTB', respectively) the benchmarks must meet minimum standards defined by the EU, including a minimum annual reduction in greenhouse gas emissions of 7 percent until 2050. PAB also have a relative decarbonisation goal of -50 percent relative to a market index, while CTB have a -30 percent relative reduction goal.	
Passive Equity (pooled) in non-Paris Aligned funds (includes global, UK and Smart Beta)	5.0%	These portfolios track standard market cap weighted indices. As such our only risk reduction levers are market wide systemic stewardship, which is primarily undertaken through public policy advocacy, directly and through collaborative partnerships.	
Fixed Income			
Sterling Corporate Bonds Active)	6.7%	Climate risk is fully integrated into our manager monitoring and assessment framework. Our commitment to achieve Net-Zero by 2050 is translated into incremental increase in alignment expectations of all companies, with respective target dates (see metrics and targets). Brunel advocates for improvements in rules and processes around 'labelled bonds' to provide greater assurance as to their efficacy and value for money. In this context, our Sterling Corporate Bonds portfolio invests in labelled bonds but has no defined target.	
Gilts (UK Government debt 5/ 15 year)	3.8%	Brunel's sovereign debt exposure is almost all UK-based and designed for the primary purpose of liability matching. As such Brunel's primary risk reduction and Paris-Alignment mechanism is linked to UK Government NDC and policy implementation. Brunel policy work continues to focus on the UK Government's Net-Zero commitments, and we actively participate in supporting implementation.	
Multi-Asset Credit	9.1%	Multi-Asset Credit portfolios are committed to a Net-Zero ambition and embed climate risk management requirements into their design and on-going monitoring. The fund is comprised of three managers who in turn invest in a range of credit opportunities including but not limited to loans, corporate and sovereign debt, and securitised assets. Whilst all three managers provide a range of carbon metrics, methodologies are still being developed for many of these asset classes and there is no industry standard approach to aggregating the data.	

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Risk continued

	AUM % (31.12.25)	Approach to climate risk and Paris Alignment	Paris-Aligned Target set
Private markets			
Real estate and Cornwall	5.3%	Brunel considers RI and climate throughout the life cycle of each real estate portfolios from construction, due diligence on sourced funds, and ongoing monitoring of holdings. Brunel uses a template to standardise collection of data covering over 50 RI and climate data points covering but not limited to energy management, physical climate risk, obsolescence, building accreditations and, most recently for TCFD and decarbonisation.	
Secured Income and EAPF GRI	2.7%	The Secured Income (SI) and EAPF GRI have strong ESG and climate credentials. In SI, the two long-lease property funds are designated Green Star (GRESB) funds and the third fund component is Greencoat Renewable Income (GRI) which is also the climate focus of the Cornwall Local Impact portfolio. The GRI seeks to generate contracted income from a diversified portfolio of assets with a focus on solar photovoltaic, offshore wind, bioenergy from waste and, as opportunities arise, assets in other renewable infrastructure areas.	
Infrastructure	4.4%	Brunel's Infrastructure portfolios have strong ESG credentials, limiting exposure to high climate impact areas, and have strategy targets for renewable and other climate solutions, including nature-based solutions (see metrics and targets).	
Private Equity	2.9%	Climate data is still limited in private markets and the ESG Data Convergence Initiative (EDCI) is core part of Brunel's strategy to enhance disclosure. Neuberger Berman supports Brunel in assessing General Practitioners (GP) climate commitment, implementation and disclosure. We seek to integrate climate requirements, including disclosure and target setting wherever we are practically able to.	
Private Debt	3.1%	As with private equity, Brunel's focus on building capacity and expectations on GP RI, climate integration and disclosure. We seek to integrate climate requirements, including disclosure and target setting wherever we are practically able to.	
Other			
Diversified Return Fund	1.2%	Brunel's Diversified Returns Fund embeds climate risk requirements into its design and on-going monitoring. However, both funds contain significant exposure to asset classes where methodologies are still being developed. As Brunel's portfolios are often comprised of multiple funds from different providers, we have opted not including analysis for these portfolios at this time as the lack of consistency could be misleading.	
Other	8.3%	This includes other AUM such as that held in cash or that managed on our behalf by another asset manager. Where this is the case Brunel engages with all relevant managers on their approach to Net-Zero and climate risk management.	NA

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Nature Risk: Deforestation and Water Stress



Chris van der Merwe, Responsible Investment Manager, has been leading our work on TNFD.

“We are very conscious that a significant share of global greenhouse gas emissions reductions is expected to be delivered by nature. That makes understanding the intersection of climate and nature critical. Our pilot has helped us build that understanding and will shape how this work can be taken forward.”

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. Our 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, Brunel undertook a TNFD gap analysis to identify and prioritise the actions needed to achieve compliance with the framework. The analysis assessed Brunel’s current position across the four TNFD disclosure pillars: Governance, Strategy, Risk and Impact Management, and Metrics and Targets.

Had a 2027 Climate Progress Report been planned, it would have included TNFD reporting alongside the climate-related reports, as the two are intrinsically linked. Decision useful information acknowledges this and is how we would have supported our partner funds.

Understanding nature-related financial risk across our active equity portfolios

This year we have extended our environmental risk analysis beyond climate to include deforestation and water stress. Using the Forest IQ data platform and the S&P Global Water Stress Index, we assessed our "active" equity portfolios to understand where nature-related risks sit, how companies are responding, and where our engagement should focus.

Deforestation exposure

Forest IQ assesses whether companies produce, source or finance commodities linked to tropical forest destruction, including palm oil, soy, beef, cocoa, coffee and timber. It measures how exposed they are, how much of their revenue depends on these commodities, and how strong their commitments are to address the risk.

Every portfolio we assessed contains companies with high financial materiality for deforestation.

Portfolio	Very High	High	Critical	Total	% Port.
UK Active Equity	7.3%	8.2%	6.5%	21.9%	21.9%
Global High Alpha	7.2%	6.4%	2.2%	15.8%	15.8%
Low Volatility	5.9%	2.1%	6.6%	14.7%	14.7%
Global Sust. Equities	5.2%	1.3%	0.9%	7.4%	7.4%
Smaller Companies	0.9%	1.7%	0.0%	2.5%	2.5%
Emerging Markets	0.0%	1.5%	0.0%	1.5%	1.5%

Deforestation exposure by portfolio. Source: Forest IQ. Data as at 30 September 2025.

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Nature Risk: Deforestation and Water Stress continued

UK Active Equity stands out at 21.9%. Tesco, Sainsbury's, M&S, BP, Glencore, Greggs and Balfour Beatty account for the critical exposure, reflecting global supply chain links to palm oil, soy, beef and timber. A UK equity portfolio is not insulated from deforestation risk simply because its companies are listed in London.

Low Volatility carries 6.6% at critical exposure, driven almost entirely by consumer staples names like PepsiCo, P&G, Colgate-Palmolive, General Mills and Kimberly-Clark whose supply chains depend on forest-risk commodities.

Emerging Markets shows just 1.5%, but this likely reflects limited Forest IQ coverage of emerging market companies rather than an absence of risk.

Commitments are weak across the board

The most significant finding is that across all six portfolios, the vast majority of deforestation-exposed companies have weak commitments and actions. No company in any Brunei portfolio achieves an advanced or leader rating. In UK Active Equity, 16.1% of the portfolio is rated weak. In Global High Alpha, 13.0%. The companies with the greatest financial stake in forest-risk commodities are, by and large, at the very beginning of addressing it.

Water stress

The S&P Global Water Stress Index scores companies from 0 to 100 based on how much water competition exists where they operate. The score is primarily driven by geography: companies in water-scarce regions of India, the Middle East or Southern Europe score highly regardless of sector, because the underlying scarcity affects the entire local economy. Water intensity (how much a company consumes relative to revenue) is a secondary factor.

Portfolio	Policy Disclosed	Top 10: Disclosed	Top 10: Missing
Global Sust. Equities	77%	8 of 10	2 of 10
Emerging Markets	76%	5 of 10	5 of 10
Global High Alpha	76%	6 of 10	4 of 10
Low Volatility	73%	9 of 10	1 of 10
Smaller Companies	66%	6 of 10	4 of 10
UK Active Equity	63%	5 of 10	5 of 10

Water Management Policy disclosure. 'Not Available' encompasses non-disclosure and inaccessible data. Source: S&P Global.

Overall policy disclosure rates are encouraging (63% to 77%), but the gaps are concentrated where they matter most.

The top 10 holdings in Emerging Markets have an average water stress score of 84/100

These are predominantly financial services, technology and utility companies, not the water-intensive mining or agricultural businesses you might expect to see at the top of a water risk ranking. Their high scores are driven overwhelmingly by geography: they are headquartered and operate in some of the most water-stressed regions in the world, such as India, Turkey, Mexico and Saudi Arabia. This is an important nuance. The water stress score is primarily telling us about the regions where a company operates, not about the company's own water consumption. While the methodology does account for water intensity, the location signal dominates in regions with extreme scarcity.

Of the Top 10 EM holdings half have no disclosed Water Management Policy with the picture being the same for UK Active Equity. However, in the Global Sustainable Equity and Low Volatility portfolios the disclosure rates of the top 10 holdings are 9 and 8 respectively.

What we will do

These findings give us a structured basis for engagement across three areas.

Priority companies

Where deforestation exposure, weak commitments and high-water stress with absent disclosure converge, we will engage with delegated managers to understand how risks are being managed.

Manager expectations

We expect managers to assess nature-related risks holistically alongside climate and other ESG factors. Deforestation, water stress, biodiversity and human rights are interconnected, and managers should be managing them in the round.

Voting and escalation

Where companies are not making progress on commitments and disclosure, this will inform our voting decisions and, where appropriate, escalation. This is a first step. As data coverage improves, we will deepen this analysis, track engagement outcomes and integrate nature-related risk ever more closely with our climate risk framework. Nature risk and climate risk are two sides of the same challenge.

Methodology and data notes

Forest IQ combines data from CDP, Forest 500, Trase, ZSL SPOTT and other sources. Coverage is not universal; absence does not imply low risk. Performance reporting is based on company self-reported data. Methodology last updated January 2025. Water stress scores sourced from S&P Global (0-100 scale) using WRI Aqueduct data. 'Not Available' for Water Management Policy encompasses non-disclosure and inaccessible data. All data as at 30 September 2025.

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Scenarios

Scenario analysis

Our scenario analysis utilises market-standard scenarios including:

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

We are very aware of the limitations of quantitative scenario planning of this type as a tool for assessing what impact climate change may have on our investment portfolios. Our focus is on providing decision-useful information for our partner funds, and this is one of the ways in which this goal can be achieved. Scenarios are also a useful tool for our portfolio managers to engage in dialogue and to ask the right questions about holdings; they are not a tool to use in isolation. We do not use these to make specific investment decisions.

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

The application of these scenarios to our portfolios reveals some consistent themes. Across the majority of Brunel's listed equity and corporate bond portfolios, physical risk financial impacts remain broadly in line with their respective benchmarks. However, extreme

heat emerges as the most material physical risk scenario across the portfolio, consistently accounting for the largest share of projected financial impact under the 2050 high climate change scenario, and in several portfolios exceeding benchmark exposure. On transition risk, Carbon Earnings-at-Risk under a high carbon pricing scenario represents the most significant financial exposure at a portfolio level, with the companies

carrying the largest share of unpriced carbon costs varying by portfolio. These findings reinforce the value of maintaining a multi-scenario lens: while overall portfolio resilience is encouraging, the persistent dominance of extreme heat and unpriced carbon risk in our analysis shapes our ongoing stewardship priorities and engagement with asset managers and underlying companies.

NGFS		International Scenario referred by S&P Global			
		Physical Risk	Transition Risk (Carbon Earning at Risk)	Paris Alignment (SDA)	Paris Alignment (GEVA)
NGFS Scenario	NGFS Sub Scenario	IPCC SSPx-y	IEA 2023	SDA	GEVA
Orderly	Low Demand				
	Net-Zero 2050	Low Scenario (IPCC SSP1-2.6)	High Scenario: IEA Net Zero Emissions (NZE)	Well below 2 degree (IEA Net Zero Scenario-1.5-degree)	Well below 2 degree (IPCC SSP 1-1.9) EU Paris Aligned Benchmark regulations
	Below 2C		Medium Scenario: IEA APS Scenario	2-degree (IEA ETP 2DS 2-degree)	2-degree (IPCC SSP1-2.6)
Disorderly	Delayed Transition				2-degree (IPCC SSP1-2.6)
Too Little, Too Late	Fragmented World	Medium Scenario (IPCC SSP2-4.5)	Low Scenario: IEA STEPS Scenario		3-degree (IPCC SSP2-4.5)
Hot House World	NDCs			3-degree (IEA ETP RTS 2.7-degree)	
	Current Policies	Medium-High Scenario (IPCC SSP3-7.0)			4-degree (IPCC SSP3-7.0)
		High Scenario (IPCC SSP5-8.5)			5-degree (IPCC SSP5-8.5)

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

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Scenarios continued

S&P scenario tool

By their nature scenarios are uncertain and not based on precise science. The scenarios put forward will never come to pass as described but also are also based on assumptions and often new and evolving data sets.

Physical Risk

What is it?

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

How will we use the information?

To pinpoint assets most vulnerable to climate hazards, using the point in time assessments of exposure to climate hazards.

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

Paris Alignment (SDA & GEVA)

What is it?

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

How will we use the information?

To combine the rates and evaluate the overall Paris alignment of the portfolio.

Transition Risk / Earnings at Risk

What is it?

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

How will we use the information?

The S&P Earnings at Risk framework allows us to quantify a company’s potential exposure to carbon price increases associated with Scope 1 and 2 emissions for holdings from 2025 to 2050.

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Case Study:
Parasol Lost



Existing climate models continue to underestimate the climate’s sensitivity to greenhouse gases, according to research published by the University of Exeter and Institute & Faculty of Actuaries.

‘Parasol lost’, the latest report, demonstrates that current Net Zero carbon budgets would not limit warming to 1.5C. The challenge is deepened by the loss of a hidden ‘sunshade’ effect from air pollution – thus the report’s Miltonian title. Faith Ward, Chief Responsible Investment Officer at Brunel Pension Partnership, spoke on the media panel that launched the publication.

“As pension funds, we are highly diversified and exposed to entire value chains, so we are acutely aware that these systemic risks could lead to catastrophic financial damage to investment returns, to our funds and to our scheme members,” said Ward. “That’s why we commend this work from IFOA and UOE, which builds the critical evidence to for pension funds to call for action from policy makers, regulators, as well as our own advisors and asset managers.”

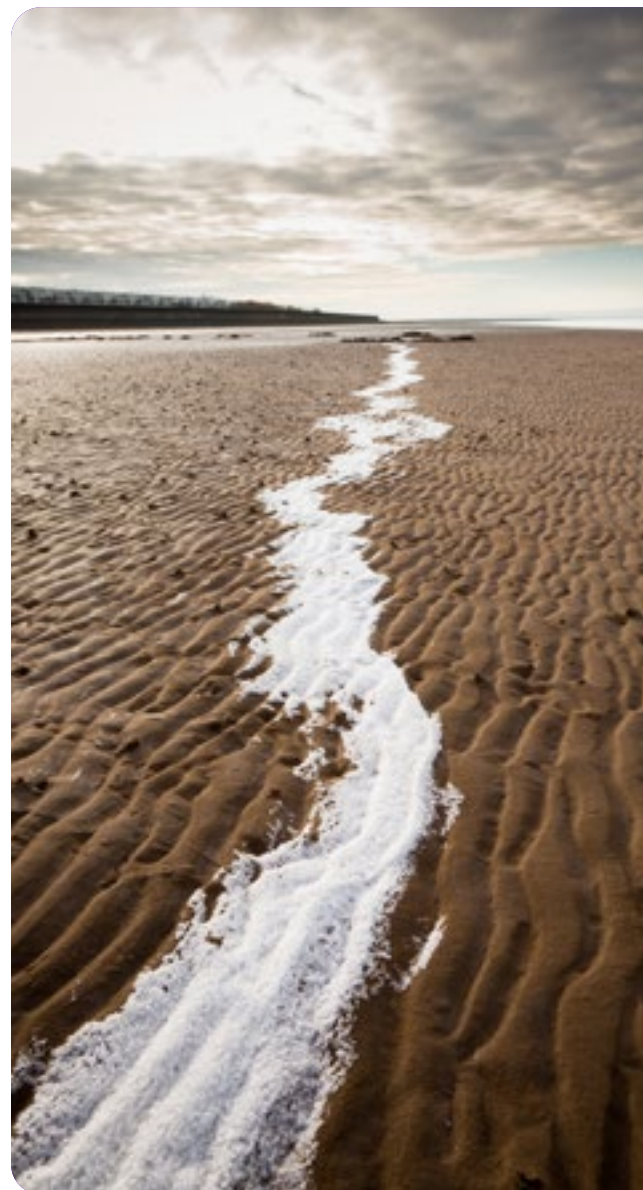
The report highlights that its findings are based on the work of both scientists and actuaries, and that both groups are calling for rapid action via a Planetary Solvency Plan.

A Planetary Solvency Plan would:

- Integrate Planetary Solvency risk assessments
- Cut methane emissions 30% by 2030
- Halt global deforestation
- Supercharge the energy transition

The report’s multiple authors include Sandy Trust, Director of Sustainability Risk at Baillie Gifford and Sustainability Board Member, Institute and Faculty of Actuaries; Dr Jesse F. Abrams, Senior Research Impact Fellow at Green Futures Solutions, University of Exeter; and Oliver Bettis, ESG Actuary at Great Lakes Insurance. The Foreword was written by Dr David King, Founder and Chair of the global Climate Crisis Advisory Group.

You can download the report on both the [Green Futures Solutions \(University of Exeter\)](#) and [IFoA](#) websites



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Accountability – evaluation of our Climate-related progress



Brunel believes that climate change presents a systemic and material risk to the ecological, societal and financial stability of every economy and country on the planet, and therefore will impact Brunel’s clients, their beneficiaries and all portfolios.

Creating real world change requires honest evaluation, which is why we undertake our Climate Stocktakes. We work with Chronos Sustainability to evaluate and independently review our climate activity, bringing rigour and assurance to our partner funds.

The Climate Change Policy 2023-2030 included a commitment to ‘repeat the exercise in 2025’ and to ‘regularly monitor [the climate policy] implementation and publicly report on its effectiveness annually’.

Our Climate stock-take assesses the implementation of our Climate Change Policy 2023-2030, in the period 2022-2025, summarising the main actions that have been taken and the main outcomes that have been achieved before June 2025. It also considers the backdrop in which this has been happening and stakeholder expectations and perspectives on implementation of the policy.

Process and results

Starting with an in-depth briefing session, our RI team identified the sources to be used and how and where evidence could be located. The report breaking into three main sections, progress against targets, a review of policy advocacy undertaken and client perspectives.

Progressing against The Climate Change Policy 2023-2030

Desk research was conducted and supplemented with interviews with Brunel colleagues. The documents reviewed included:

- Brunel Climate Change Progress Report 2023, 2024 and 2025
- Brunel Responsible Investment and Stewardship Outcomes Report 2023, 2024 and 2025
- Climate-Related Product Report 2023 and 2024, and the Climate Metrics Report 2023
- Carbon Reduction Plan 2024
- Brunel website library - case studies, policy submissions etc
- Brunel policies, such as the Stewardship Policy

- A selection of regular internal reports, such as the Portfolio Monitoring Reports received by the Brunel Investment Risk Committee.
- A selection of regular and ad hoc internal monitoring spreadsheets, such as the Sustainable Investment Exposure Analysis and Clients Top 10 Emitters.

Brunel’s climate policy targets have a range of completion dates, with many targeting 2030. The red, amber, green (RAG) rating in this report is an assessment of whether progress is occurring as expected by the first half of 2025 rather than whether the target or action has been achieved in full.

The assessment of the policy’s Targets (formal targets) and Actions (actions Brunel intends to take to support the policy area) considered:

- Definition of the policy pillar and an overview of Brunel’s focus on implementation
- RAG rating and summary of progress for each Target and Action within the policy area. The ratings assess outcome and activity separately. The RAG ratings have been developed through reviewing public and internal disclosures and interviews.
- Select significant case studies for that policy area



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Accountability – evaluation of our Climate-related progress continued

Overall strategy target

Brunel’s Climate Change Policy 2023 – 2030 contains an overall strategy target to “*be Net-Zero on financed emissions by 2050, with the goal of limiting global temperature rise to 1.5°C, and Net-Zero on our own operations (scope 1 and 2) by 2030.*”

This commitment is made through the Paris Aligned Asset Owners, part of the Paris Aligned Investment Initiative (PAII).

Brunel now has 100% of in-scope assets covered by an alignment target at the end of 2025 and has made significant progress on monitoring progress against these. Brunel has begun measuring operational emissions and published a Carbon Action Plan outlining how it will achieve its operational target.

Client perspectives

The Stocktake has also been directly shaped by partner funds. Initially reviewing client feedback over 2022–2024 in the form of annual client surveys, Responsible Investment Subgroup Meetings, and client queries related to responsible investment. Then through a Workshop in July 2023 and 1-1 meetings with Chronos Sustainability. The key objective of these was to establish

- (a) whether clients agree with the preliminary findings which review whether Brunel did what it said it would do, and
- (b) whether clients would like to add findings or viewpoints.

Findings included

- Climate change remains a priority topic for clients and RI work delivered significant value
- Clients praised Brunel's focused, high-quality engagement
- Clients emphasised the importance of ensuring that asset managers align with Brunel’s philosophy and goals and expressed desire for more transparency

Evaluation our Policy Advocacy

Alongside other actions, the Climate Change Policy 2023–2030 identifies “broader influence in the investment industry and with policy makers” as a way to meet its objective. Engaging with policy makers is important as policy frameworks set the rules within which companies, and the financial system, must operate. The presence, or absence, of policy frameworks that enable decarbonisation, transition and adaptation will influence, and potentially limit, the potential impacts of any Brunel, and in fact anyone’s, actions.

Assessing the effectiveness of policy advocacy is always challenging given the complexity of how policy outcomes occur.

The Policy Advocacy Report provides a high-level summary of Brunel’s activities against each of the Actions from 2022 to the first half of 2025, systematically examines each and provides;

- A description of the activity Brunel has undertaken in relation to that Action and associated outcomes
- An overview of significant policy developments at the UK, EU, and international levels related to each Action to show what overall progress has been made

Conclusions from Chronos

“Over 2022 – 2025, Brunel has dedicated substantial resources and effort to its policy advocacy work, applying a range of approaches to completing policy work across all six of its policy actions. The effectiveness of Brunel’s efforts has been shaped by political dynamics—both positively, such as in the UK, and negatively, as seen in the more challenging climate policy environment in the US. In some areas, Brunel’s sustained policy work has led to tangible outcomes and measurable successes, such as the UK government’s development of a gold standard for transition plans, its incoming adoption of ISSB standards for mandatory climate-related disclosures, and its exit from the Energy Charter Treaty. In other cases, Brunel’s contributions have played a supportive role, helping to advance progress even if policy goals have not been completely achieved; an example is Brunel’s response to the revisions to the EU’s sustainability reporting standards. Some initiatives have not yet delivered meaningful impact or have been stalled, such as the UK Green Taxonomy.”

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Accountability – evaluation of our Climate-related progress continued

Case Study: Integrating Transition Pathway Initiative (TPI) Data Across the Investment Lifecycle



Background

Brunei Pension Partnership is one of eight national Local Government Pension Scheme (LGPS) pools in the United Kingdom, managing approximately £35 billion in assets under management (AuM) across equities, fixed income, and alternative assets. Operating a fully outsourced model, our asset managers are responsible for stock selection. To ensure our climate policy is rigorously applied across our portfolios, we require robust, forward-looking data.

The Transition Pathway Initiative (TPI) has become a key element of our climate strategy. By providing granular data on Management Quality (MQ) and Carbon Performance (CP), TPI enables us to systematically embed climate considerations into nine distinct areas of our operations.

Asset Manager Selection

During the appointment of new asset managers, TPI data serves as a critical due diligence tool – acting as a “pre-nuptial check” before finalising a mandate. It allows us to challenge a manager’s investment philosophy and approach directly. By asking managers to justify holding specific companies with certain MQ or CP scores, we can identify those who are over-reliant on backward-looking metrics (like carbon footprints) and ensure their capacity to implement our climate ambitions effectively.

Asset Manager Monitoring

In our quarterly and annual reviews, TPI data provides the starting point for scrutinising manager holdings and stewardship activities.

- **Targeting Laggards:** Companies with low MQ scores (prioritising Levels 0 to 1, and generally below Level 3) are queried directly with managers.
- **Assessing Transition Risk:** We require managers to explain why they believe a poorly scoring company has the potential to align in the future and what specific actions are needed to achieve this.
- **Tracking Alignment:** Managers prioritise alignment with 2035 Carbon Performance targets. Unaligned names with poor disclosure are flagged, challenging managers to demonstrate how they are managing transition risk at the portfolio level and avoiding passive exposure.

Active Engagement

TPI data moves our engagement strategy beyond simply identifying laggards; it allows us to track tangible progress over time. By monitoring the evolution of a company’s CP and MQ scores, we can measure the concrete outcomes of our engagement efforts and facilitate deeper conversations with managers regarding their own assessments of company performance.

Robust Voting and Escalation

TPI data fundamentally underpins our voting decisions and escalation thresholds, integrated directly into Brunel’s template voting policies.

Voting Against Directors: We selectively engage and vote against relevant directors in the TPI universe if they are material contributors to our financed emissions, have not reached TPI Level 3, lack an aligned net-zero strategy, or are failing to progress against alignment indicators.

High-Impact Sectors: A higher threshold is applied to companies in high-impact sectors (oil and gas, coal mining, electric utilities, diversified mining, automotive) and specific regions (Europe, UK, Australia, New Zealand), where companies scoring below Level 4 will also be flagged.

Climate-Aligned Product Design

We co-developed Paris-Aligned Benchmark (PAB) and Climate Transition Benchmark (CTB) indices with FTSE Russell, which currently run £4–5 billion. These indices go beyond the minimum requirement of a 50% reduction in carbon emissions. TPI’s forward-looking CP and MQ metrics are integrated to tilt portfolios in line with EU PAB methodology, identifying companies that may have high current emissions but possess credible, well-governed transition trajectories. →

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Accountability – evaluation of our Climate-related progress continued



Case Study:
Integrating Transition Pathway Initiative (TPI) Data Across the Investment Lifecycle continued

Comprehensive Risk Assessment

TPI data is embedded into our quarterly risk reporting for listed equities and corporate bonds. We have developed internal RYAG (Red, Yellow, Amber, Green) criteria based on TPI metrics to map risk distribution:

- **Management Quality:** Portfolios are assessed on coverage and distributed across distinct RYAG criteria to track concentrations of management risk over time.
- **Net Zero Alignment (CP):** Utilising TPI’s sectoral benchmark pathways, we assess portfolio alignment towards 2035 and 2050. Any shifts in misalignment concentrations serve as a trigger for portfolio managers to engage the relevant asset manager.
- **Dashboard Approach:** Viewed alongside other ESG metrics, TPI provides a forward-looking layer that challenges simple carbon footprinting (e.g., revealing when a company with a modest footprint is actually a climate laggard).

Transparent Client Reporting

We utilise TPI data to support our reporting to clients, including stewardship updates, TCFD product reports, and quarterly risk reporting. By transparently sharing this data, we equip our clients and stakeholders with the information they need to hold Brunei accountable, just as we hold our asset managers accountable.

Manager Capability Development

TPI provides a shared language that helps our asset managers understand our climate expectations. We share the TPI framework as a reference point as managers develop their own proprietary net-zero alignment indicators. This creates a feedback loop: managers are encouraged to engage with TPI to enhance analytical rigour, while also layering in their own human judgement and closed-door insights regarding a company’s unpublished transition targets.

Internal and External Capacity Building

Effective communication of complex climate data is a persistent challenge. TPI data builds climate literacy and capability across our internal teams and external stakeholders. The TPI "staircase" model of Management Quality acts as an intuitive maturity framework, making the complex journey of corporate climate transition easily digestible for a wide audience.

Conclusion

For Brunei Pension Partnership, the Transition Pathway Initiative is more than just data; it is an integrated analytical framework. From the initial selection of asset managers to product design and final client reporting, TPI ensures that our approach to climate risk is cohesive, forward-looking, and rigorously applied across our £35 billion portfolio.



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



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

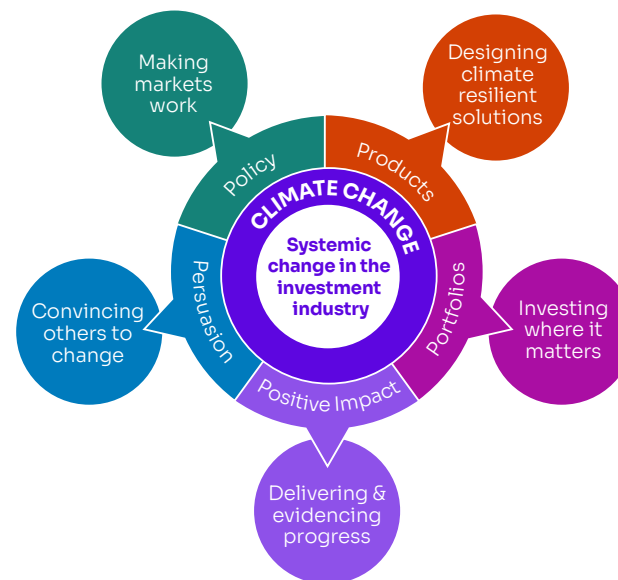
Faith Ward,
Chief Responsible Investment Officer

Our climate related activity, as explained in the strategy section, sits within our Climate Change Policy. As we focus on driving real-world change and influencing an industry to improve, it is not always possible to draw a clear line between our objectives and measurable sources. Where methodologies do not support an objective, proxies are used to demonstrate progress against that objective. Reporting is shaped to align with our five priority areas to report against how each is progressing.

Overall Strategy Target

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

-  = we have met this target, and will continue to work to maintain this achievement
-  = we are progressing against this target



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Climate Stocktake – assessment of progress on targets

Policy area	Brunel's Overall Activity Rating 2022-2025	Overall Outcome Rating 2022-2025	Comment
Policy			In 2022-2025, Brunel continued its focus on addressing universal barriers to climate action and supporting a long-term thriving society through extensive policy work using a range of approaches to influence policymakers in the UK and beyond. While Brunel has made consistent progress in its policy engagement activities, Brunel's real impact in this area is limited by factors outside of its influence.
Products			In 2022-2025, Brunel's focus in this policy area was to set Paris Aligned net-zero alignment targets for the majority of asset classes and to develop methodologies and data collection to allow the eventual measurement of progress against these targets. Brunel has been successful in setting Paris-Aligned targets for 97% of assets in scope. It has made progress on data collection and monitoring, particularly for private markets (real estate, secured income, and infrastructure). However, reviewing alignment progress of assets remains unreliable due to gaps in underlying disclosures and methodologies.
Portfolios			In 2022-2025, Brunel's focus in this policy area was to reduce carbon emissions intensity, develop and measure against Scope 3 targets for key sectors, and continue implementing rigorous expectations of managers in relation to climate. Brunel has already achieved its 2030 carbon emissions intensity reduction target. It has set a baseline for key Scope 3 emissions. While Brunel encourages managers to commit to achieving Paris Alignment in line with its climate position, and challenges them on climate risk analysis, engagement, and escalation, it is ultimately managers' decision to undertake these commitments.
Positive Impact			In 2022-2025, Brunel's focus in this policy area was on real-world impacts, including increasing investments made in green revenues and developing its own operational carbon footprint measurement and targets. Brunel offers a range of investment opportunities with real-world carbon reduction impacts. It has increased disclosure of green revenues and sustainable investment exposure of infrastructure portfolios. Brunel has made significant progress on its net zero operational target, collecting baseline data, improving methodologies and outlining implementation approach.
Persuasion			In 2022-2025, Brunel's focus in this policy area was to continue to ensure over 70% of financed emissions were aligned, aligning or covered by collective engagement, a target which it has exceeded at 87%. Brunel also progressed on a variety of engagement and policy initiatives to support a low carbon economy, including engagement with banks, initiatives on biodiversity, responsible mining, and water.

This table and the subsequent 'Climate Stocktake – assessment of progress on targets' sections evaluate progress over the period 2023–2025, drawing on data as at June 2025.



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Policy

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

Making markets work

Systemic change underpins the success of climate-related change and will be one of the main drivers of climate action. Addressing universal barriers is essential to supporting a long-term thriving society and forms a core aspect of Brunel’s activity. We use a range of approaches to influence policymakers to establish comprehensive and robust climate change policy frameworks.

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

Further examples of our work can be found on the [Stewardship Pages of our website](#), they include:

- Coordinating and responding to the UK Government Consultations relating to Sustainability Reporting Standards (UK adaption of IFRS/ISSB S1, and S2) and Transition Plans

- Responding to UK Government consultation on Renewable Obligation (RO) scheme
- Brunel response to UK government consultation on Renewables Obligation (RO) scheme – indexation changes
- Brunel response to the FRC Stewardship Code Consultation, February 2025
- Brunel response to LGPS Fit for the Future Consultation, January 2025

Much of our advocacy is delivered and implemented through the influence of Faith Ward, on behalf of Brunel and the IIGCC. Between Faith, and others on the team, our impact is broadened through membership in industry groups:

International

- International Sustainability Standards Board (member of the Investor Advisory Group (ISSB IAG))
- S&P Global Sustainable Investor Client Council (Member)

European

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

UK

- Chair of the Working Group for Scaling Finance on behalf of the Transition Finance Council
- FTSE Russell Sustainable Investment Strategic Advisory Committee (Member)

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Creating systemic influence in the UK

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, Brunel 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 as well as 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.

International influence

Global investment firm Neuberger, who, with Brunel Pension Partnership 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. More detail is included within our Responsible Stewardship and Outcomes report.

Policy

Target

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

We continue to deliver against this ongoing target, although the real impact of the target is sometimes outside of our influence, we are confident that we are engaging with 100% of our UK investments.

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Sovereign Debt

Brunel's sovereign debt exposure (around 3.8% of AUM) is almost all UK-based and designed for the primary purpose of liability matching. As such, Brunel's primary risk reduction and Paris Alignment mechanism is linked to UK Government national determined contribution (NDC) and how we support UK policy implementation.

The ASCOR (Assessing Sovereign Climate-related Opportunities and Risks) Project, is an investor led initiative supported by Investor networks and the Transition Pathway Initiative Centre, based at the Grantham Research Institute on Climate Change and the Environment, London

School of Economics and Political Science. We use this to evaluate our sovereign debt.

The [ASCOR Country Assessments](#) are accessible on the TPI website. A summary for the UK are detailed on the right.

A downward trend is emerging, as the International Climate Finance section was downgraded in 2024 and Transparency in Climate Spending was downgraded in 2025. This is because previously the UK Government applied climate budget tagging but no longer does. Climate budget tagging is in essence a way for governments to label and track which parts of their spending are related to climate change.

ASCOR Country Assessment – United Kingdom

(only applicable indicators are included)

Emission Pathways		Climate Policies	
Emission Trends	—	Climate Legislation	✓
2030 Targets	—	Carbon Pricing	—
Net-Zero Targets	—	Fossil Fuels	✗
Climate Finance		Sectoral Transitions	—
International Climate Finance	✗	Adaptation	✓
Transparency in Climate Spending	—	Just Transition	—

Yes
 Partial
 No

The Transparency in Climate Spending section was downgraded during the 2025 data update (18 Aug 2025).

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

Climate Stocktake – assessment of progress on targets

Policy	Brunel's Overall Activity Rating 2022-2025	Overall Outcome Rating 2022-2025	Comment
100% of UK sovereign issuance to be subject to direct or collective engagement.			This target is achieved through Brunel's extensive policy work focused the on the UK Government's Net-Zero commitments, however, outcomes are dependent on the wider policy landscape. See the supplementary Policy Advocacy document for an overview of Brunel's extensive direct and collaborative engagements with UK policymakers during this period.

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Products

We want there to be a range of climate resilient products available to our partner funds and the wider investment market that deliver substantial climate change benefits and are Paris aligned. These investment solutions must help partner funds also meet their future investment goals.

Setting Paris-Aligned targets

Our Climate Change Policy 2023-2030 sets out the ambition to align Brunel its investments and operations, with the objectives of the Paris Agreement. The strategy is to increase the coverage of Brunel invested assets with a Paris Alignment target until we include all in-scope assets. Despite the geopolitical headwinds, Brunel and its partner funds agreed to maintain high ambition but with pragmatic oversight as to the near-term expectation of progress. This has been reflected in both the setting of new targets and in setting the enhanced climate maturity expectations.

Brunel is acutely aware that an enabling policy environment, and the country's transitioning of energy is fundamental for us to achieve targets. Therefore acknowledge the scope of the targets may need to be adjusted if it becomes impractical to gather supporting data and be able to evidence progress. This is particularly pertinent to funds both operated and invested in the USA.

100% of Brunel's in-scope assets are covered by an Alignment Target

In line with our ambition to increase coverage of Paris-alignment targets, Brunel has set targets for Private Equity this year.

Private Equity

We have pragmatic but ambitious targets for our private equity strategies.

- a. Achieve net zero emissions by 2050 or sooner across invested capital in **Europe buyout investments**¹
 - I. 2030: ~33% committed capital managed in alignment with net zero
 - II. 2040: ~80-100% committed capital managed in alignment with net zero
 - III. 2050: ~80-100% invested capital managed in alignment with net zero
- b. achieve net zero coverage targets by 2050 or sooner across **non-Europe buyout investments**²
 - I. 2030: ~33% committed capital managed in alignment with net zero
 - II. 2040: ~50% committed capital managed in alignment with net zero
 - III. 2050: ~50% invested capital managed in alignment with net zero

Evaluating alignment includes assessment of carbon emissions reporting of underlying companies for Scope 1, 2, and material Scope 3 emissions as well as total absolute portfolio carbon emissions. Through persistent and persuasive engagement, **90% of managers overseeing our Cycle 3 and Cycle 4 private debt portfolios have pledged their commitment to carbon emissions reporting.**



¹ Control (i.e., majority) buyout investments by GP funds primarily investing in Europe. GP must have majority share (50%+) and board representation, and held for at least two years

² Control (i.e., majority) buyout investments by GP funds primarily investing outside of Europe. GP must have majority share (50%+) and board representation, and held for at least two years

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Progressing Paris-Alignment in listed equities

Brunei's listed equity exposure includes both index tracking and active equity components. As outlined above, one of Brunei's key achievements has been the co-creation of Paris Aligned indices in 2021. These indices track investments, emphasizing adaptability to industry developments and which rebalance annually, tilting the portfolio to companies who characteristics that support Paris Alignment.

72% of equity index tracking funds meet the Paris-Aligned index design requirements

As at December 2025.

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

As a fundamental part of that process the minimum requirements get more stringent over time, to ensure we keep pace with the rapid market, scientific, technological and policy developments and context. These requirements are set in consultation with partner funds, evaluated annually and are illustrated in the flow chart below.



October	November	From December	Ongoing	June	Quarterly
CA100+ benchmark to evaluate corporate responsiveness to managing risk transparently	CA100+ indicators used to set minimum expectations annually	Expectations reflected in annual updates to Stewardship Policy, Voting Guidelines and Climate Change Policy*	Enhanced engagement on companies at risk from failing	TCFD Report details forward looking expectations, communicates success and summarises exits** post transaction	Risk reporting (in-year)
		Update analysis with end of year holdings. This will detail non-compliant and at-risk companies within the CA100+ universe	* Climate policy update in 2024/ 2026 ** Exits may not be solely driven by climate concerns		
		Communicate expectations and controversial companies list to AMs and embed in risk reporting			
		Selective divestment process initiated			
		Briefing paper setting out climate maturity minimum expectations and next steps			
		Confidential Pension Committee Briefing paper on requirements and at-risk companies			

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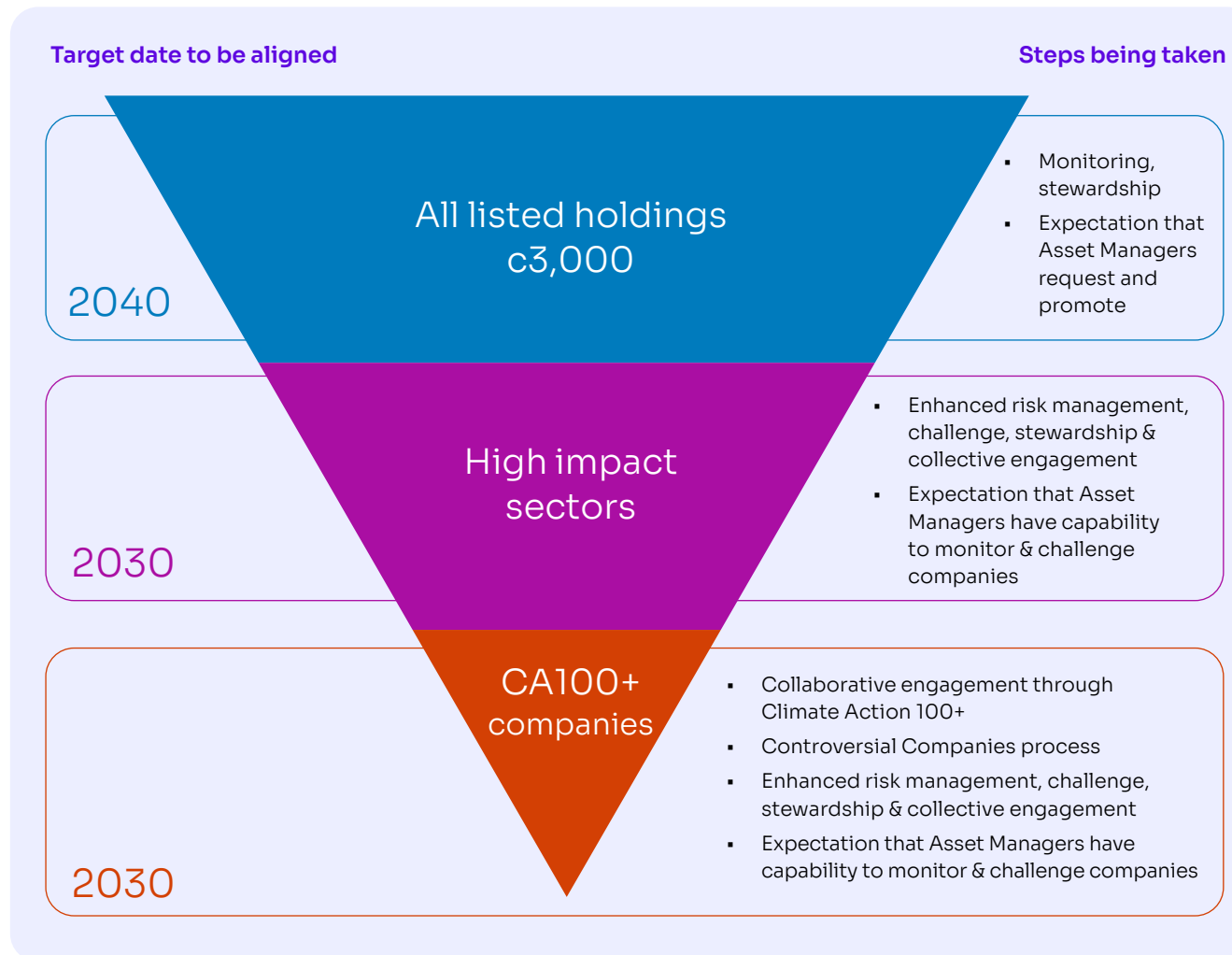
Who this applies to

Our ‘climate alignment’ criteria is detailed below (‘our expectations’) and applies to all of our listed holdings. When we expect them to become ‘climate aligned’ is based on the impact they have on the climate.

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

- Listed holdings – c 3,000 companies held by Brunel
- High impact sectors – those companies that are part of a specified list of high impact sectors
- Climate Action 100+ companies – 164 organisations, identified by Climate Action 100+ (CA100+), an investor-led initiative, as the world’s largest corporate greenhouse gas emitters

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



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Our expectations

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

Our expectations use the CA100+ ‘Alignment Maturity’ indicators, and form our baseline requirements of organisations. We, of course, encourage companies in all groups to exceed these standards. In 2025 we enhanced the climate maturity alignment process by incorporating TPI Management Quality (MQ) scores into the initial screening, rather than applying them later in the review. Companies that failed the criteria but achieved TPI MQ Level 5 are now automatically placed into escalated engagement, reflecting stronger governance structures even where other aspects of the framework were not fully met. The exception is Oil and Gas companies at TPI MQ Level 5, which are not taken into escalated engagement in line with our sector approach and instead remain at risk of divestment.

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

For those companies held in our active segregated portfolios who are part of the CA100+ benchmark, we have established an escalated stewardship approach, also known as ‘climate controversial’. Those companies

Summary of Alignment Maturity Expectations for 2025/2026

No.	Climate Action 100+ Disclosure Indicator	Essential for all markets	Strongly Recommended
1	Net-zero GHG Emissions by 2050 (or sooner) ambition	Meets all criteria (partial is acceptable for emerging markets)	
2	Long-term (2036-2050) GHG reduction target(s)	Yes - meets all criteria	
3	Medium-term (2027-2035) GHG reduction target(s)	Yes - meets all criteria OR Partial - meets some criteria	
4	Short-term (up to 2026) GHG reduction target(s)	Yes - meets all criteria OR Partial - meets some criteria	
5	Decarbonisation strategy	Yes - meets all criteria OR Partial - meets some criteria (DM only)	
6	Capital allocation alignment		Yes - meets all criteria OR Partial - meets some criteria
7	Climate policy engagement		Yes - meets all criteria OR Partial - meets some criteria
8	Climate Governance		Yes - meets all criteria OR Partial - meets some criteria
9	Just transition: The company considers the impacts from transitioning to a lower-carbon business model on its workers and communities		Yes - meets all criteria OR Partial - meets some criteria
10	Disclosure (TCFD or equivalent)	Yes - meets all criteria OR Partial - meets some criteria (DM only)	
11	Historical GHG Emissions Reductions (Beta)		Yes - meets all criteria OR Partial - meets some criteria



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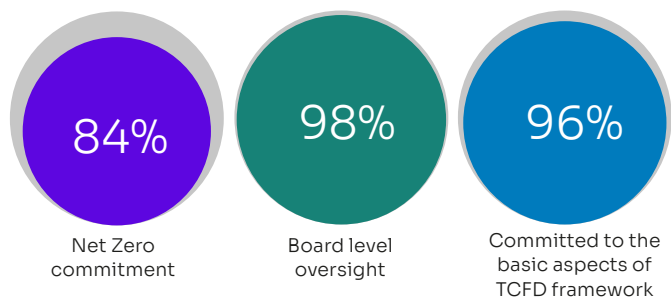
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unable to comply with baseline criteria, either through the CA100+ benchmark evaluation or in the provision of credible evidence, will be challenged via the asset manager and if designated “climate controversial” are likely subject to selective divestment within 12 months of completion of each annual cycle of evaluation.

Brunel CA100+ Key Statistics 2025

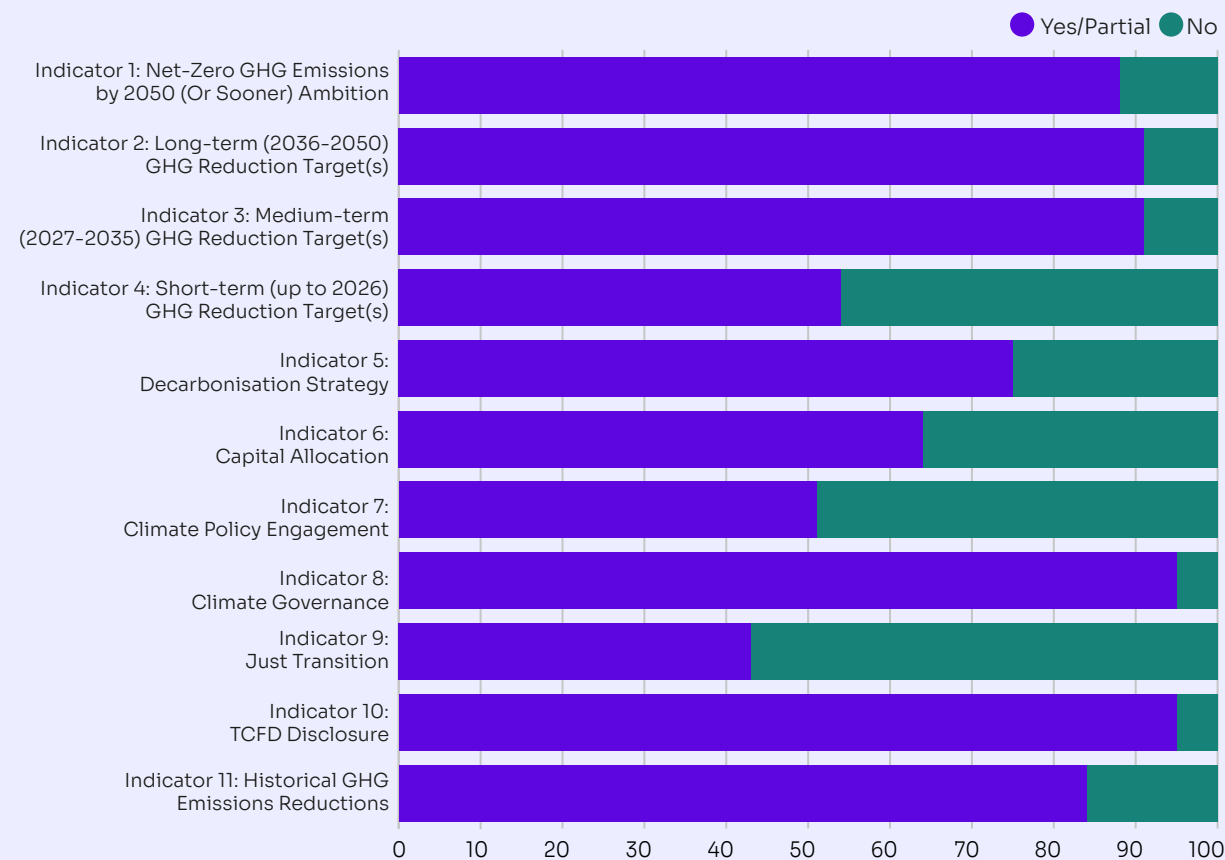
The current CA100+ Universe is 164 companies. As at the 31 December Brunel had exposure to 122. Numbers represent the percentage number of companies fulfilling the indicator



Brunel’s CA100+ Focus company holdings, as at December 2025

Brunel Held CA100+ Companies

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



As at December 2025, Brunel had exposure to 122 of the 164 companies covered by CA100+ across our active and passive equities portfolios.

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2025 Controversial companies

In 2025 our definition of a controversial company is an organisation that is unable to meet the requirements relating to ambition, target setting and levels of disclosure. Several companies considered controversial have left the portfolios due to normal portfolio turnover and changes in asset and manager allocations. Phillips 66 was identified as a controversial company, in line with the 2024 criteria and has subsequently been exited. This was reported last year, as the manager responded very quickly to the request to sell. The process timeline would only have required us to report the exit of that position this year.

Exiting companies is seen as the last resort, where engagement with the company has not been successful. We look to Asset Managers to undertake engagement with companies on all ESG and business-related risks. In addition, we work with our engagement research provider, EOS at Federated Hermes (EOS) to deliver ongoing engagement and activity with CA100+ companies. This has helped contribute to a large number of companies making significant commitments to action.

We identified 11 companies, two of which are in two portfolios. Recommendations for on-going engagement and divestment has been shared with the destination pools of our partner funds.

In a further example of further influence, we will be hosting a webinar where best practice, and a breakdown of this process will be shared across the sector.



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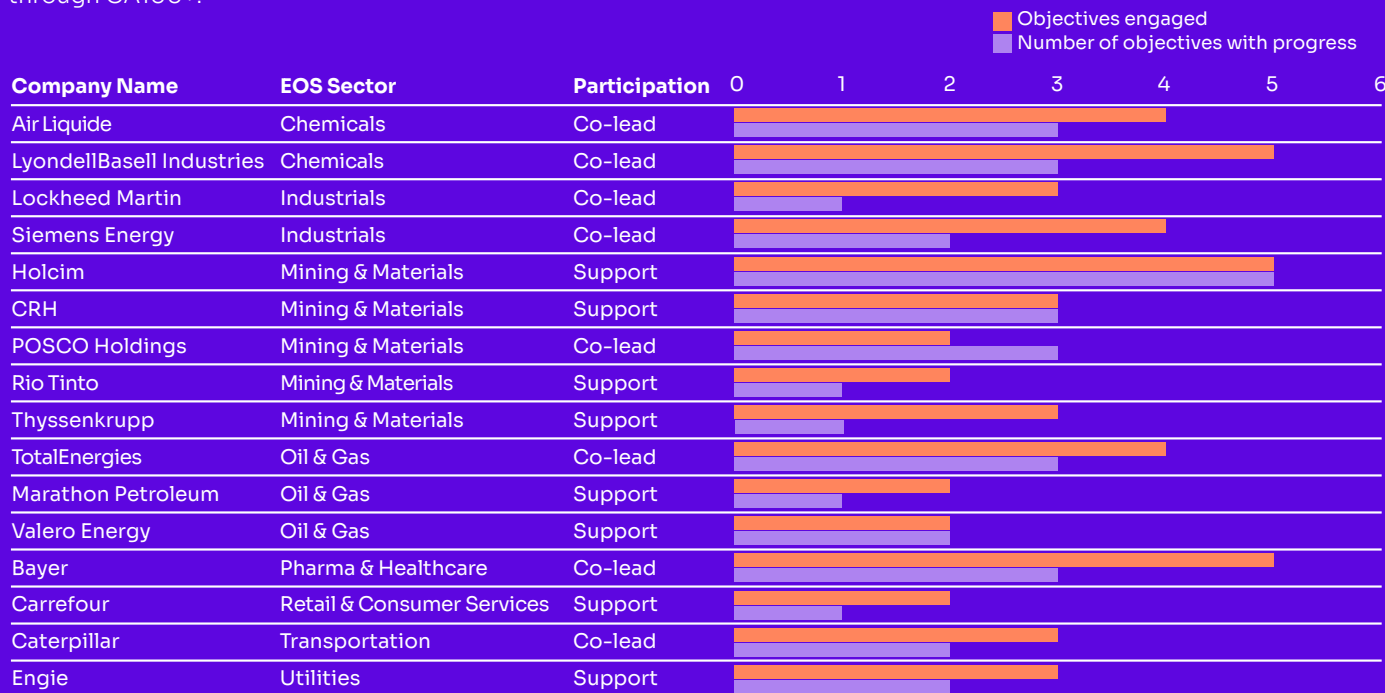
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EOS progression of Climate Action 100 engagements

Brunei holds 122 CA100+ companies in total: 121 within index tracking portfolios (including Paris-aligned funds) and 44 in active portfolios*. The below graph provides EOS' progress report on engagement with some of these companies through CA100+.



Source: EOS data

*Some companies appear in both the index tracking portfolios and the active portfolios.

Products

Target

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

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

* Currently in scope are listed companies on the Climate Action 100+ focus list; companies in high impact sectors consistent with Transition Pathway Initiative sectors including banks.

** Note that, for a product to be on track for meeting its target, at least 80% of assets must fall into in the first and second categories

*** Note that, for a product to be on track for meeting its target, at least 80% of assets must fall into in the first and second categories

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Looking at Paris-alignment with sector specific lens

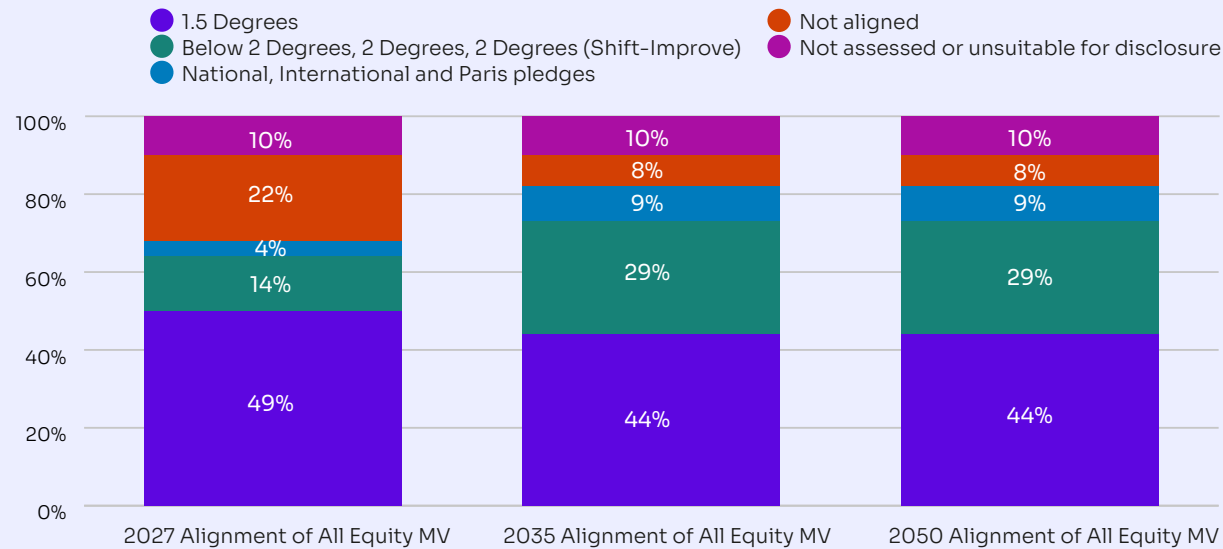
Whilst CA100+ is sector neutral, TPI Carbon Performance allows us to evaluate companies in the context of their performance compared to their peers and sectoral decarbonisation pathway. We use TPI data because it is grounded in publicly available disclosures, which are subject to independent, academically rigorous, and transparent analysis. This ensures the data's reliability and credibility. TPI provides a view of companies' approaches to the low-carbon transition, evaluating both Management Quality and Carbon Performance. These two interconnected assessments offer insights into both a company's historical actions and, crucially, its future trajectory in reducing carbon emissions, providing us with more accuracy on transition risk in our portfolios.

Our use of TPI data includes:

- FTSE Russell Paris-aligned benchmark series: developed in coordination with FTSE Russell, the benchmark series not only meets the minimum requirements of the EU's Paris-aligned benchmark criteria by achieving a 50% reduction in carbon emissions over a ten-year period but goes a step further by integrating forward-looking metrics and governance protections from TPI
- Voting guidelines: we will selectively engage and vote against relevant company directors that are in the broader TPI universe if they are a material contributor to our financed emissions, have not at least reached Level 3 of the TPI framework, their strategy is not aligned to net zero ambitions, or they are not progressing against any of the alignment indicators. Companies in the oil and gas, coal mining, electric utilities, diversified mining or automotive sectors, and/or European, UK, Australian or New Zealand companies scoring below Level 4 will also be flagged

Alignment of Listed Equity Holdings using TPI Carbon Performance

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



As at December 2025

- Risk reporting: we incorporate TPI's Management Quality Scores and Net Zero Alignment criteria into our quarterly risk reporting on listed equities and corporate bonds to identify and manage areas of risk. Assets identified as risks are typically challenged directly with investment managers, with the TPI data being used as a reference point
- Net zero frameworks: we work with investment managers on developing net zero/alignment frameworks. The TPI data/framework is a useful reference point to share with investment managers. The factors considered in the TPI data commonly form part of investment managers proprietary alignment indicators

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Climate Stocktake - assessment of progress on targets

Products	Brunel's Overall Activity Rating 2022-2025	Overall Outcome Rating 2022-2025	Comment
<p>Brunel's ambition is that by 2040 all assets are i) achieving Net-Zero or ii) meeting a criterion considered to be aligned or iii) aligning.</p>			<p>At the end of 2024, 97% of Brunel's total in-scope AuM had a Paris Aligned Target set against them, covering 91% of all assets. This is on track to reach 100% by the end of 2025. Brunel assesses companies' alignment using multiple sources (e.g. TPI, CA100+, SBTi) and use these to engage with managers, incrementally increasing expectations of companies. Alignment progress is monitored through a quarterly report to the Brunel Investment Risk Committee. See the following 4 rows for outcomes by asset class.</p>
<p>100% AUM in material (high impact) sectors in developed listed equities and sterling corporate bonds are i) achieving Net-Zero or ii) meeting a criterion considered to be aligned or iii) aligning by 2030, extending to all markets by 2040.</p> <p>Currently in scope are listed companies on the Climate Action 100+ focus list; companies in high impact sectors consistent with Transition Pathway Initiative sectors including banks.</p>			<p>The Paris Alignment of each listed portfolio is reported in the annual Climate Related Product Report. In 2024, 77% of equity index tracking funds met the Paris-Aligned index design requirements. Brunel also assesses the alignment targets of listed equity holdings using TPI Carbon Performance. In 2024, alignment to 1.5C was 49% (2027 Alignment), 44% (2035 Alignment), and 44% (2050 Alignment).</p> <p>Brunel conducts a climate alignment review process annually where requirements are more stringent over time. Brunel engages with in scope companies to improve alignment (see 'Persuasion' section for further detail on engagement with high-impact companies), however, engagement outcomes are variable.</p>
<p>More than 50% AUM in Real Estate and Infrastructure assets are i) achieving Net-Zero or ii) meeting a criterion considered to be aligned by 2030 and 100% by 2040.</p>			<p>In 2025, Brunel began reporting the percentage of real estate assets (UK Model property, International Model property, and Secured Income) which have set corporate-level NZ commitments, fund-level NZ commitments, and the percentage of assets covered by a climate roadmap, with a majority exceeding 50%.</p>
<p>100% AUM in Secured Income and the Cornwall Local Impact Portfolio are i) achieving Net-Zero or ii) meeting a criterion considered to be aligned by 2030.</p>			<p>In 2024, Brunel reported for the first time the percentage of Secured Income assets which have set corporate-level NZ commitments (64%), fund-level NZ commitments (100%), and the percentage of assets covered by a climate roadmap (33%). In 2024, GRI (Secured Income) and Cornwall Local Impact funds were included in data requests for the first time to allow full portfolio analysis. Long lease properties in Secured Income are covered by annual ESG data requests for property assets. See previous row for further details, as Secured Income and Local Impact are covered by real estate activities.</p>

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Climate Stocktake - assessment of progress on targets

Products	Brunel's Overall Activity Rating 2022-2025	Overall Outcome Rating 2022-2025	Comment
100% of the portfolios corporates and quasi-sovereign exposure be considered as 'achieving Net Zero' or 'aligned to Net-Zero' by 2040, achieving 50% progress by 2030.			Brunel established a net-zero alignment target for Multi-Asset Credit in 2023. As the portfolio is comprised of multiple funds from different providers, Brunel opts not to disclose analysis for these portfolios at this time as the lack of consistency could be misleading. Multi-Asset Credit portfolios embed climate risk management requirements into their design and on-going monitoring. All managers provide carbon metrics; however, MAC contains significant exposure to asset classes where methodologies are still being developed and there is no industry standard approach to aggregating the data.
100% of directly held Sovereign debt (UK Gilts) is covered by engagement to achieve Net-Zero by 2050.			This target is achieved through Brunel's extensive policy work focused the UK Government's Net-Zero commitments; however, outcomes are dependent on the wider policy landscape. See the supplementary Policy Advocacy document for an overview of Brunel's extensive engagements with UK policymakers during this period.
By June 2024, Brunel commits to setting alignment targets for corporate bonds, infrastructure, real estate and secured income consistent with the NZIF and a timeline for target setting in other assets classes.			This is an interim target. Brunel proposed, discussed and established this target in the 2023 Climate Change Progress Report. In 2023, Brunel set alignment targets for Corporate Bonds, Infrastructure, Real Estate and Secured Income. In 2024, targets were set for Private Debt and Diversifying Returns. Targets for Private Equity, the remaining in-scope asset class, are to be set in 2025.

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Portfolios

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

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

Quarterly reports detailing stewardship actions and carbon metrics are published on our website and detailed versions are shared with our partner funds. The reports include emission intensity and fossil fuel exposure, as well as other metrics, provide an ongoing view of climate-related financial risks. We publish these on our website, and share them directly with the Brunel Board, Brunel Oversight Board and Partner fund Group.

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

Listed markets carbon metrics – for each portfolio

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

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

Whilst it could be considered disappointing that our WACI number has dropped from 60% to 54% it has largely been driven by investment in one company with clear transition finance objectives (p.56). The path to decarbonising the economy is neither linear or smooth.

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

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

Portfolios

Target

- ✓ Reduce emission carbon intensity (scope 1&2) for all Brunel’s listed equity and corporate bond portfolios by 50% by 2030, using a trajectory of at least 7% per annum reduction, from baseline of investable universe as at 31/12/2019 (or appropriate subsequent date).



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The aggregate Brunel portfolio has achieved a reduction of **54%** from the 2019 baseline to 2025, equivalent to an annualised reduction significantly in excess of **7%**.

Carbon metrics reporting overview

To allow for aggregate reporting, the Brunel Aggregate Portfolio (BAP) has been used, along with a ‘custom strategic benchmark’ where appropriate. The Brunel Aggregate Portfolio is made up of the Brunel’s listed market portfolios weighted by value of investments as of 31 December 2025. The custom strategic benchmark is used to enable a meaningful comparison. It is made up of the individual benchmarks from the Brunel portfolios and weighted accordingly, as of 31 December 2025.

Weighted Average Carbon Intensity (WACI)

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

The WACI of the Brunel Aggregate Portfolio (BAP) is below its strategic benchmark, with a relative efficiency of +15%. While WACI increased in the most recent period for both the portfolio and the benchmark, the portfolio experienced a smaller relative increase and remains less carbon-intensive overall. Our collaborative approach to working with our asset managers is a long-term commitment, and as such we look at the trend, and at improvements since a 2019 baseline.

Of the sub-portfolios within the BAP, the highest intensity was in the Brunel Passive Smart Beta Portfolio (341 tCO₂e/mGBP), while the lowest one was in the Brunel Sterling Corporate Bonds (96 tCO₂e/mGBP).

Carbon Intensity

Portfolio	Reduction %	2025 Portfolio	2019 Baseline
Aggregate	54.08	157	343
Active Portfolios			
Global High Alpha Equities	46.97	160	301
Global Sustainable Equities	28.69	238	334
UK Active Equities	55.14	127	282
Emerging Markets Equities	71.34	163	570
Global Small Cap Equities*	51.50	150	309
Low Volatility Global Equities	67.96	107	334
Sterling Corporate Bonds**	47.91	96	184
Passive Portfolios			
PAB Passive Global Equities	61.46	117	303
CTB Passive Global Equities	53.89	140	303
Passive Developed Equities	44.65	168	303
Passive UK Equities	44.40	156	281
Passive Smart Beta	38.33	341	554

*Updated methodology in 2020 means we have taken December 2020 as a baseline for the Brunel Global Small Cap Equities

**This Portfolio has a baseline of 31 December 2021

As at December 2025.



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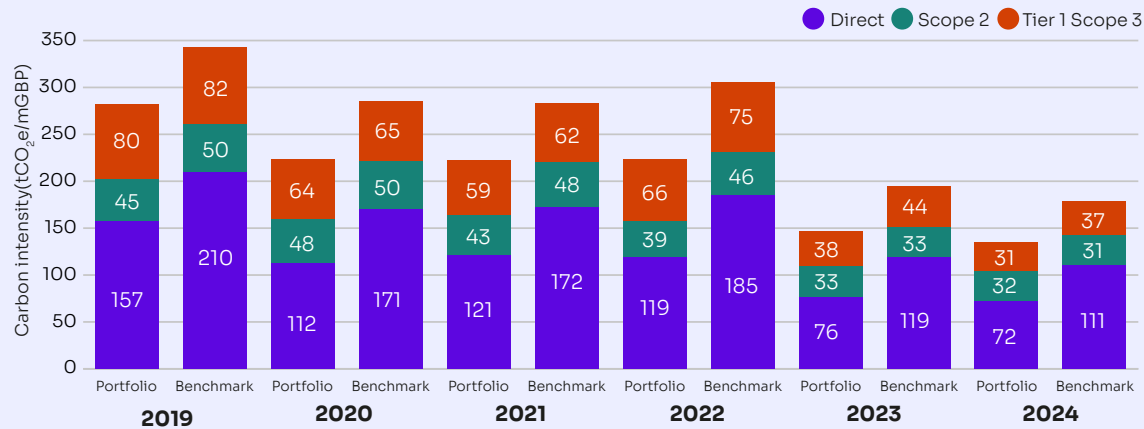
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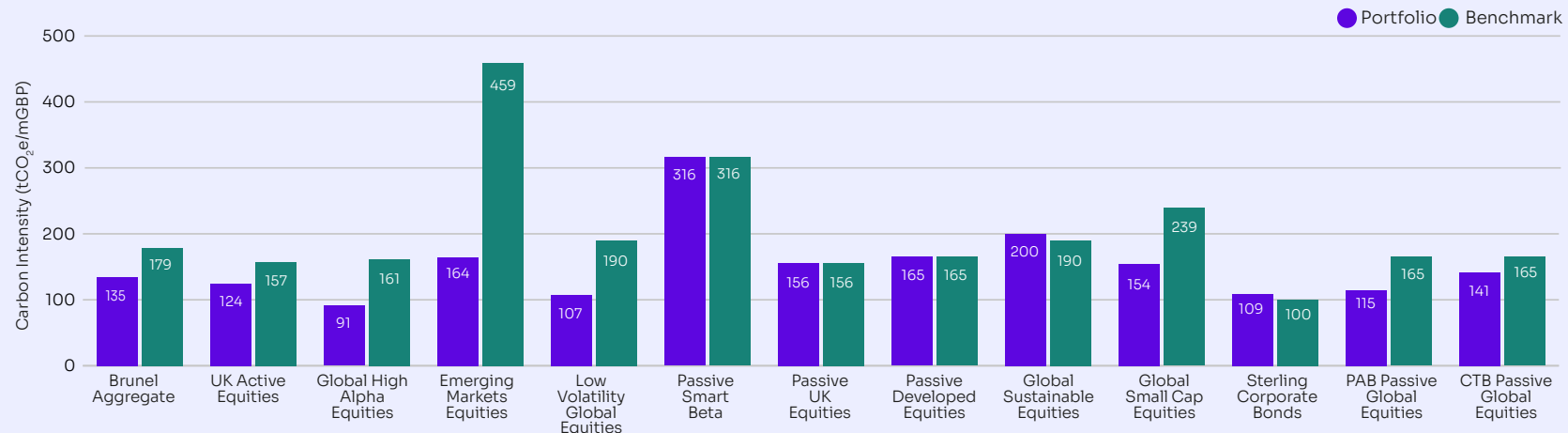
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Brunel aggregate carbon intensity



As at December 2025

Carbon Intensity of each portfolio



As at December 2025

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Case Study:
Joby Aviation – a positive WACI story in disguise



With regards to the carbon intensity of the Global Sustainable Equity portfolio, it is above benchmark when the WACI calculation is based on revenue stream. This figure is materially affected by a single early-stage aerospace company, Joby Aviation whose negligible revenues produce an outsized carbon-to-revenue ratio. The company has a 0.1% position in the portfolio and contributes ~17% of the WACI. If we adjust the WACI for Enterprise Value including Cash (EVIC), rather than revenue, the portfolio exhibits a >30% decline in carbon intensity, relative to the benchmark.

While Joby Aviation skews the headline WACI, it's worth framing this constructively. The company is developing zero-emission electric aircraft — exactly the kind of climate-solution investment that a forward-looking climate strategy should include. The WACI methodology penalises pre-revenue transition companies because carbon-to-revenue ratios are distorted by minimal revenue. This is a useful example highlighting that headline WACI alone is an incomplete measure of climate alignment.

The report details a variety of carbon metrics, including fossil fuel activities, fossil fuel reserves, carbon data disclosure rates, absolute emissions and carbon-to-value intensity. A summary of some of these carbon metrics are outlined below.

Disclosure Rates

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

We report on the level of company disclosures for the Brunel Aggregate Portfolio and each relevant Brunel portfolio. The definitions of these are below:

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

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

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

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

Company disclosure rates are based on Scope 1 emissions, where the rate of companies in the BAP for which fully disclosed carbon data was available was 38% (GHG weighted) and 28% (value weighted).

We have introduced Scope 2 emissions disclosure to enhance transparency as data quality improves. Scope 2 covers indirect emissions from purchased electricity, steam, heating, and cooling. The summary shows the proportion of holdings with full, partial, or modelled data across reported greenhouse gas emissions and value of holdings.

We provide detailed breakdowns of fossil fuel-related activities; future emissions from reserves; and disclosure rates for all Brunel portfolios in our [Climate-related Product Reports](#)

*The Kyoto Protocol covers the following greenhouse gases:

- Carbon dioxide (CO2)
- Methane (CH4)
- Nitrous oxide (N2O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulphur hexafluoride (SF6)
- Nitrogen trifluoride (NF3)



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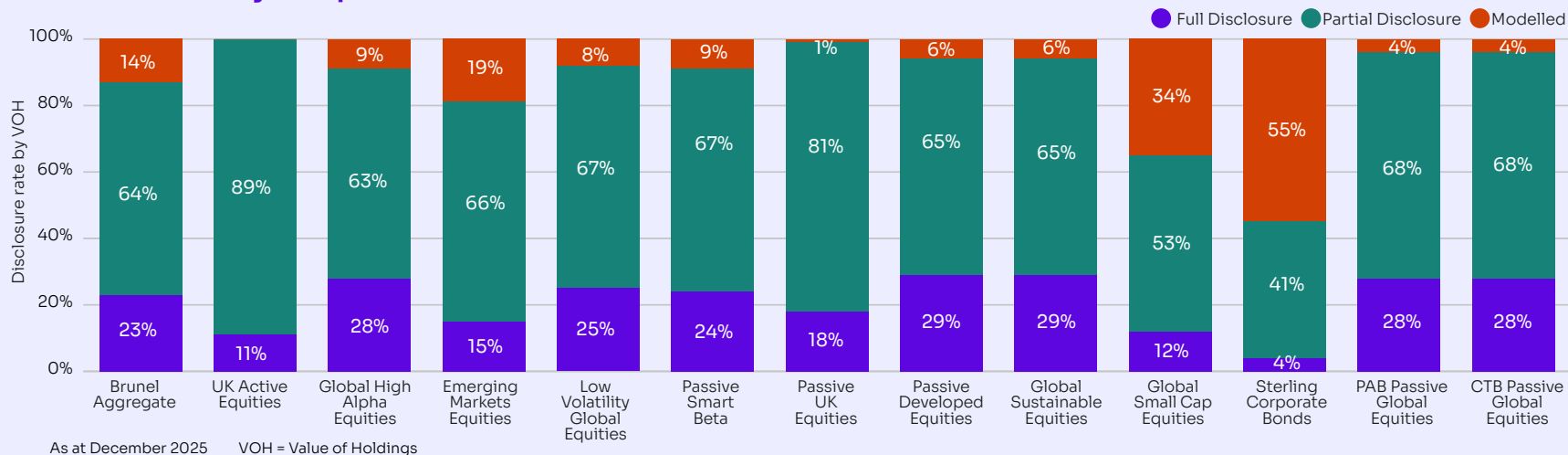
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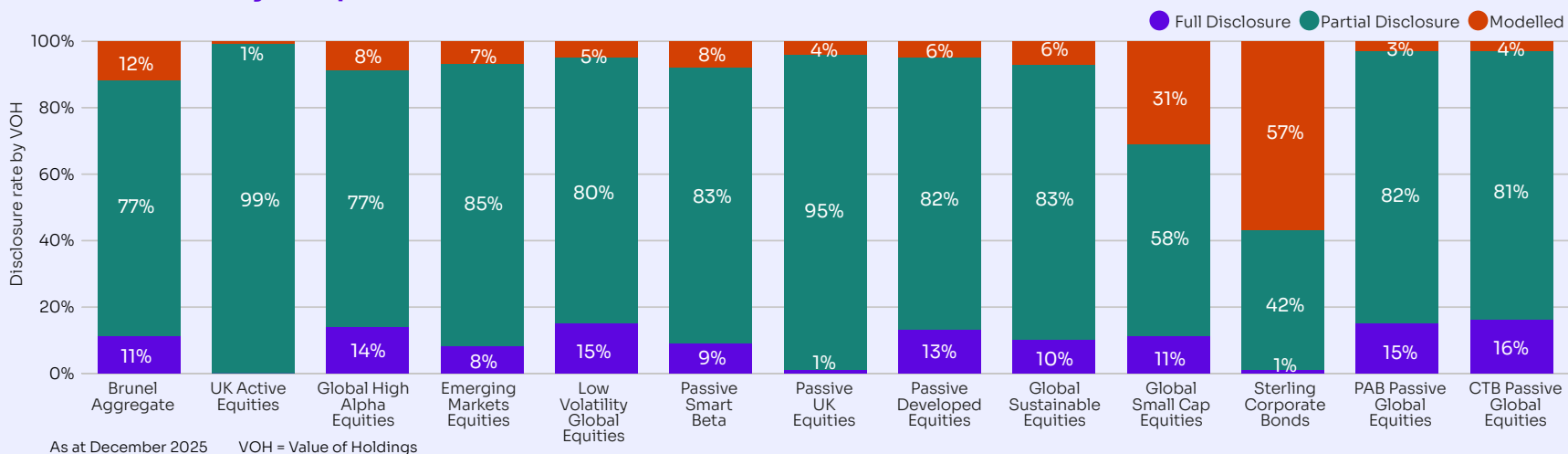
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Disclosure Summary - Scope 1 Emissions



Disclosure Summary - Scope 2 Emissions



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Case Study:
ESG Campaign



Background

The Brunel annual data collection campaign was initiated in 2021 to gather data for UK property funds, providing valuable insights for analysis across the UK Property portfolio. In 2022, the campaign was enhanced with an ESG section and extended to cover both UK and International Property portfolios. Further expansion occurred in 2024 when the campaign was adapted for use on the Secured Income and Cornwall Local Impact portfolios, both of which include property and operational Infrastructure funds.

Collecting this data annually enables us to analyse not only the current status of the funds and identify trends, but also to inform investment strategies, identify risks and support ongoing improvements in fund management.

Evolution

Until 2025, this data collection campaign was conducted manually, by the Brunel team, using Excel to collate data from the various sources before conducting analysis. In 2025, we transitioned to a new automated process with Asset Metrix. Asset Metrix now manages the issuing of requests to managers, collates the responses, and presents the data in a user-friendly way, while providing a workflow audit trail. Although this was our first time using the new campaign, it was a huge success. In 2025, we saved over a week of desk time, saw a 28% increase in responses from fund managers received prior to the deadline and had a noticeable improvement in data field accuracy. As a result, the Brunel team was able to dedicate more time to analysing the data and less to processing it, leading to clearer and more insightful reporting for our clients.

As part of this automation programme, we extended the ESG data collection campaign to include Brunel’s Infrastructure and Private Debt portfolios for the first time. Data points collected included UN PRI scores, carbon emissions data, diversity, and investment exclusions. Prior to the government decision to restructure the LGPS, Brunel had ambitions to build on this ESG data campaign across all private market portfolios and to start reporting Infrastructure and Private Debt data in the 2026 Climate Progress Report.

Results

Since its creation in 2021, the Property ESG campaign has evolved significantly, expanding from the collection of 20 data points across two portfolios to more than 140 across five portfolios in 2025. The campaign provides us with a comprehensive range of data points, covering areas such as strategy, SFDR (Sustainable Finance Disclosure Regulation), decarbonisation, biodiversity, emissions, data coverage, and accreditations.

Since 2022, due to targeted energy efficiency initiatives and ongoing collaboration with our fund managers, we have seen noticeable improvements in the EPC (Energy Performance Certificate) ratings within our UK Property model funds. These upgrades not only reduce emissions but also enhance asset value and tenant satisfaction. For example, in 2025, 74% of Brunel’s UK Property portfolio had an EPC rating of C or higher compared to 49% in 2022*.

The following 2025 figures have been compared to the figures returned the previous year.

*Please note: this only covers funds within the portfolio where we were provided with data

Net Zero Targets & EPC Ratings

UK Model property

Corporate Net-Zero commitment	100% ↑
Fund Net-Zero commitment	95% ↑
Assets covered by climate roadmap	63% ↓

International Model property

Corporate Net-Zero commitment	71% ↓
Fund Net-Zero commitment	63% ↑
Assets covered by climate roadmap	31% ↓

Secured Income

Corporate Net-Zero commitment	100% ↑
Fund Net-Zero commitment	100% ↑
Assets covered by climate roadmap	31% ↓

EPC ratings grade UK properties from A (most energy-efficient) to G (least efficient), reflecting current and potential energy performance. In 2025 circa 73% of properties held within the UK Property Portfolio achieved a rating of C or above, with less than 5% not rated.

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Portfolios

Brunel Scope 3 Disclosure Targets

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

On p19 we outline how we approach Scope 3 and why it is a key part of our strategy.

Scope 3 Targets

We are still developing the methodology and reporting processes to support the Scope 3 disclosure targets relating to the listed companies in which we invest. We set out our approach below but acknowledge that baselines and methodologies might change as we refine our reporting. We have drawn heavily on the guidance produced by the IIGCC’s [supplementary guidance: Scope 3 emissions of investments](#) and FTSE Russell, [Scope for improvement – Solving the Scope 3 conundrum](#).

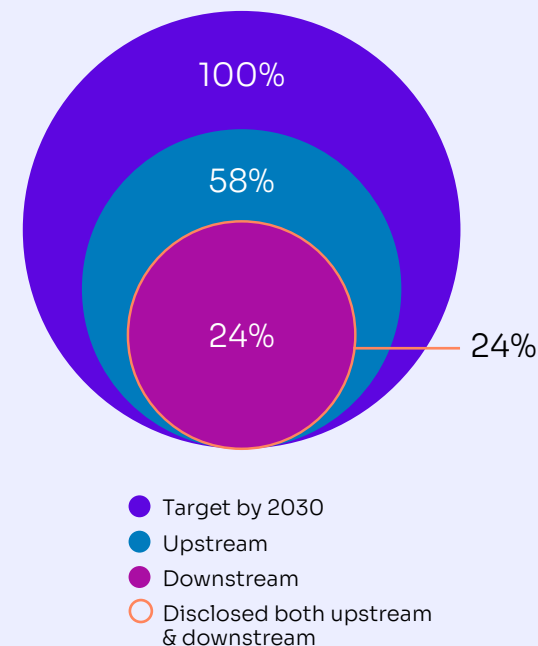
Enhanced mapping logic introduced this year has improved the accuracy and completeness of the dataset, which has resulted in stronger coverage and refinements to the company counts presented.

For the purposes of this target, 'largest directly held IT companies' are defined as the subset of companies within the GICS Information Technology sector that together represent approximately two thirds (c.67%) of Brunel’s total directly held VOH in listed equity and corporate bond portfolios, as of Q4 2025. This currently corresponds to the top 14 companies by VOH.

Among the Top 14 IT companies:

- 5 companies (VOH: 24%) disclosed both upstream and downstream material Scope 3 emissions
 - Of these, 4 companies are within the Top 10 by VOH
- 10 companies (VOH: 58%) disclosed material upstream Scope 3 emissions
- 5 companies (VOH: 24%) disclosed material downstream Scope 3 emissions

For context, we conducted analysis using the S&P Tier 1 Scope 3 data point to understand exposure on a GHG basis. While this metric does not perfectly align with the 15 defined Scope 3 categories, it suggests that the Top 14 IT companies accounted for 37% of Tier 1 Scope 3 emissions (on an absolute basis) across the entire IT GICS sector.



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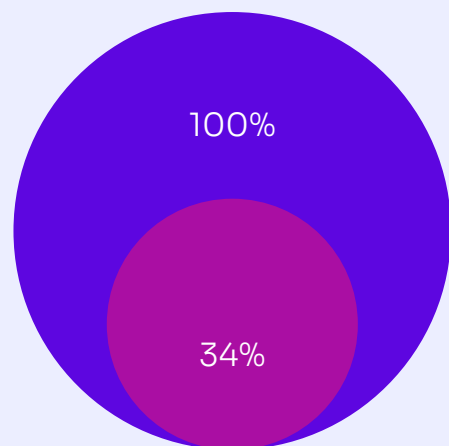
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Banks

- Out of 57 directly held banks, 23 banks disclosed material Scope 3 emissions related to investments
- These represent 34% of the bank VoH within Brunei's active equity holdings



- Target by 2030
- Downstream

Material upstream and downstream for Scope 3 for banks is investment. Upstream is not applicable.

High Impact Companies

- There are 646 companies classified as high impact across multiple sectors

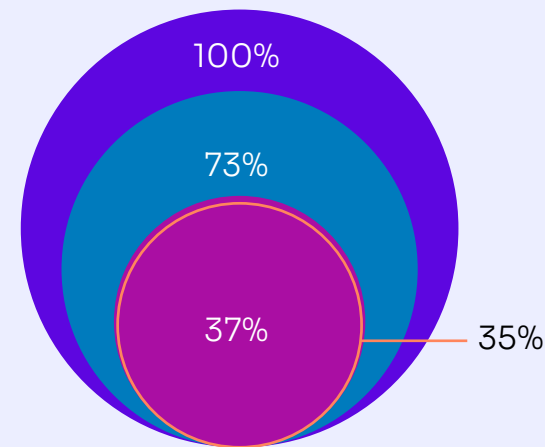
As an initial analysis based on the FTSE Russell Scope 3 Conundrum paper, the following two categories appear to be material across most sectors:

- Upstream: Purchased Goods and Services
- Downstream: Use of Sold Products

Applying this approach to the high-impact group yields:

- 73% of VoH with material Scope 3 in Purchased Goods and Services
- 37% of VoH with material Scope 3 in Use of Sold Products
- 35% of VoH disclose on both

Material upstream and downstream for Scope 3 for High impact sectors is 'purchased goods & services' and 'use of sold products'.



- Target by 2030
- Upstream
- Downstream
- Disclosed both upstream & downstream

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Climate Stocktake - assessment of progress on targets

Portfolios	Brunel's Overall Activity Rating 2022-2025	Overall Outcome Rating 2022-2025	Comment
<p>Brunel commits to engage with directly held high impact sectors and banks to achieve 100% disclosure of their own material Scope 3 emissions by 2030, and with all of our largest directly held IT companies to disclose their own material upstream and downstream Scope 3 emissions by 2030.</p>			<p>In 2025, Brunel reported the number of banks, high impact companies and largest IT companies that disclose material Scope 3 emissions (upstream and/or downstream) for the first time. This forms a baseline for further disclosure and engagement.</p> <p>Brunel updated its Voting Guidelines in 2024 to include expectations of banks to incorporate financed and facilitated emissions in their NZ commitments and continuously engages.</p>
<p>Reduce emission carbon intensity (scope 1&2) for all Brunel's listed equity and corporate bond portfolios by 50% by 2030, using a trajectory of at least 7% per annum reduction, from baseline of investable universe as at 31/12/2019 (or appropriate subsequent date)</p>			<p>At the end of 2024, the aggregate Brunel portfolio had achieved a reduction of 60% from the 2019 baseline. All portfolios had achieved at least 7% per annum reduction from the baseline.</p>

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Positive Impact

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

Positive Impact

Target

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

- ✓ Global Sustainable equity portfolio (reporting green revenues)
- ✓ Green, Climate and SDG bonds (report % AUM and £m)

19.1% of the GSE Portfolio is exposed to Green Revenues on a Weighted Average basis. This equates to **£773,476,386** of the portfolio being exposed.

As at the end of the quarter, the portfolio held 64 labelled bonds (14.96% weight)

Type	%	£ Value
Green Bond	5.19%	£135,734,567.94
Social Bond	1.70%	£44,478,461.84
Sustainability-linked Bond	0.88%	£23,155,597.14
Sustainable Bond	7.19%	£188,063,529.03
Total	14.96%	£391,432,155.95

As at December 2025.

Positive Impact

Target

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

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

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

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The Brunel annual data collection campaign was initiated in 2021 to gather data on UK property funds, providing valuable insights for analysis across the UK Property portfolio. In 2022, the campaign was enhanced with an ESG section and extended to cover both UK and International Property portfolios. Further expansion occurred in 2024 when the campaign was adapted for use on the Secured Income and Cornwall Local Impact portfolios, both of which include property and operational Infrastructure funds. Collecting this data annually enables us to analyse not only the current status of the funds, and identify trends, but also to inform investment strategies and support ongoing improvements in fund management.

Until 2025, this was a manual process carried out internally by the Brunel team using Excel to collate data from the various sources before conducting analysis. In 2025, we transitioned to a new automated process with Asset Metrix. Asset Metrix now manages the issuing of requests to managers, collates the responses, and presents the data in a user-friendly way, while providing a workflow audit trail. Although this was our first time using the new campaign, it was a huge success. In 2025, we saved over a week of desk time, saw a 28% increase in responses from fund managers received prior to the deadline and delivered a noticeable improvement in data field accuracy. As a result, the Brunel team were able to dedicate more time to analysing the data and less to processing it, leading to clearer and more insightful reporting for our clients.

Prior to the government decision to restructure the LGPS, Brunel had also worked to devise data collection methods for the Infrastructure and Private Debt portfolios. In 2025, we began collection of ESG data for Brunel's Private Debt portfolio for the first time. Data points we collected include areas such as UN PRI scores, carbon emissions, diversity, and investment exclusions.

Since its creation in 2021, the ESG campaign has evolved significantly, expanding from the collection of 20 data points across two portfolios to more than 140 across five portfolios in 2025. The campaign provides us with a comprehensive range of data points covering areas such as strategy, SFDR (Sustainable Finance Disclosure Regulation), decarbonisation, biodiversity, emissions, data coverage, and accreditations. Since 2022, due to targeted energy efficiency initiatives and ongoing collaboration with our fund managers, we have seen noticeable improvements in the EPC (Energy Performance Certificate) ratings within our UK Property model funds. These upgrades not only reduce emissions but also enhance asset value and tenant satisfaction. For example, in 2025, 74% of Brunel's UK Property portfolio had an EPC rating of C or higher compared to 49% in 2022.*



*Please note: this only covers funds within the portfolio where we were provided with data

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

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

Brunei’s Infrastructure portfolios have strong ESG credentials, limiting exposure to high climate impact areas. They are meeting their strategic targets with:

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

Sustainable Investment Exposure Summary

Sustainable Exposure Summary	Percentage Sustainable Exposure	Value of Sustainable Exposure
Cycle 1	76%	£335,040,104
Cycle 2-G	76%	£235,538,830
Cycle 2-R	100%	£430,437,123
Cycle 3	98%	£279,326,445
Aggregate	86%	£1,280,342,502

As of 31 March 2025

Sustainable Investment Exposure Breakdown by Sub-Sector

Sector	Sub-Sector	Value	%
Energy Generation	Cogeneration	£45,313,668	3.10%
	Hydro	£675,053	0.00%
	Mixed Renewables	£174,102,898	11.90%
	Solar	£277,724,599	18.90%
	Waste to Energy	£11,069,465	0.80%
	Wind	£248,487,389	17.00%
	Geothermal	£4,763,735	0.30%
Energy Management and Efficiency	Buildings & Property (Integrated)	£69,669,907	4.80%
	IT Processes	£6,855,882	0.50%
	Power Storage	£57,803,250	3.90%
	Smart & Efficient Grids	£42,507,236	2.90%
Environmental Support Service	Smart City Design & Engineering	£137,114,518	9.40%
Transport Equipment	Railways	£17,394,624	1.20%
	Road Vehicles	£17,937,782	1.20%
	Shipping	£9,131,635	0.60%
Transport Solutions	Railways Operator	£35,699,893	2.40%
Waste and Pollution Control	Waste Management	£9,310,022	0.60%
Water Infrastructure and Technology	Water Infrastructure	£3,725,366	0.30%
	Water Utilities	£42,987,725	2.90%
Food & Agriculture	Agriculture	£24,528,887	1.70%
	Sustainable Plantations	£28,424,817	1.90%
Unassigned	Unassigned	£200,682,001	13.70%
Grand Total		£1,465,910,354	100.00%

As of 31 March 2025

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Climate Stocktake - assessment of progress on targets

<p>Positive Impact</p>	<p>Brunel's Overall Activity Rating 2022-2025</p>	<p>Overall Outcome Rating 2022-2025</p>	<p>Comment</p>
<p>We commit to providing investment opportunities across asset classes to contribute to Brunel's own alignment, which in-turn allows clients to meet their climate solutions targets.</p> <ul style="list-style-type: none"> Global Sustainable equity portfolio (reporting green revenues) Green, Climate and SDG bonds (report % AUM and £m) Infrastructure: Brunel's Infrastructure portfolios have strong ESG credentials, limiting exposure to high climate impact areas and have strategy targets including <ul style="list-style-type: none"> Cycle 1: >35% in renewable energy Cycle 2: 50% in renewable and climate solutions Cycle 3: 70% minimum target for Sustainable Infrastructure, of which at least 40% (i.e. most of the SI allocation) will be in climate solutions <p>Brunel will provide annual updates as to the sustainable exposure, including climate solutions, of its infrastructure portfolios from 2023 onwards.</p> <ul style="list-style-type: none"> Real Estate and Secure Income (impact and renewables exposure – reporting metrics to be developed). 			<p>Brunel has achieved, maintained and made year on year improvements to its investment opportunities to meet climate solution targets. At the end of 2024:</p> <p>15.6% of the GSE Portfolio was exposed to Green Revenues, equating to £603,021,301.7.</p> <p>The portfolio held 54 labelled green, climate and SDG bonds, Totalling 10.1% of AUM. Infrastructure targets were met and maintained.</p> <p>Brunel's annual Climate Change Progress Reports and Outcome Reports publish extensive case studies related to these assets as well as an annual Sustainable Investment Exposure analysis by cycle and sub-sector.</p> <p>Brunel has developed new data points on Real Estate and Secured Income, including those related to impact and renewables exposure, e.g. renewable energy generated LTM.</p>

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Persuasion

Convincing others to change

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

Stewardship is a key tenant of our approach across RI, with extensive information to be found in our [Responsible Investment & Stewardship Outcomes Report](#). Our approach to persuading companies to act upon climate change, mirrors our overall engagement approach.

Within our Climate Change engagement, we prioritise focus on physical climate risk, adaption and nature-based solution to allow us to effectively target our resources.

Amplifying our stewardship



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Case Study:
Asset Owner Statement on Climate Stewardship



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

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

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

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

The five principles that make up the statement build on existing industry guidance and best practise. They embed flexibility for asset owners to exercise independence in their decision-making accounting for a manager's progress to date, pinch points and challenges in stewardship delivery.

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

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

Persuasion

Target

- ✓ Engage 100% of carbon-based energy and transport infrastructure assets as part of collective or direct engagement, or management interventions.

Brunel Infrastructure portfolios have limited exposure to such assets and, where they do, it is often part of a wider programme of energy transition and/or efficiency.

Brunel has appointed StepStone Infrastructure and Real Assets (SIRA) to manage a discretionary infrastructure vehicle and undertake climate engagements with GPs on our behalf. Engagement typically focuses on policy development, climate risk integration in due diligence, and post-investment monitoring and reporting. Given the materiality of carbon-based energy and transport infrastructure assets we seek to have clear transition plans in place to demonstrate alignment with our climate policy, this is integrated into the due diligence and on-going monitoring. The post-investment monitoring questionnaires include questions aimed specifically at addressing climate change. These questions explore how GPs develop their policies in alignment with globally recognized standards and how they monitor, measure and report on their carbon footprint, among other important climate-related considerations.

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Voting, and our [voting guidelines](#) outline our expectations, both of our asset managers and companies. As we retain full voting rights across our listed market assets, it becomes another tool in our Climate Change arsenal. The updates made in 2025 to these guidelines can be seen on our website.

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

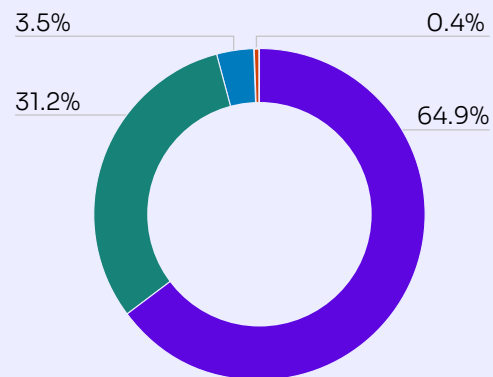
In 2025, EOS engaged with 651 companies on 3,144 environmental, social, governance, strategy, risk and communication issues and objectives. At least one milestone was moved forward for about 41% of its objectives during the year.

Our [voting statistics](#) are made available on our website, to inform and promote the importance of the activity.

Meetings instructed

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

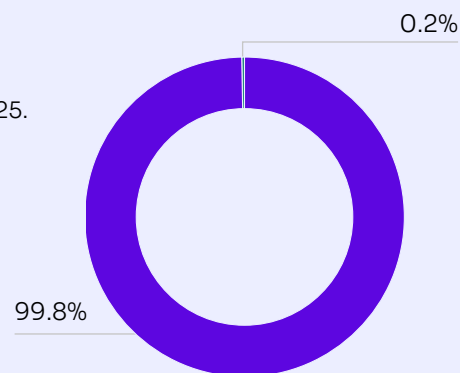
- Against
- For
- Supported management by exception
- Abstain



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



Case Study: Glencore – Coal Exposure



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

Persuasion

Target

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

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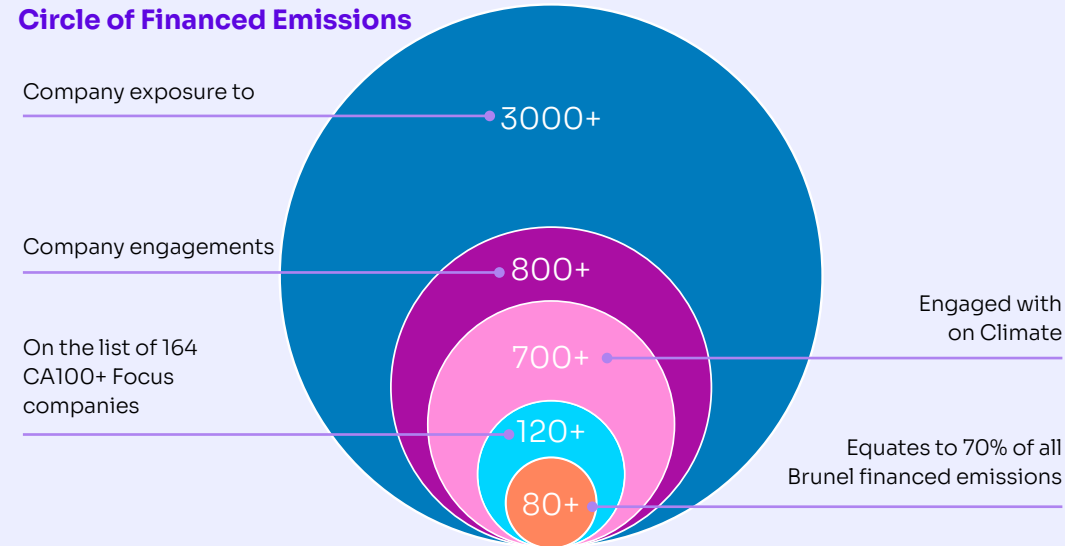
Target

- ✓ Engage with 100% of investment managers and general partners* on measuring emissions, disclosure levels and setting targets for decarbonisation and alignment by June 2024.

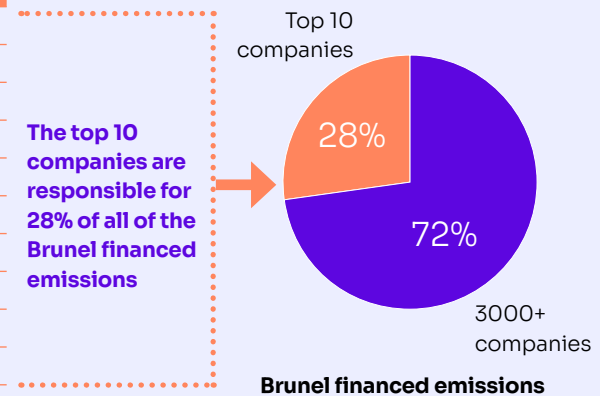
70% of financed emissions in material sectors are either aligned, aligning or subject to direct or collective engagement and stewardship actions for all listed equity and corporate bonds by June 2024, increasing to 90% by June 2027.

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

Circle of Financed Emissions



Rank	Company Name	% of Brunel financed emissions
1	Shell plc	6.55%
2	Waste Management, Inc.	4.13%
3	Drax Group plc	3.33%
4	L'Air Liquide S.A.	2.57%
5	Steel Dynamics, Inc.	2.50%
6	BP p.l.c.	1.91%
7	NextEra Energy, Inc.	1.84%
8	Glencore plc	1.82%
9	Linde plc	1.74%
10	GFL Environmental Inc.	1.55%



Emissions data as at 31 December 2025
CA100+ data as at 31 October 2025

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Climate Stocktake - assessment of progress on targets

Persuasion	Brunel's Overall Activity Rating 2022-2025	Overall Outcome Rating 2022-2025	Commentary
Ensure that 70% of financed emissions in material sectors are either aligned, aligning or subject to direct or collective engagement and stewardship actions for all listed equity and corporate bonds by June 2024, increasing to 90% by June 2027.	●	●	In 2024, 87% of financed emissions were covered by climate engagement. Brunel conducts extensive direct and collective engagement on climate topics. Brunel works with EOS and asset managers to deliver collective engagement through CA100+, contributing to a large number of companies making significant commitments to action. Engagements are communicated to clients through annual reporting channels and a Top 10 emitters spreadsheet received by clients.
Continue to engage with 100% of investment managers and general partners* on measuring emissions, disclosure levels and setting targets for decarbonisation and alignment.	●	●	Stepstone engages with 100% of infrastructure GPs, which are disclosed to Brunel in an annual ESG report and climate metrics spreadsheet. Engagement topics are decided by Brunel and Stepstone and Brunel receives regular updates of findings.
Engage with 100% of carbon-based energy and transport infrastructure assets as part of collective or direct engagement, or management interventions. Brunel Infrastructure portfolios have limited exposure to such assets and, where they do, it is often part of a wider programme of energy transition and/or efficiency.	●	●	This engagement is incorporated into the due diligence of investments.

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Operational Risk

Brunel’s strapline is: “Forging better futures by investing for a world worth living in”, and this ambition underpins our focus on RI. Following through on that ambition requires commitment to progress internally as well as across our portfolios – as it enables us to maximise our influence.

Our ‘Walking the Talk’ thematic focus ensures that Brunel is deliberate in ensuring that we practise what we preach across all of our seven RI priorities, which includes climate-related risk.

Carbon Footprint Report

Brunel published its third Carbon Footprint Report, covering 2023-24, during the reporting year. The table below, however, captures highlights from our forthcoming 2024-25 report. Carbon Managers prepared the 2024-25 report and calculated the footprint, using the data supplied by Brunel over the 12-month period to 30 September 2025. Total emissions were 112.46t CO₂e, down from 126.7t in 2023-24; emissions per employee were 1.5t CO₂e, down from 1.87t. In line with our commitment to transparency, we would typically look to publish the full report for 2024-2025 on our website in mid-2026 but, in the interim, some summary figures are reproduced below.

Total emissions summary: 2024-25

Scope	Data type	24-25 total (%)	24-25 total (tCO ₂ e)
Scope 1 direct (fuel & refrigerant)	Calculated from utility bills	1.6%	4.99
Scope 2 (indirect)	Calculated from utility bills	10.6%	10.24
Electricity usage		(0.0*)	76.80
Scope 3 Supply chain	Calculated from expense data, survey, spend estimates	87.8%	98.74
Total		100%	112.46

* Market-based figures. Brunel’s electricity is renewable so both figures may be shown.

As the table above demonstrates, our Scope 3 emissions account for the overwhelming majority of Brunel emissions (87.3%), whereas Scope 1 (3.3%) and Scope 2 (9.4%) are relatively marginal within the aggregate figure.

Absolute emissions totals are crucial but do not account for changing staff numbers – and our workforce average (full-time equivalent) in 2023-24 was 9% higher than in 2022-23. To account for these changes, we also publish relative emissions performance metrics. These metrics also record for emissions per unit of revenue.

Relative emissions performance metrics

Name	KPI	Units
Carbon per FTE (2022-23)	2.01	tCO ₂ e / FTE
Carbon per FTE (2023-24)	1.87	tCO ₂ e / FTE
Carbon per revenue (2022-23)	10.22	tCO ₂ e / £m
Carbon per revenue (2023-24)	9.27	tCO ₂ e / £m

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Operational Risk continued

Our methodology has been strengthened to target accuracy. Thus, data provided for the footprint calculation included:

- Expense system data and 3rd party funded travel
- Employee commuting data / homeworking survey
- HR headcount
- Data from historical utility bills for the leased office (except water which is modelled using surrogate data as these are unavailable)
- Bill evidence that the office power is from a renewable source

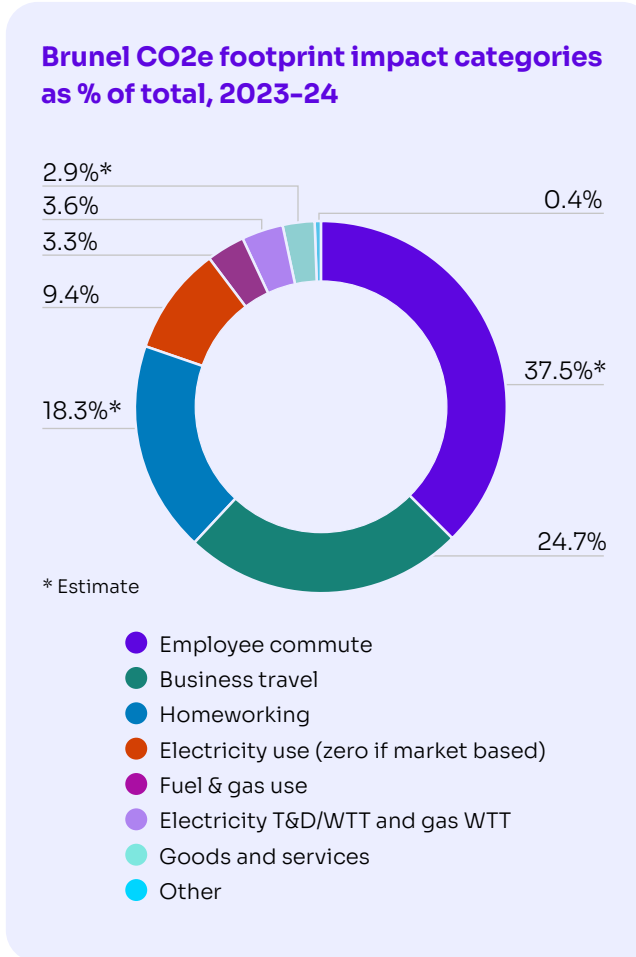
The footprint is then calculated by Carbon Managers using the data supplied by Brunei.

Fundamentally, we remain on track to meet our commitment of becoming Net Zero in operations (Scope 1 and 2) by 2030.

Our progress is based on far more detailed reporting. Our Scope 1 and Scope 2 emissions are typical for a company of our size, and we reduced our emissions in both in the reporting year. However, major improvements are challenging when we do not have control of our building.

Scope 3 emissions have increased slightly in absolute terms (before taking account of increasing staff numbers), with employee commutes and business travel each accounting for significant shares. We note that business travel emissions dropped vs the previous year, but homeworking and employee commute-related emissions both rose.

Our emissions are thus dominated by a few key areas:



More information can be found in our Corporate Carbon Footprint Report 2023-24.



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Future Focused

Brunei is moving into wind down and this is the final Climate Change Progress Report, intended to leave a transparent record of actions taken, results achieved, and learnings that can be transferred to destination pools and the wider industry.

We systematically enhanced our work managing climate-related risk. Our partner funds invested time and resources, but more importantly, provided the ambition that drove progress across complex RI priorities such as climate change and nature risk. The mandate they set enabled Brunei to integrate RI and climate risks throughout the investment chain.

The culmination of these efforts enabled us to increased coverage of **Paris-Aligned targets, to reach 100% of in-scope assets (representing 92% of total AUM).**

We have already achieved our 2030 carbon emissions intensity reduction target, with the aggregate portfolio achieving **54% reduction** since the baseline was set in 2019.

Our approach prioritises real world change through engagement, escalation, and where necessary, selective divestment informed by evaluation and structured frameworks (e.g., CA100+, TPI integration). In 2025 we expanded our scope into nature. As an early adopter TNFD we undertook a TNFD gap analysis and enhanced nature risk assessment (e.g., deforestation and water stress), reinforcing that nature and climate risks are interconnected.

If asked to distil the question of what has enabled Brunei'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



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

Any information or calculations provided in this report have been made based on Brunel's current views and information available to us as at a specific time and may not have been updated for information available after this date. S&P data was rendered on 2 March 2026. The ESG regulatory environment, and the breadth and availability of ESG data, are subject to change, and undue reliance should therefore not be placed on the disclosures made in this information. Brunel does not make any representation or warranty as to the accuracy, completeness or sufficiency of any of the information provided in this report.



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Appendix

TCFD Reference Index

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

Requirement	Page / section
Governance	
The Board's oversight of climate-related risks and opportunities.	14 - 15, 24 - 25
Management's role in assessing and managing climate-related risks and opportunities.	14 - 15, 24 - 25
Strategy	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	16, 18, 21, 23
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	16 - 18, 23, 25, 71
<i>Supplemental guidance for asset managers: How climate-related risks and opportunities are factored into relevant products or investment strategies; how each product or investment strategy might be affected by the transition to a low-carbon economy.</i>	18 - 22, 16 - 18, 25, 71
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	31
<i>Supplemental Guidance for Asset Owners that perform scenario analysis should consider providing a discussion of how climate-related scenarios are used, such as to inform investments in specific assets.</i>	8, 31 - 32
Risk Management	
Describe the organisation's processes for identifying and assessing climate-related risks.	23 - 28
<i>Supplemental guidance for asset managers: Describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks in order to improve data availability and asset managers' ability to assess climate-related risks.</i>	8, 23, 25, 36
<i>Describe how material climate-related risks are identified and assessed for each product or investment strategy.</i>	8, 27 - 28
<i>Supplemental guidance for asset owners: Describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks to improve data availability and asset owners' ability to assess climate-related risks.</i>	67 - 70
The organisation's processes for managing climate-related risks.	23 - 25

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Requirement	Page / section
Risk Management	
<i>Supplemental guidance for asset managers: Asset managers should describe how they manage material climate-related risks for each product or investment strategy.</i>	27 - 28
<i>Supplementary asset owner guidance: firms should describe how they consider the positioning of their total portfolio with respect to the transition to a low-carbon energy supply, production, and use. This could include explaining how asset owners actively manage their portfolios' positioning in relation to this transition.</i>	23
How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	23 - 25
Metrics and Targets	
The metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	27 - 28, 38 - 70
<i>Supplemental guidance for asset owners & managers: Describe metrics used to assess climate-related risks and opportunities in each product or investment strategy. Where relevant, describe how these metrics have changed over time. Where appropriate, provide metrics considered in investment decisions and monitoring. Describe the extent to which assets under management and products and investment strategies, where relevant, are aligned with a well below 2°C scenario, using whichever approach or metrics best suit organizational context or capabilities. Indicate which asset classes are included.</i>	27 - 70 & Climate-related Product Report
Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	27, 28
<i>Supplemental guidance for asset managers: Disclose GHG emissions for assets under management and the weighted average carbon intensity (WACI) for each product or investment strategy, where data and methodologies allow. These emissions should be calculated in line with the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the Partnership for Carbon Accounting Financials (PCAF Standard) or a comparable methodology. In addition to WACI, asset managers should consider providing other carbon footprinting metrics they believe are useful for decision-making.</i>	53 - 61
The targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	27, 34 - 35, 43

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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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