

# CLIMATE STOCKTAKE - PENSION COMMITTEE ENGAGEMENT QUESTIONS

## INTRODUCTION

On 17<sup>th</sup> May 2022 Member Fund officers attended a workshop where Brunel updated them on the Brunel 2022 Climate Stocktake. As the Stocktake progresses, and in advance of implementing the revised climate strategy in January 2023, Brunel is seeking specific feedback from Pension Committees on five issues: one relating to the overall Policy and four relating to specific elements of the Policy.

Given the schedule for this work, we would welcome initial/informal responses by end of June 2022 and formal responses by the end of July 2022. We note that there will be further opportunities for comment and feedback as we go through the process.

## 1. PURPOSE OF THE POLICY

The key objective of Brunel's Climate Policy, approved in 2020, is *'to systematically change the investment industry to ensure that it is fit for purpose for a world where the temperature rise needs to be kept to well below 2°C compared to pre-industrial levels.'* In March 2021 Brunel committed to be Net Zero by 2050, as part of its overall goal of supporting efforts to limit global temperature rises to 1.5°C.

### Questions:

- A. Do you agree that the key objective of the Climate Policy should continue to be *'to systematically change the investment industry to ensure that it is fit for purpose for a world where the temperature rise needs to be kept to well below 2°C, preferably 1.5°C, compared to pre-industrial levels'*?
- B. If no, what do you think the objective should be?

## 2. PUBLIC POLICY

Since 2020 Brunel has focussed its policy advocacy activities in the following areas:

- Develop a financial system fit for a net-zero and resilient economy and society
- Mandatory climate reporting
- Functioning carbon markets and carbon pricing
- Fossil fuel subsidies
- Socially inclusive just transition
- Regulatory barriers

- Integration and mandates
- Skills and knowledge
- Climate in trade agreements

In April 2022, Brunel published a short report, prepared by Chronos Sustainability, *Reviewing the effectiveness of Brunel Pension Partnership's policy advocacy 2020-2022*. This report can be found at

<https://www.brunelpensionpartnership.org/stewardship/policy-advocacy/>

The report highlights how climate-related policy in different areas has progressed over the past two years, describes the advocacy actions Brunel has taken, and identifies areas where further action is required.

**Question:**

- C. Are there other climate change-related public policy areas/themes that you believe Brunel should be focussing on?

### 3. PRODUCTS

Brunel integrates climate risk into product governance and has specifically developed net-zero aligned products for passive index tracking and multi-asset credit. Brunel has also embedded strong climate criteria in private market fund selection, as appropriate to the agreed investment objectives.

**Questions:**

- D. Are there any new Products you want to bring to Brunel through the CAD process?
- E. Are there existing Products (asset classes or funds) where you want Brunel to prioritise its net-zero efforts?

### 4. POSITIVE IMPACT

Brunel's Climate Policy states that it will enable investments in activities that directly support the low carbon transition and that enable effective adaptation to the unavoidable impacts of climate change.

Brunel has sought to map both the revenues from its listed markets portfolios and the capital committed in private markets to green activities (climate mitigation and adaptation). This work is to be shared in a dedicated workshop for clients who wish to participate.

**Question:**

- F. Does your fund have any existing or planned climate solutions (or similar – e.g. green revenues) targets or commitments?
- G. If yes, can you provide details of these targets or commitments?

## 5. PERSUASION

Brunel engages extensively with its investment managers on their engagement and stewardship-related activities as well as through its dedicated engagement provider Federated Hermes EOS. Bespoke reporting is provided to each fund. Overall reports for Brunel are published on the website

<https://www.brunelpensionpartnership.org/stewardship/engagement-records/>

Brunel also engages – on its own and through collaborations such as CA100+ - extensively with companies on their approach to climate change. Brunel uses the Transition Pathway Initiative and the Climate Action 100+ Benchmark to support its engagement with corporates in high-emitting sectors. Beyond these high emitting sectors, Brunel has identified and engaged with corporates in other sectors (notably Banks and Technology) that are critical to the net-zero climate transition.

The Responsible Investment and Stewardship Outcomes Report provide insights into these activities <https://www.brunelpensionpartnership.org/responsible-investment/responsible-investment-and-stewardship-outcomes-report/>

**Questions:**

- H. Are there specific climate-related topics/issues/sectors that you think should receive greater attention in Brunel's engagement activities?**
- I. If yes, what are these.**