

Climate Change Policy **Summary**

A five-point plan to build a financial system
which is fit for a low carbon future



Executive summary

Brunel Pension Partnership aims to deliver stronger investment returns over the long term, protecting our Clients' interests through contributing to a more sustainable and resilient financial system which supports sustainable economic growth and a thriving society.

Climate change presents an immediate systemic and material risk to the ecological, societal and financial stability of every economy and country on the planet. It has direct implications for our Clients and their beneficiaries.

How we navigate these risks is critical and therefore a strategic investment priority. We have designed a five-point plan – a Climate Change Policy – to guide our work over the next three years. We will regularly review and report on our actions and review our policy annually.

The state of play in the finance sector

The case for urgent action on climate change is clear. Global average temperatures are already 1°C above pre-industrial levels, the rate at which capital is being invested in low carbon infrastructure is approximately half of that required, and the pace at which regulators and policy makers are acting is far too slow.

Some of the underlying causes of these problems lie within the investment system, and financial markets more generally. While there are commendable exceptions, **the finance sector is not fit for purpose. How we price, manage and most specifically how we benchmark financial performance needs to be challenged in order to achieve a world where temperature rise is kept to well below 2°C compared to pre-industrial levels.**

Our role in driving change

If the financial system is not fit for purpose, we cannot respond effectively to climate change. As an organisation, we have done much already within our direct sphere of influence. We have exerted influence on our investment managers and service providers and on the specific investments we have made. While these efforts are important and valuable, we know there is more to be done. The state of play in the finance sector and our role within it means our focus must be on shaping and influencing the investment system to ensure it is fit for purpose.

Our priority is to catalyse change at scale, not only through our own efforts but in partnership with others, and by enabling our Clients to be agents of change in their own right.

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The key objective of our climate policy is to systematically change the investment industry to ensure that it is fit for purpose for a world where temperature rise needs to be kept to well below 2°C compared to pre-industrial levels.

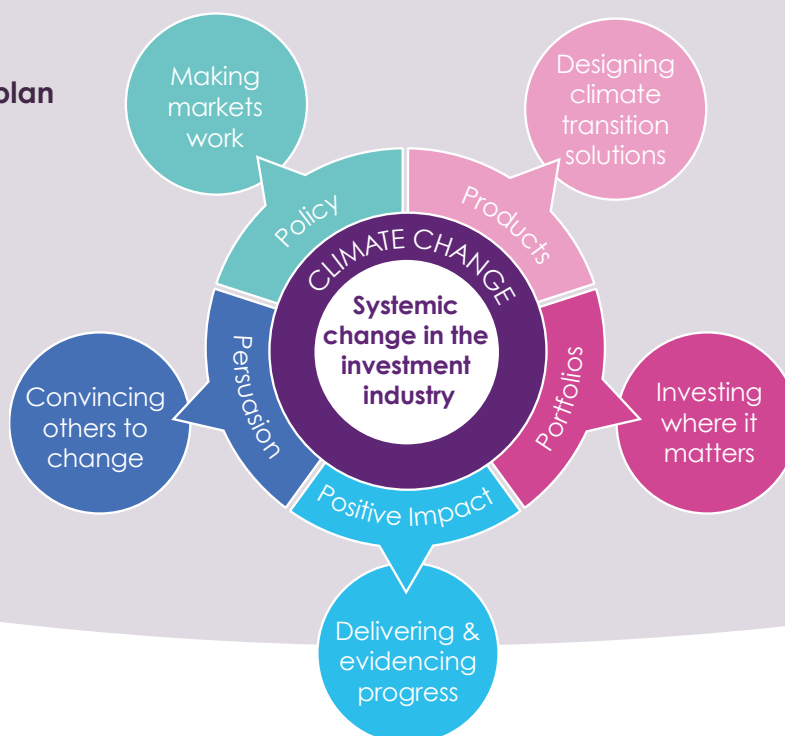
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A five-point plan to build a financial system which is fit for a low carbon future

Our analysis of the investment market, the wider financial system, and of our role within them has led us to identify five principal areas where we believe there is a critical need for action and where we believe we can

make a significant difference: Policy Advocacy; Product Governance; Portfolio Management; Positive Impact and Persuasion, as illustrated in diagram 1 below and explained in the accompanying grid.

Diagram 1
Brunel's five-point plan



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

Increase the number and range of products available to our Clients and the wider investment market that deliver substantial climate change benefits and sustainable investment returns.

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 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.

Taking stock

Our Climate Change Policy will guide our work on climate change over the next three years. We will regularly monitor and report on its implementation and effectiveness and the policy itself will be reviewed annually.

In late 2022, we will conduct a full stocktake of the policy. This stocktake will provide us and our Clients with the opportunity to reflect on our progress and to ramp up our ambitions. It will also, ahead of our Clients' triennial valuation and investment reviews, help us prepare for what we see as the tightening of regulation and escalation of government action on climate change.

This document is a summary of our full Climate Change Policy which is available at www.brunelpensionpartnership.org or you can request a copy from RI.Brunel@brunelpp.org

We would like to acknowledge the significant support and contribution of our Clients in the development of our Climate Change Policy. Our mutual commitment to building a financial system which is fit for a low carbon future is pivotal to driving change together.



Review and reporting

The Brunel Board approves and is collectively accountable for Brunel's Climate Change Strategy and Policy. Operational accountability on a day to day basis is held by the Chief Responsible Investment Officer.

We will review and report annually on our progress against the commitments set out in this policy.

We will use our website as the primary route for providing additional information and further insights into our approach.

Getting in touch

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

Fund managers with general enquiries, meeting requests and other materials (updates, newsletters, brochures and so on), should contact us at investments.brunel@brunelpp.org or pminvestments.brunel@brunelpp.org

Approved by the Board of Brunel Pension Partnership Ltd. 20/01/2020

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