



Oxfordshire County Council Pension Fund Stewardship Code Report 2025

May 2025

Introduction

The Oxfordshire County Council Pension Fund (the Fund) is pleased to present this report detailing how the Fund meets the 12 principles under the FRC's 2020 UK Stewardship Code. As an asset owner and pension fund the Fund has a responsibility to its members and beneficiaries. We believe that stewardship is integral to the achievement of the Fund's objectives in seeking to deliver long-term investment performance and is identified as a key objective in the Fund's business plan.

We support and apply the Code's definition of stewardship: "Stewardship is the responsible allocation, management and oversight of capital to create long-term value for beneficiaries leading to sustainable benefits for the economy, the environment and society" and seek to demonstrate how we put this into action through this report.

The Fund has taken significant action over the last year to implement and build on its Climate Change Policy which includes a commitment for the Fund's investments to be net-zero emissions by 2050. To complement the Climate Change Policy the Pension Committee adopted a new Responsible Investment Policy in 2024, codifying the fund's core investment beliefs and identifying the priority responsible investment and stewardship themes and issues for the Fund to address. The next step is to develop a set of metrics and reporting under the banner of a Responsible Investment strategy so the Fund's stakeholders can monitor compliance with the Fund's policies and the impact of those policies.

Stewardship continues to see an ever-changing landscape, this has been more challenging than ever over the last year, largely driven by the political pushback against ESG in the US, but seeing its impact globally as well. We continue to believe that the fundamental proposition that integrating consideration of sustainability-related risks and opportunities into the investment process helps to deliver long term risk adjusted returns, allowing us to meet our obligations to pay the pensions to our members. We continue to make progress, and the Fund continues to explore ways to further strengthen its approach and expand its stewardship activities both as a Fund and in collaboration with others.



Mark Smith
Head of Pension Fund

Principle 1: Purpose, Strategy & Culture

The Oxfordshire County Council Pension Fund (the Fund) is one of 89 funds in England and Wales set up under the Local Government Pension Scheme (LGPS); a statutory, funded, multi-employer defined benefit scheme.

The operation of the Oxfordshire County Council Pension Fund is principally governed by the Local Government Pension Scheme Regulations 2013 [as amended]. The scheme covers eligible employees and employees of other bodies eligible to be employers in the Scheme. A list of all those bodies with employees currently participating in the Scheme is shown on pages 15 to 19 of the [2023/24 Annual Report](#).

The Fund is administered by Oxfordshire County Council (the Council) who are legally responsible for the Fund. The Council delegates its responsibility for administering the Fund to the Oxfordshire Pension Fund Committee (the Committee), which is its formal decision-making body.

The ultimate purpose of the Fund is to meet all pension liabilities as they fall due. The Fund has a [Funding Strategy Statement](#) that sets out the requirements around this objective including a need to maintain long-term solvency, develop an investment strategy consistent with the funding strategy, and where appropriate, ensure stable employer contribution rates.

The Fund's [Investment Strategy Statement](#) has been developed to deliver on the funding strategy statement objectives.

Although climate change is the greatest single risk to the long-term performance of the Fund there are also other major sustainability risks and opportunities that the Fund is faced with. To ensure that these are being adequately addressed officers were tasked by the Pension Committee in 2023 with developing a Responsible Investment Policy. The new [RI policy](#) was signed off at the June 2024 meeting of the Committee.

The Fund's Responsible Investment Policy includes the following set of beliefs related to integrating stewardship and responsible investment into the investment process:

- *The long-term nature of the Fund's liabilities is a key consideration and typically implies a long-term investment horizon. As a long-term asset owner, we have a duty to interact with companies about their governance structures, policies, and operations.*
- *The Fund must seek to ensure that the actions of those appointed to work on the Fund's behalf align with the long-term interests and policies of the Fund.*
- *Investing responsibly and investment performance are not mutually exclusive. We believe that investments will generate improved returns in the long run where there is consideration of ESG factors at a strategic level by investee companies. We believe in investing in well governed companies. In making*

investments we will seek to minimise negative impacts on society and the environment and, where possible, to make a positive contribution.

- *The Fund believes that using active stewardship to encourage the highest standards of corporate governance and promoting corporate responsibility by investee companies helps protect the financial interests of pension fund members over the long term.*
- *Engagement can be effective in initiating change but must be backed up with a robust escalation policy, up to and including divestment. In determining the approach to engagement, the nature of the industry and ability to change should be considered.*
- *Aligning with like-minded investors and organisations is often more effective than working in isolation.*

The Fund has identified climate change as the single most important factor that could materially impact its long-term investment performance given its systemic nature and the effects it could have on global financial markets. The Fund has produced a [Climate Change Policy](#) that forms part of the Investment Strategy Statement.

From an investment perspective the Fund believes that climate change should be an integral part of the assessment of risks as well as a factor in identifying investment opportunities arising from the transition to a low carbon economy.

Stemming from this belief the Fund is seeking to expand its allocation of capital into investments that will help deliver the energy transition to a net zero economy by 2050. Since 2024 Brunel has provided each of its client funds with a Carbon Metrics report giving climate change related data such as portfolio level absolute emissions and carbon intensity. The report also includes data on exposure to green revenues. This green revenues data will allow the tracking of how much capital is being allocated to those sub-sectors which will help deliver the energy transition.

The Fund requires its Investment Managers to monitor and assess those environmental, social and governance considerations which may impact on financial performance when selecting and retaining investments, and to engage with companies on these issues where appropriate. The Fund believes that the operation of such a policy will ensure the sustainability of a company's earnings and hence its merits as an investment.

The Committee's principal concern is to invest in the best financial interests of the Fund's employing bodies and beneficiaries. Its Investment Managers are given performance objectives accordingly. These relate to the ESG performance of the investments, as well as the financial performance.

Case study: Choosing the investment option that delivers positive impact

The Fund's Climate Change Policy has a specific commitment that where there are two investment options that broadly aim to deliver the same investment objective the Pension Fund will prioritise the option that delivers the best fit to its climate change commitment.

In 2024 the Pension Committee agreed to a significant change to its active UK equity portfolios, with the allocation to UK active equities being moved away from a predominantly FTSE 100 focus onto UK small and medium caps. A request has been raised with Brunel to provide this new portfolio and it is currently being developed. As at 31/03/2025 the value of the Fund's active UK equity portfolio was £393.81m, or around 11% of the Fund. The intention is that this will be transferred into the new portfolio.

Part of the rationale for the change was to better align the Fund's equity exposure with the Fund's Climate Change Policy, given the significant fossil fuel exposure within the current active UK equity portfolio. Many of the companies in the current UK portfolio are effectively global companies. Transitioning our investments into a UK small and medium cap portfolio will help the Fund meet its aspiration to have greater exposure to the UK domestic economy, as well as reducing the overall exposure of the Fund to fossil fuels.

Every three years the Fund's actuary undertakes a full valuation of the Fund and determines a funding level. Over the last three valuations the funding level has been determined as follows:

2019 – 99%

2022 – 111%

2024* - 146%

*this is an estimated figure, not a final valuation by the actuary

As such, the Fund considers that its funding and investment strategies and associated beliefs have been effective in delivering against their objectives.

Principle 2: Governance, Resources & Incentives

As noted under Principle 1, Oxfordshire County Council is the Administering Authority of the Fund and has delegated responsibility for the administration of the Fund to the Pension Fund Committee. The Committee meets on a quarterly basis and considers all investment and administration issues relevant to the Fund.

The Committee consists of seven voting members made up of County Councillors, and three non-voting members selected to provide a broad level of representation to the range of employers and members in the Fund. Non-voting members consist of one District Council representative, one representative from Oxford Brookes University, and one scheme member representative.

Under the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015, the Committee have established a Local Pension Board. The role of the Board is to assist the Pension Committee (in its role as Scheme Manager), to secure compliance with the Regulations and all associated legislation, and to ensure the efficient and effective governance and administration of the scheme.

As well as these formal groups the Fund has established an informal Climate Change and Responsible Investment Working Group that meets on a quarterly basis. The role of the working group is to review the Fund's strategy on managing climate related risks and opportunities and to monitor progress against the Fund's agreed Climate Change Policy and associated Implementation Plan, as well as the wider Responsible Investment Policy. The group consists of Committee and Board members, officers, the Fund's Independent Financial Adviser and a member of Fossil Free Oxfordshire, a local interest group.

Under the Pensions Act 2004 members of the Local Pension Board are required to have the relevant level of knowledge and understanding of scheme rules, fund policies, and pensions law. This legal requirement does not apply to members of the Committee but there is an expectation that they will seek to obtain the same level of skills and knowledge as required under the 2004 Act. The Fund understands the key role of training in meeting these legal duties and contributing to the effective operation of the Board and Committee.

In 2024 Committee members completed training in the following areas:

- Induction training for new Committee members
- LGA Fundamentals/TPR Toolkit
- Accounts and Audit & Investment Performance
- Pension Regulator's New General Code of Practice
- Triennial Valuation
- Brunel Governance
- Affordable Housing as an asset class – Delivered by M&G

Committee members also attended the Brunel Investor Day.

The results of the knowledge assessment carried out in October 2024 were used as the basis to develop a plan to address those areas where scores were weaker.

A log is kept of training undertaken by Committee and Board members, and this is published annually in the Fund's Annual Report, alongside the annual training plan.

The Fund has also established a Training Policy that requires all members of the Committee within their first year of membership to undertake an induction session on the Fund's policies and to have completed either the three-day Fundamentals course run by the Local Government Association or the relevant modules from the Pension Regulators Trustee Toolkit. This training requirement also applies for substitutes attending the Committee.

The Responsible Investment and Climate Change Working Group provides an opportunity for members of the Committee and Board to get a more detailed

understanding of how the Fund implements its Responsible Investment Policy, with a focus on climate change. Sessions delivered in 2024 included training on data from Brunel on the level of fossil fuel exposure within the fund's portfolio and the highest carbon-exposed companies in the portfolio, as well as an overview of regenerative agriculture and how this asset class can form part of a natural capital portfolio.

The Fund has a Head of Pensions and an Investment team consisting of four team members. The team has a Responsible Investment Officer whose main role is to support the Fund to achieve its stewardship goals, for example through the development of the Responsible Investment Policy that was adopted in June 2024.

Ultimate responsibility for delivery of the Fund's stewardship activities rests with the Pension Fund Investments Financial Manager, who reports directly into the Head of Pensions. The Responsible Investment Officer reports to the Pension Fund Investments Financial Manager and has 100% of their time allocated to the delivery of stewardship and responsible investment activities. Key to this is working closely with the responsible investment team at Brunel.

The Responsible Investment Officer and the Pension Fund Investments Financial Manager each have over 15 years' experience working in the field of stewardship.

Ongoing training on stewardship is provided to the Fund's officers by the responsible investment team at Brunel. The team also attend conferences, webinars, and other learning forums to develop their knowledge and understanding of stewardship and responsible investment.

The Fund is a member of various bodies through which it receives access to webinars, research and analysis including the Local Authority Pension Fund Forum, Climate Action100+, Pensions with Purpose, and the Institutional Investors Group on Climate Change.

The Fund pools its assets with nine other administering authorities through the Brunel Pension Partnership (Brunel), which is authorised by the Financial Conduct Authority and has been established specifically to manage the assets of the pool. As a client of Brunel, the Fund has the right to expect certain standards and quality of service. The Service Agreement between Brunel and its clients sets out in detail the duties and responsibilities of Brunel and the rights of the Fund as a client. It includes a duty of care for Brunel to act in its clients' interests.

Brunel's responsible investment strategy and policy, Stewardship Policy and Climate Change Policy were developed in conjunction with key stakeholders, including the Brunel Oversight Board, Brunel Client Group and Client Responsible Investment sub-Group. The Oxfordshire Fund takes an active role in these groups, including Chairing the Responsible Investment sub-Group.

Whilst Brunel's strategy and policies are designed for the long term (5+ years), they are reviewed annually. The Brunel Board approves and is collectively accountable for the broader suite of Brunel's policies, which includes the Stewardship Policy. Operational accountability on a day-to-day basis is held by the Chief Responsible

Investment Officer, who is supported by a dedicated Head of Stewardship to ensure high levels of coordination and implementation.

Brunel has identified seven priority themes which are informed by its investment beliefs, client funds' policies and priorities, together with stakeholder views, regulatory and statutory guidance, all aligned with best practice. The seven priority themes, as part of an integrated Responsible Investment process, are illustrated in the diagram below (see Principle 5 section). Brief information on the seven priority themes is covered in the Responsible Investment Policy. Further detailed information is included in Brunel's annual [Responsible Investment and Stewardship Outcomes Report](#).

Brunel has a dedicated Responsible Investment team, including a dedicated Stewardship Manager who oversees voting and engagement. Stewardship at Brunel is applied across three avenues. Firstly, by appointed asset managers, secondly, through a specialist provider in EOS at Federated Hermes (EOS), and lastly via collaborative forums. The appointment of a dedicated engagement and voting provider enables a wider coverage of assets and access to further expertise across different engagement themes. The EOS team is diverse, made up of many nationalities and language capabilities, which facilitates engagement in local languages and an understanding of cultural customs.

Voting on Brunel's passive index-tracking pooled investments is carried out by Legal and General Asset Management. Although they are not bound by Brunel's Voting Guidelines, Brunel has historically been able to direct votes in a small number of cases, so they reflect the approach taken in Brunel's active portfolios. Legal and General Asset Management has partnered with Tumelo during 2024, which will allow pass-through voting for partner funds for the 2025 proxy season. This development will allow Brunel to vote consistently across both active and index-tracking and enhance a unified voice.

Brunel will seek to undertake direct engagement where it feels that this will add value. The Oxfordshire Fund has identified the development of its own direct engagement capacity as a priority. This was implemented in 2024 through its participation in the Brunel Climate Physical Risk programme, see the case study in the Principle 10 section for more detail.

Responsibility for managing specific ESG risks, including climate risk are explicitly incorporated into Brunel's investment principles and the role specifications of its Board, executives, and other key personnel. Responsible investment is a component of staff member annual objectives, which informs annual appraisals; no staff receive bonus pay.

Principle 3: Conflict of Interest

There is a specific Conflict of Interest policy for the Pension Committee in place. This policy covers all potential conflicts of interest, including in relation to responsible investment and stewardship.

All councillors and co-opted members are required to register any disclosable pecuniary interests. In preparing the year-end statement of accounts, checks are made for any potential related party transactions using the interests declared by Councillors on the Pension Fund Committee.

At the start of any meeting, Committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda, including anything related to stewardship or responsible investment items.

A briefing is provided to all new members of the Committee clearly setting out their roles and responsibilities on the Pension Fund Committee, including in relation to the Conflict of Interest policy and how it relates to stewardship, for example through the need to comply with Market Abuse Regulation around insider trading.

The [Governance Compliance Statement](#) which details the degree of compliance with best practice is available on the Council's public website. This includes a section on conflicts of interest.

Case study: Managing potential conflict of interest

During 2024 a decision was made by the Pension Committee to assign a portion of the Fund's Property allocation to an investment into an affordable housing fund. One of the key requirements for this investment is that the fund selected would be delivering affordable housing in the county of Oxfordshire, as this would enable Oxfordshire Pension Fund money to go towards addressing the lack of affordable housing in the county.

Given the potential for conflicts of interest to arise if councillors were involved directly in selecting a specific fund manager, it was agreed that Fund officers would carry out a transparent assessment process of the various funds and then make a recommendation to the Committee as to which fund to invest into. This process would allow there to be a clear audit trail as to how the final decision to recommend was reached without there being any conflicts of interest.

The Fund expects all service providers to have effective policies addressing potential conflicts of interest. This includes consideration of where a conflict of interest could arise in respect of stewardship or responsible investment. Where such a conflict was identified then the Fund would engage with the service provider to identify how the conflict was being managed, and any related risks being mitigated.

Brunel maintain a [Conflict of Interest Policy](#), which is published on their website and includes a specific section on stewardship conflicts. The Brunel site outlines situations in which a conflict of interest could arise during stewardship activities and how a number of steps have been taken to reduce the risk of an actual conflict and to mitigate the impact of such conflict. Examples of how Brunel manage perceived conflicts are included in their [2025 Stewardship Outcomes Report](#).

Principle 4 - Promoting well-functioning markets

The Pension Fund Committee is responsible for the prudent and effective stewardship of the Oxfordshire County Council Pension Fund. As part of this duty the Committee oversees the monitoring and management of risk. This role includes:

- Determining the risk management policy and reconciling this with wider organisational risk policy
- Setting the risk management strategy in line with the risk policy
- Overseeing the risk management process

The risk management process involves: risk identification; risk analysis; risk control and monitoring. This includes monitoring of the investment environment to identify market-wide and systemic risks. The Pension Fund Committee receive quarterly investment performance reports and regular updates from fund managers which provide an opportunity to ensure their strategies are in line with expectations and to discuss any risks the Committee is concerned about. Officers also have regular meetings with the Fund's Independent Financial Advisor and fund managers, including reports from Brunel specifically addressing systemic risks related to sustainability themes. It is through these meetings and reports that fund manager performance is reviewed and key issues are discussed. The Fund's officers carry out ongoing reviews of the global market to identify systemic risks, including risks related to sustainability issues, for example integrating the World Economic Forum's Annual Global Risk reports into the Fund's risk frameworks.

Diversification is the Fund's primary tool for managing investment risk. Diversification can improve returns and reduce portfolio volatility by ensuring that investment risk is not concentrated in a particular asset class or investment style and by reducing exposure to losses through the poor performance of an individual asset class.

The Fund's Responsible Investment policy contains a vision statement that defines the Fund's approach to responsible investment and its role in sustaining well-functioning financial markets:

“As a long-term investor in global markets the Fund's investments impact on the future of the global economy, environment and society. We take this responsibility seriously, so we regularly look at the major environmental and social issues facing the world and work to ensure we are actively considering them in our decision making.

We believe the financial system has a role to play in the transition to a more resilient and sustainable global economy. As a participant in the financial system the Fund seeks to invest in those companies committed to building a better future, engage with issuers and other stakeholders and to advocate for positive change through working in partnership with other like-minded organisations.

The Fund will be transparent in its responsible investment activities, clearly communicating both our approach and our progress.”

The Fund also recognises that it is a relatively small player when it comes to the overall size of its portfolio, and that one key approach to amplifying its voice when looking to address systemic sustainability risks is through collaborating with other investors. The Fund's participation in the client fund pooling of the Brunel Pension Partnership, or its membership of the Local Authority Pension Fund Forum (LAPFF) are examples of sector-specific collaboration, both formal and informal. Stewardship and responsible investment are key considerations for both groups. The Fund's membership of broader coalitions of investors such as the Climate Action 100+ group, or the Institutional Investors Group on Climate Change (IIGCC) enable it to have a voice within cross-industry convening of investors and to take part in coordinated engagement with companies on climate change and the associated risks.

The Pension Fund has a fiduciary duty to invest in the best long-term financial interests of its members. The investment goals of the Pension Fund are set out in its [Investment Strategy Statement](#). Climate change has been assessed as presenting a very significant material risk to the Pension Fund's investment returns over the long-term given its systemic nature and the effects it could have on global financial markets. It follows that the Fund's fiduciary duty inherently requires that it is managing climate related risks to its investments, particularly given the Pension Fund's long-term investment horizon. Even if the Fund closed to future accrual today it would still potentially be distributing benefits 80 years later.

The Fund has published a [Climate Change policy](#), and an accompanying [Implementation plan](#) which provide guidance on both its commitment as a fund to transitioning its investment portfolios to net-zero GHG emissions by 2050, and how it will go about achieving this via its investment activity. The Fund also commits to transitioning its investment portfolios consistent with the best available scientific knowledge, including the findings of the Intergovernmental Panel on Climate Change, to pursue efforts to limit any temperature increase to 1.5°C above pre-industrial levels. This aligns the Fund with the Paris Agreement. The Fund will regularly report on progress, including establishing intermediate targets consistent with the annual carbon emissions reduction targets set in the United Nations Environment Programme's Emissions Gap Report.

Brunel has set the following targets in its [Climate Change policy](#):

By 2040 all assets are i) achieving Net-Zero or ii) meeting a criterion considered to be aligned or iii) aligning*.

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.

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

** 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.

The Fund will seek to reach its climate change commitments through its investment activities, as well as through advocating for, and engaging on, corporate and industry action, and public policies, for a low-carbon transition of economic sectors in line with science and under consideration of associated social impacts. The Fund's Climate Change Implementation Plan gives specific targets to achieve net zero, for example by committing to a 7.6% annual reduction in the intensity of GHG emissions across its investment portfolios, provided that the 2020 baseline position of the Fund is broadly similar to that for global emissions.

The Fund recognises that tackling the systemic risk of climate change will require a concerted effort across its investment universe. Specifically, asset owners and asset managers will need to align their engagement activities to ensure those companies with the greatest climate impact are on a pathway to net zero. For this reason, the Fund is supportive of the advocacy work being done by Brunel to encourage greater alignment of the voting between asset owners and their asset managers.

Case study: Aligning asset managers and owners on climate stewardship

In 2023 a roundtable to discuss the perceived misalignment of interests between asset owners and managers in relation to climate stewardship was convened by Brunel. One key area of discussion between asset owners and asset managers at the roundtable was the need to identify how fund managers can be better supported in delivering against asset owners' climate stewardship strategies.

Building on this desire for better alignment an [Asset owner statement on climate stewardship](#) was issued in February 2025 which had been designed to set out clear and consistent expectations for asset managers on climate stewardship. Co-authored by Brunel, the People's Pension and Scottish Widows the document defined 5 core principles expected of asset managers:

- 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

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. Brunel has had reassuring messages from its managers in support of this statement and expect this to contribute to its relevance in the industry.

By March 2025 the statement had been signed by nearly 30 asset owners. The Oxfordshire Pension Fund is a signatory.

Supporting policy makers and regulators through responding to consultations, providing advice, and participating on working groups are all ways in which the Fund seeks to bring about systemic change.

Case study: Responding to government consultation

In November 2024 the Ministry of Housing, Communities & Local Government (MHCLG) opened a consultation on proposals for new requirements on LGPS administering authorities.

This consultation sought views on proposals relating to the investments of the Local Government Pensions Scheme (LGPS). It covered the areas of asset pooling, UK and local investment and governance.

The Oxfordshire Pension Fund provided a detailed response to the government consultation as an administering authority. The Fund was also an active participant providing input into the collective consultation response from the Brunel Pension pool.

As Chair of the Working Group for Scaling Finance on behalf of the Transition Finance Council, on which she also sits, Faith Ward, Head of Responsible Investment at Brunel, is focusing on advancing the Council's objectives in transforming the economy through effective and efficient climate transition, particularly in hard to abate sectors.

Climate change is a global systemic risk, the Fund recognise that diversification alone or stewardship activities such as company engagement will not be enough to address and mitigate climate change, and the potentially disruptive effect it may have on the functioning of markets. By engaging with regulators and legislators in collaboration with other stakeholders the Fund seeks to promote the continued improvement of the functioning of financial markets.

Although the Committee views climate change as the single greatest sustainability risk facing the Fund there is recognition that there are other significant risks relating to sustainability themes, such as biodiversity loss or social disruption stemming from breaches of international human right standards, that may also pose major systemic risks. In 2024 the Committee signed off on a new Responsible Investment policy for the fund that encompasses these wider sustainability risks and opportunities.

The policy and the prioritisation of issues that it provides will create an effective framework going forward for the Fund to respond to market-wide and systemic risks, and thereby contribute to the promotion of well-functioning financial markets.

Principle 5: Review & Assurance

The Fund's policies are kept under regular review and are updated and approved by Committee as required.

In 2024 a new [Responsible Investment Policy](#) was adopted by the Pension Committee in response to an internal review by officers into the fund's Responsible Investment and Stewardship approach.

The Responsible Investment Policy, alongside other key policies such as the Climate Change policy, will be reviewed on a regular basis and updated where necessary.

Case study: Top 10 GHG Emitters report

In 2024 Brunel developed a new report for the Oxfordshire Fund identifying the top 10 emitters of carbon within the Fund's equity portfolios. The report also includes an analysis of the engagement activity with the companies that has taken place, whether this be by asset managers, EOS Hermes or Brunel itself.

This report is used by officers to assess where the key climate change risks exist within the investment portfolios and to understand what mitigation of those risks is taking place. Where potential concerns are identified these can then be raised back to Brunel. The report is also shared with the Committee members. The intention going forwards is that a closed session of the RI and Climate Change Working Group consisting of Pension Committee and Board members will go through the report in detail when it is published each year to ensure that all risks are being managed effectively and where they are not to escalate this with Brunel and their underlying asset managers.

Every three years the Fund undertakes a fundamental review of its investment strategy, considering the latest results of the triennial funding valuation, which draws on the expertise of the Fund's Independent Financial Adviser. The next Strategic Asset Allocation review will take place in 2026.

The Fund publishes its policies along with details of stewardship related activities including quarterly holdings data and voting records on its website. As a public body the Fund has a legal duty to ensure that its website complies with accessibility requirements including the need to ensure content is written clearly and in plain English. This transparency enables the Fund's stakeholders to assess the extent to which the Fund is meeting its stewardship commitments through its investment activity, both in terms of holdings and voting.

In line with the Fund's Climate Change Policy Implementation Plan the Fund has produced a [Taskforce on Climate-related Financial Disclosure \(TCFD\) report](#), which is linked to from the Fund's webpage. Using the TCFD framework helps ensure that the Fund can report on the progress against its climate commitments in a fair, balanced and understandable way. This report is reviewed by the Pension Committee as part of their assurance process that the Fund is on course to meet its climate change commitments.

Brunel's responsible investment strategy, Stewardship Policy and Climate Change Policy were developed in conjunction with key stakeholders, including the Brunel Oversight Board, Brunel Client Group and Responsible Investment Sub-group on which the Fund sits.

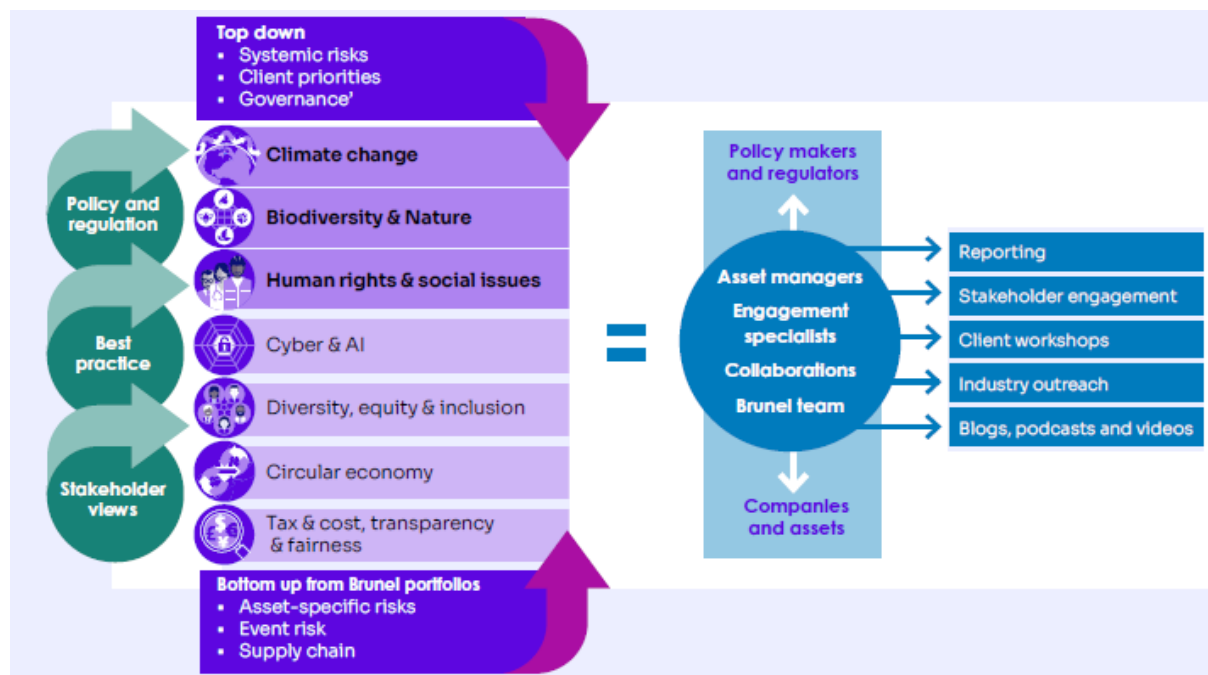
The Brunel Responsible Investment Sub-group is chaired by the Oxfordshire Responsible Investment Officer. Chairing this group gives the Oxfordshire Fund the opportunity to co-ordinate with the other client funds to set the agenda prioritising which issues are covered in the meetings, as well as providing an opportunity to challenge Brunel where the client funds feel there is a need.

External speakers have been invited to the RISG meetings to talk through emerging RI topics or areas that are of particular interest to clients. For example:

- Asset Manager Ninety-One presenting on their approach to integrating ESG factors into their Emerging Markets investment process
- Tumelo providing an overview on pass-through voting and how their platform enables this to take place for passive funds
- Sustainability advisory firm Chronos providing an introduction to managing Human Rights risks and the work they have done in this area with Brunel.

Whilst Brunel’s strategy and policies are designed for the long term (5+ years), they are reviewed annually. The Brunel Board approves and is collectively accountable for the broader suite of Brunel’s policies, including the Stewardship Policy. Operational accountability on a day-to-day basis is held by the Chief Responsible Investment Officer, who is supported by a dedicated Head of Stewardship to ensure high levels of coordination and implementation.

Brunel has identified seven priority themes which are informed by its investment beliefs, clients’ policies and priorities, together with stakeholder views, regulatory and statutory guidance, aligned with best practice. The seven priority themes, as part of an integrated Responsible Investment process, are illustrated in the diagram below. Detailed information on the seven priority themes is included in Brunel’s [Responsible Investment and Stewardship Outcomes Report](#)



Reporting outputs provided by Brunel to its client funds to track progress against stewardship commitments are reviewed by the RI Sub-group to ensure that stewardship reporting is understandable, fair, and balanced. Brunel publishes its stewardship activities, including engagement and voting records on its website.

The Brunel Stewardship Outcomes Report and [Climate-related Product Report](#) are presented to the Pension Committee and reviewed at the Fund's Climate Change Working Group as part of the assurance process of Brunel's climate change stewardship activities on behalf of the Fund.

The Fund also reports the Oxfordshire Fund's specific results from the Climate-related Product Report in its annual TCFD report and uses the emissions data to assess performance against the annual reduction target set out in its Climate Change Policy.

In line with UK regulatory guidance, from 2024 Brunel has been providing the Fund with separate TCFD Product level reports for each of its equity portfolios plus the sterling bond portfolio. This enables the Fund to assess the extent to which each of these portfolios are aligned with a net zero pathway, alongside a picture of the overall alignment of the aggregated portfolio. This is a key assurance tool for the Fund to track its own alignment with its net zero objective. The Product reports also allow the Fund to provide more granular reporting to stakeholders, including Committee members, through its own TCFD reporting.

The Fund's draft TCFD report is reviewed by the Pension Committee, with an opportunity for members of the Committee to challenge and assess the extent to which the report is understandable, fair and balanced, ahead of signing it off for publication. The report provides assurance that the Fund is aligned with its objective of achieving net zero by 2050.

The latest [Oxfordshire Pension Fund TCFD](#) report is also presented to the fund's Climate Change and Responsible Investment Working Group, which includes representatives from the Pension Board, the Pension Committee, as well as Fossil Free Oxfordshire, a local climate change interest group.

Principle 6 - Client and beneficiary needs

The operation of the Oxfordshire County Council Pension Fund is principally governed by the Local Government Pension Scheme Regulations 2013 [as amended] (effective from April 2014). The scheme covers eligible employees and employees of other bodies eligible to be employers in the Scheme. A list of all those bodies with employees currently participating in the Scheme is shown on pages 15 - 19 of the [Fund's 2023/24 annual report](#).

Benefits

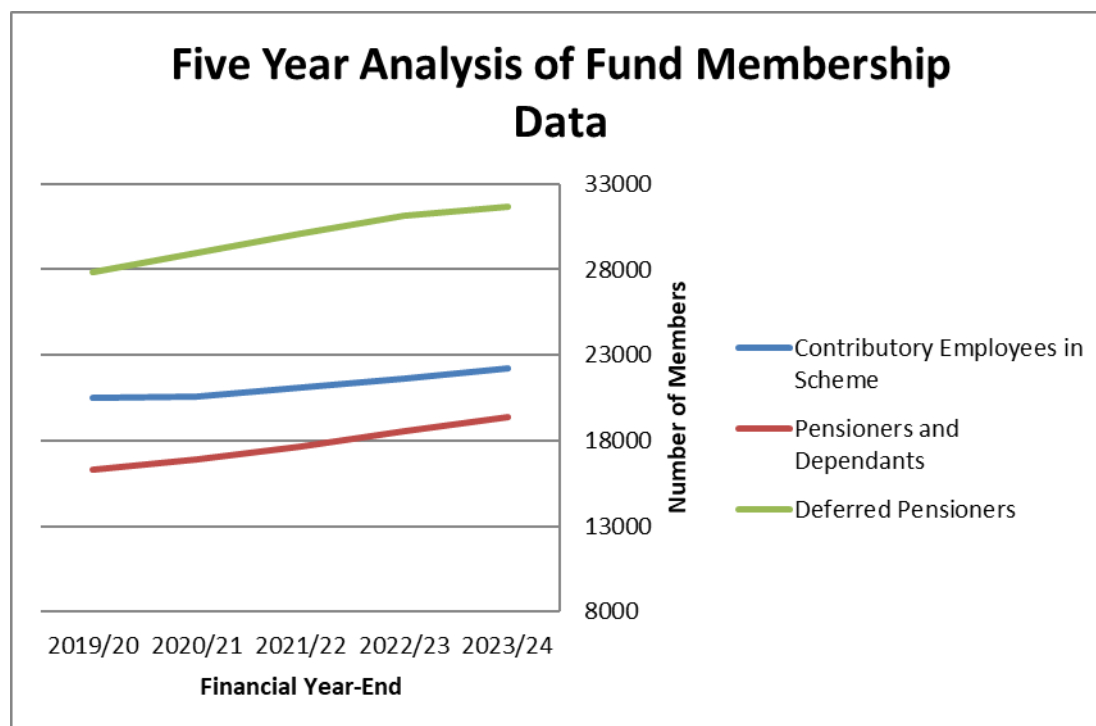
The benefits payable under the Scheme are laid down by the 2013 Regulations. Pension payments are guaranteed and any shortfall is met through the Pension

Fund linked to employer contribution rates set by the fund valuation. The Scheme is a 'defined benefit' scheme and provides a pension based on 1/49th of pensionable pay each year of membership with annual revaluation, adjusted in line with CPI.

The Oxfordshire County Council Pension Fund is financed by contributions from employees and employers, together with income earned from investments. The surplus of contributions and investment income over benefits being paid is invested. The contribution from employees is prescribed by statute at rates between 5.5% and 12.5% of pay.

Employers' contribution rates are set following the actuarial valuation, which takes place every three years. The contribution rate reflects the fund deficit or surplus and is the rate at which employers need to contribute to achieve a 100% funding level projected over 22 years.

The Fund had a total of 73,279 members as at 31 March 2024, an increase of 2.8% since the previous year. The chart below shows an analysis of the make-up of the fund's membership over the previous five years.



The following table shows the average age for each of the three main types of Fund member: Actives; Deferreds; and Pensioners.

Average age by membership type (as at 24/05/2024):

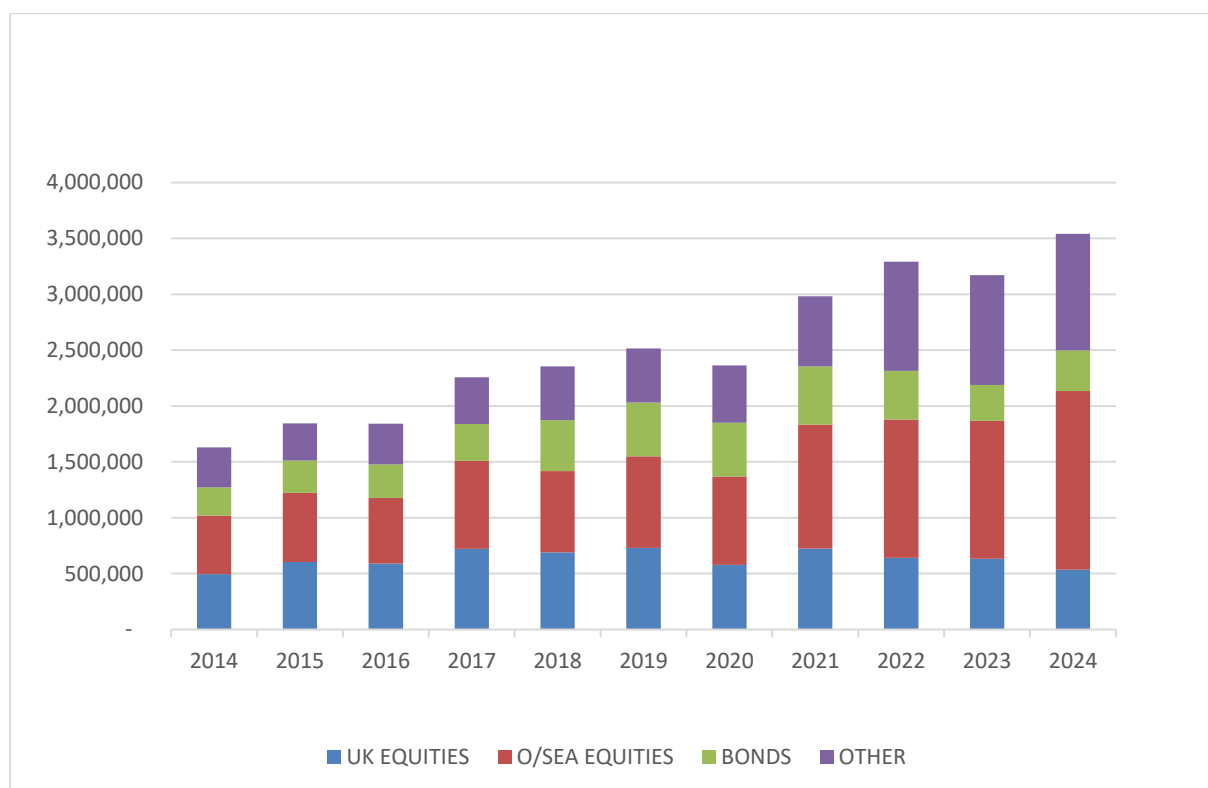
Membership type	Average Age
Active members	45
Deferred members	49
Pensioner members	72
Member average	53

In terms of cash-flow, whilst the trend is downwards, the Fund remains cash positive, collecting £0.5m more on average each month in employer/employee contributions than it pays out by way of benefits, and direct administration and investment costs. This allows the Fund to maintain an investment strategy which maximises the long-term returns to the Fund, without the restriction of maintaining high levels of cash or liquid assets to meet pension payments.

Investment Performance

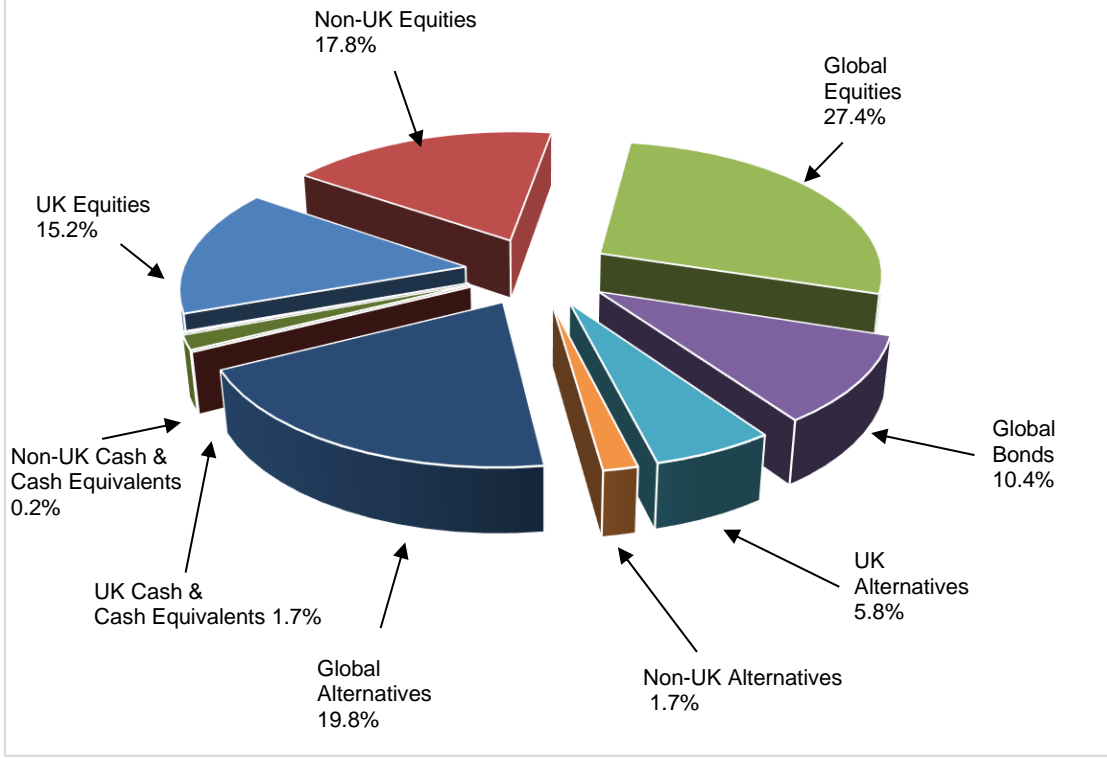
The Fund value increased over the course of the 2023/24 financial year ending the year at £3.53bn (it was £3.2bn as at 31 March 2023). An overall increase in size of around 9%.

Market value of the Oxfordshire pension fund 2014 – 2024



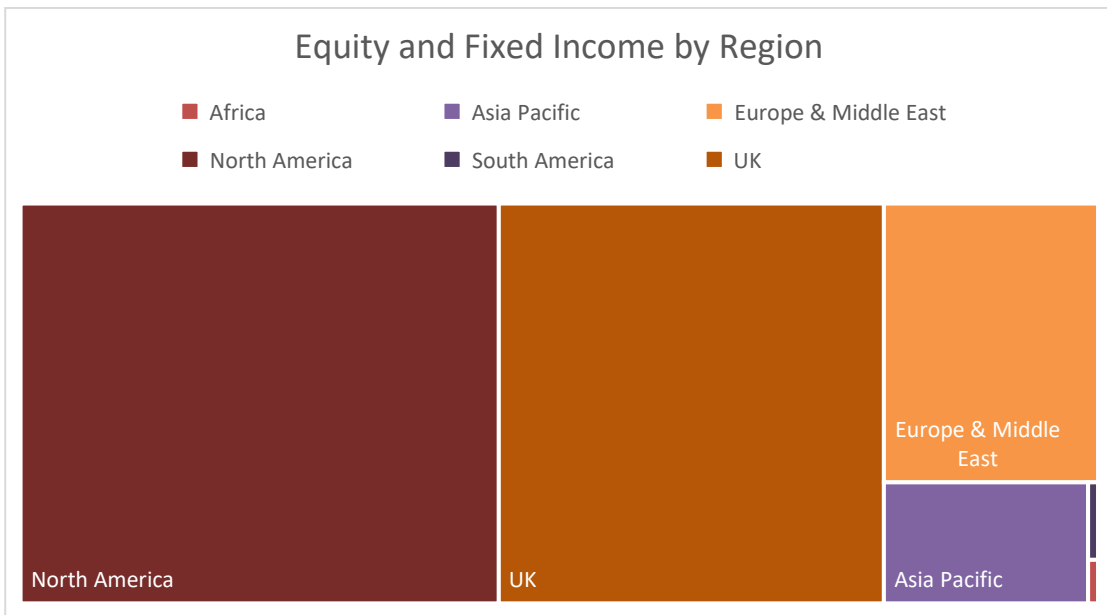
The distribution of the Pension Fund amongst the principal categories of assets as at 31 March 2024 is shown in the chart below.

Investment Portfolio Asset Distribution at 31/03/2024



Changes in the asset weightings, from one year to another, are due to investment activity and market movements.

Below is a chart showing the regional distribution of the equity and fixed income investments the Fund holds as at March 31st 2024.



Investment horizon

The Pension Fund is a long-term investor, with a suitably long-term investment horizon. Even if the Fund closed to future accrual today it could still need to be paying out benefits to members 80 years from now. Therefore, the Fund needs to be looking that far ahead to ensure it has sufficient funds to meet its liabilities at that point in the future. This approach is encapsulated in the Fund's investment belief:

“The long-term nature of the Fund's liabilities is a key consideration and typically implies a long-term investment horizon. As a long-term asset owner, we have a duty to interact with companies about their governance structures, policies, and operations.”

This long-term perspective requires that particular attention is paid to systemic risks, as these can potentially have a negative impact across most, if not all, asset classes the Fund is exposed to as a universal owner. As such these systemic risks could potentially undermine the Fund's primary risk mitigation strategy of diversification. This is why the systemic risk posed by climate change has been identified as the single greatest risk to the Fund and its ability to pay pensions to its members.

This requirement to take account of long-term systemic risks informed the process of developing a new Responsible Investment policy for the Fund, with the World Economic Forum's Global Risks report forming a key part of the risk framework for the new policy. Particular attention was focused on the top 10 risks over the long (10+ years) term.

The Fund recognises the importance of promoting the highest standards of corporate governance and corporate responsibility amongst investee companies to protect the long-term investment interests of beneficiaries. Well-run companies are likely to be less susceptible to systemic risks, and more able to adapt to this type of risk than less well-run businesses.

Communication with stakeholders

The Pension Fund recognises the need to communicate effectively with its stakeholders and engage them in relation to the investment decisions made by and on behalf of the Fund.

There is a [Communication policy](#) which covers both members/beneficiaries and employers.

The Fund maintains a dedicated area of the website to provide resources and information about [investments activity](#) which includes information on:

- The Brunel Pension Partnership
- Strategy and policy documents, including the Climate Change policy and accompanying Implementation Plan
- Up to date investment holdings and voting activity downloadable reports
- Links to the Responsible Investment policy and TCFD report

The Fund uses secure email, or My Oxfordshire Pension to communicate with

members wherever possible, with paper letters only being sent on specific request or where no email address is available.

The main communication channels for the Scheme are via the website, email alerts or the appropriate newsletter. There is a quarterly newsletter sent out to members, and a monthly newsletter to employers.

Key policies such as the Investment Strategy Statement, Funding Strategy Statement, Communication policy and Governance Compliance statement are made freely available to stakeholders, both online and as appendices in the Annual Report. The Annual Report also contains information on stewardship and responsible investment, for example, a copy of the most recent TCFD report is included.

There are a number of initiatives around engaging members in relation to the Fund and stewardship. For example, there is a regular item on the agenda at the Council Workers Climate Group meetings for an update to be provided by the Pension Fund on progress towards net zero in our investment portfolios. There has also been collaboration with stakeholders, for example Fossil Free Oxfordshire were consulted on the development of both the Climate Change and Responsible Investment policies. Pension Committee meetings are open to the public and allow members to voice their opinions and concerns directly to Committee-members and officers. The agenda, minutes and papers for each Committee meeting are made available on the Pension Fund Committee page of the Oxfordshire County Council website.

On an ongoing basis, officers respond to written and verbal questions and queries submitted directly by members or, on their behalf through unions, as well as Freedom of Information requests in relation to stewardship and responsible investment.

To raise the profile of responsible investment and stewardship with the membership a number of RI themed articles have been included in the quarterly Pensions Newsletter over the past year. The topics covered include the reasoning behind implementing a series of activity-based exclusions and a guide to how the Fund exercises its voting rights to deliver positive change.

The creation of the [Pension Fund Investment](#) area of the website, with the facility for users to download holdings and engagement reports, has provided a good resource for those stakeholders interested in a more detailed understanding of what investments have been made on behalf of the Fund, and how the Fund exercises its voting rights. Officers have consulted with various stakeholders on what they would like to see around improved reporting on stewardship. One area that has come up several times is a request for some sort of online dashboard to monitor performance. This is an area that will be explored in more detail by officers.

The Fund will be carrying out its triennial Strategic Asset Allocation (SAA) in Q1 2026 and it is our intention to carry out a survey-based consultation with members on what their priorities are around stewardship and responsible investment in Q4 2025. This consultation will build on the previous member survey held in October 2023, which informed the development of the responsible investment policy. The

new survey will help the Committee and officers to have a clearer understanding of member views ahead of the SAA process.

Principle 7 - Stewardship, investment and ESG integration

The Fund invests across a wide range of asset classes and works with Brunel to integrate stewardship and responsible investment activities into the investment process, where possible. The Brunel Pension Partnership outsources 100% of its assets under management and specialises in portfolio construction and risk management through the selection, appointment, and monitoring of asset managers. Brunel works collaboratively with other investors, policy makers and regulators to build capacity to manage sustainability related risks and opportunities.

The Fund works with Brunel Pension Partnership to define and develop the pool's approach to responsible investment and stewardship, and to ensure that approach is aligned to the beliefs and policies of the partner funds, including Oxfordshire. One of the key forums for this is the monthly Responsible Investment sub-Committee, which is chaired by the Oxfordshire Responsible Investment Officer.

Brunel's fund managers are required to produce regular reports outlining their engagement and ESG related activity. All the Fund's investment managers are signatories to the United Nations Principles for Responsible Investment Initiative.

To help track and report on progress against the delivery of the Climate Change policy the Fund produces a report each year based on the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations. This TCFD report is included in the Fund's Annual Report. From 2023 the fund has also become a signatory to the UK Stewardship Code. The Fund's statement in support of its [2024 application](#) to become a signatory is publicly available through the Fund's Pension Investments webpage

The experience of having made an application to become a signatory to the Stewardship Code for the first time in 2023 was useful in identifying a need to bring together key elements related to stewardship and the Fund's approach to responsible investment into a single document. This included a set of responsible investment beliefs and the approach the Fund would be taking to integrating stewardship into its investment processes. This resulted in the development of a new [Responsible Investment policy](#), which was formally adopted by the Committee in June 2024.

The RI policy includes a set of core investment beliefs. The beliefs listed below are of most relevance to ESG integration and Stewardship:

- *The long-term nature of the Fund's liabilities is a key consideration and typically implies a long-term investment horizon. As a long-term asset owner, we have a duty to interact with companies about their governance structures, policies, and operations.*

- *The Fund must seek to ensure that the actions of those appointed to work on the Fund's behalf align with the long-term interests and policies of the Fund.*
- *Investing responsibly and investment performance are not mutually exclusive. We believe that investments will generate improved returns in the long run where there is consideration of ESG factors at a strategic level by investee companies. We believe in investing in well governed companies. In making investments we will seek to minimise negative impacts on society and the environment and, where possible, to make a positive contribution.*
- *The Fund believes that using active stewardship to encourage the highest standards of corporate governance and promoting corporate responsibility by investee companies helps protect the financial interests of pension fund members over the long term.*
- *Engagement can be effective in initiating change but must be backed up with a robust escalation policy, up to and including divestment. In determining the approach to engagement the nature of the industry and ability to change should be considered.*
- *Aligning with like-minded investors and organisations is often more effective than working in isolation.*

Priorities:

A set of priority issues and sub-themes was identified in the RI Policy to be the focus of the Fund's responsible investment and stewardship activities over the near term:

Climate Change

- GHG emissions reduction in the real economy
- Just Transition
- Transparency and disclosure
- Financed emissions
- Green revenues (impact investing)

Nature and Biodiversity

- Nature and biodiversity risk assessment
- Deforestation
- Natural Capital (impact investing)

Human Rights, Including Supply Chain Labour Standards and Slavery

- Human rights norms compliance
- Just Transition
- Diversity and inclusion (DEI)
- Free, prior, informed consent (FPIC)

Governance

- Transparency and disclosure
- Diversity and inclusion (DEI)

In 2025 the Fund will build upon the Responsible Investment Policy by developing an accompanying RI strategy that identifies the metrics and performance indicators to be used to assess progress against the objectives set in the policy. This will require working closely with Brunel to ensure that realistic, measurable and attainable targets are set. Once in place these metrics and the accompanying reporting will enable the Committee to monitor the progress of the Fund in delivering against the commitments made in the RI Policy.

Brunel Pension Partnership:

Responsibility for managing specific ESG risks, including climate risk, as they affect Brunel and its clients, are explicitly incorporated into the role specifications of Brunel’s Board, executives, and other key personnel. Brunel expects appointed managers to weigh up and clearly demonstrate how Environmental, Social and Governance (ESG) risks and opportunities are embedded into their investment process and how it is as part of their wider evaluation of investment risk and return objectives, as opposed to treating it as a stand-alone concern.

Brunel has built its responsible investment approach on three pillars: to integrate sustainability criteria into its operations and investment activities; to collaborate with others across the industry and support effective policymaking; and to be transparent in its activities.

Responsible Investment Overview of ESG in action at Brunel

	To Integrate	To Collaborate	To be Transparent
Own Operations	<ul style="list-style-type: none"> Board commitment In all we do Staff objectives 	<ul style="list-style-type: none"> Contributing to local and global community initiatives Diversity and inclusion ambassadors 	<ul style="list-style-type: none"> Best practice own reporting including climate change, diversity and tax
Portfolio Implementation	<ul style="list-style-type: none"> All asset classes globally Fully integrate into managers selection Low carbon and sustainability portfolio options 	<ul style="list-style-type: none"> Innovating investment solutions Cross pool collaboration ESG risk metrics and tools 	<ul style="list-style-type: none"> Impact reporting Positive case studies Carbon and sustainability metrics
Responsible Stewardship	<ul style="list-style-type: none"> Single voice Active engagement 	<ul style="list-style-type: none"> Annual engagement plan See Partnerships and Affiliations 	<ul style="list-style-type: none"> Proxy voting Policy and records Pre-declaration on selective votes

Brunel, through its [Asset Manager Accord](#), sets the expectation for tenders to supply asset management services to the Partnership. These expectations have been developed in cooperation with the pooled funds, including Oxfordshire, and will cover the majority of asset manager service providers.

The Service Agreement between Brunel and the Client Fund shareholders outlines how stewardship and ESG factors should be integrated into Brunel's investment approach. The section on voting states that Brunel should be: "voting proxies in accordance with the Manager's voting policy (as amended from time to time in consultation with the Clients and the Independent Stewardship Provider)."

The Core Services section of the Service Agreement outlines the requirements the Client Funds, including Oxfordshire, place on Brunel around responsible investment:

ESG risk evaluation/ development of tools and use of tools to assess and evidence ESG risk and mitigation success

- The Manager will be responsible for development of tools and use of tools to assess and evidence ESG risk and mitigation success.

RI and ESG impact consideration on investment strategy, including financial risk assessment and non-financial risks

- The Manager will provide RI and ESG impact analyses, and a financial risk assessment for each of the portfolios provided.
- The Manager will provide RI and ESG impact analyses and financial risk assessment to Clients on their combined allocations across portfolios.

RI leadership and industry engagement

- The Manager will provide a service of being a leading voice in RI with industry worldwide.

ESG risk monitoring of global economy and government policies, organisations and fund managers.

- The Manager will undertake ESG risk monitoring of global economy and government policies, organisations and fund managers.
- The Manager will provide briefing material to Clients on potential impacts on their investment strategies.

Impact reporting

- The Manager will require impact reporting from Portfolio Funds for inclusion in reports to Clients.
- The Manager will work with providers to assess the impacts of assets with regard to ESG impacts, e.g. environmental and carbon foot printing, fossil fuel exposure, social impacts, organisational governance, "sin" stocks.
- The Manager will work with both benchmarkers and fund managers to provide reports to Clients to help them understand the risks their assets are exposed to and inform decision making.

Reputational risk management, dealing with the media and member interest in Clients' investments in controversial areas

- The Manager will engage with the media in response to interest in Client investments.
- The Manager will provide factual information and briefings to Clients in order to assist them in responding to these areas.

Responsible stewardship

- The Manager will manage voting requirements in relation to Clients' assets, based on agreed policies.
- The Manager will liaise with other pools to maximise stewardship opportunities.

Brunel's manager selection process is central to the effective implementation of its Responsible Investment, Stewardship and Climate policies. Managers must be able to clearly demonstrate how ESG is embedded into their investment process. Brunel also examines a manager's organisational culture and approach to teams, challenge, risks, and stewardship. The asset class, geography and risk objectives will have a bearing on which Responsible Investment and ESG risks will be most relevant to focus on when making an appointment.

Through the pooled structure the Fund has delegated primary responsibility to Brunel Pension Partnership for setting expectations for asset managers and following up to see that these expectations are met. The role of the Fund is to monitor and assess Brunel's assurance processes to ensure they are fit for purpose and deliver the desired outcomes.

Brunel's Asset Management Accord was designed to help clarify understanding and shape expectations in the implementation of the investment mandate awarded. The accord captures not only Brunel's expectations of managers, but also the spirit of what they can expect from Brunel. It supports long-term sustainable finance and specifically calls on managers to work collaboratively with Brunel across five main areas. These are; long termism; communication; responsible investment and stewardship; collaboration; and thought leadership and innovation.

Brunel expects companies and fund managers to effectively identify and manage the financially material physical, adaptation and mitigation risks and opportunities arising from climate change as it relates to entire business models. Brunel has an expectation that companies should:

- put in place specific policies and actions, both in their own operations and across its supply chain, to mitigate the risks of transition to a low carbon economy and to contribute to limiting climate change to below 1.5°C above pre-industrial levels.
- disclose climate related risks and actions to mitigate these identified risks in line with latest best practice guidelines, such as those of the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD).
- include an assessment and scenario analysis of possible future climate change risks in addition to those that have already emerged. As part of its manager selection and ongoing monitoring Brunel use data from the Transition Pathway Initiative (TPI) and carbon footprinting. Both these tools inform portfolio construction and design.

In line with its own Climate Change policy, the Oxfordshire Pension Fund commits to transitioning its investment portfolios to be aligned to a net-zero global economy by 2050. The Fund also commits to transitioning its investment portfolios consistent with the best available scientific knowledge, including the findings of the Intergovernmental Panel on Climate Change, to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. To achieve this goal in a sustainable and measurable way over time the Fund will target a 7.6% annual reduction in the intensity of GHG emissions across its investment portfolios, provided that the 2020 baseline position of the Fund is broadly similar to that for global emissions.

Where climate targets are not being met then the Fund's first action would be to request further information from Brunel on the reason or reasons for not achieving the targets. Where there are mitigating circumstances, the Fund would assess these on a case-by-case basis. For example, if there is an increase in Scope 1 emissions for a manufacturer of air source heat pumps to meet rising demand. then the Fund's officers would take into account the long-term sustainability benefits of enabling the transition of heating systems to electrification and away from fossil fuels.

The Fund recognizes that the integration of stewardship into the investment process may need to take different forms, dependent on factors such as asset class or geography.

Case study – Integrating responsible investment into asset manager selection

During 2024 the Pension Committee decided the Fund should use some of the money allocated to the Property asset class to make an investment into an affordable housing fund or funds. Officers of the Fund were tasked with carrying out a review of the available funds and then to make a recommendation to the June 2025 Pension Committee on which fund to invest into.

To inform this process a series of workshops was held with the Committee to identify a set of key requirements that an affordable housing fund would need to meet. These requirements included that the fund should have exposure to affordable housing being delivered into the county of Oxfordshire. Fund managers were also to be assessed on the extent to which they integrate environmental and social factors into their fund management process.

Prospective fund managers were scored on environment factors such as whether they have set net zero targets; what level of EPC rating they targeted for new developments and if they prioritised developments that included air source heat pumps rather than gas-fired boilers.

For social issues fund managers were scored on their approach to place-making to build more cohesive communities when financing new developments, as well as their approach to managing issues raised by tenants and overall satisfaction levels of tenants.

The Fund also includes stewardship and responsible investment factors into the tendering processes for other investment service providers. The Fund will be

tendering later in 2025 for a provider of actuarial services. As part of that tender process potential advisors will be assessed on their capabilities around factoring in climate impacts into the valuation process.

Principle 8: Monitoring Managers & Service Providers

The Pension Fund Committee is responsible for all aspects of managing the Pension Fund, receiving reports on both investment and scheme administration issues. The terms of reference for the Committee include the wide power to consider all relevant investment and administration issues. Monitoring of Brunel as the primary asset manager falls under the remit of the Committee, with day-to-day monitoring delegated to the Fund's officers.

The Pension Fund Committee receive quarterly investment performance reports and regular updates from Brunel Portfolio Managers, which provide an opportunity to ensure their strategies are delivering in line with expectations and to discuss any risks or issues the Committee is concerned about. Officers also have regular meetings with the Independent Financial Adviser and Portfolio Managers through which performance is reviewed and key issues are discussed, including around stewardship and responsible investment.

In December 2024 Brunel's Head of Listed Markets, Simon Wood, joined the Pension Committee quarterly meeting to provide an update on manager selection and the monitoring process for Brunel's active listed equity portfolios. This included a discussion on how the performance of a specific manager had been assessed as unsatisfactory, leading to a change of manager. Included in the presentation was a discussion of how the responsible investment approach of the manager in question had been considered as part of the decision.

The Fund receives internal control reports from its portfolio managers and Custodian on an annual basis and these are reviewed by officers to identify any potential causes for concern and ensure issues have been suitably explained or rectified. Brunel also provides a report which identifies the Top 10 companies in the Fund's portfolios which have the greatest climate exposure in term of their absolute emissions and carbon intensity. This report is updated quarterly with the latest state of engagement activity with these high-risk companies. This report is reviewed by officers of the Fund and presented to the Pension Committee, with any concerns then fed back to Brunel.

Brunel operates an asset manager monitoring approach that encompasses all facets of management and behaviour, including areas such as realised performance, portfolio construction and risk management, responsible investment, organisation and team, and investment operations. Each quarter the Brunel Investment Risk Committee (BIRC) reviews a report which applies a Red Amber Yellow Green (RAYG) rating at both fund and individual manager level. Where there is a score of either Amber or Red then a more detailed examination of performance takes place.

If it is decided that expectations are not being met over a period of time by a specific fund manager, Brunel would proceed to retender in line with its standard policies and practices.

In evaluating the Manager and considering whether to place the Manager on Watch or even to terminate the mandate, Brunel will principally consider whether the expectation of long-term outperformance is still intact. Demonstration of original idea generation, examples of detailed research on key issues and topics, thoughtful portfolio construction, application of good price discipline and evidence of successful trading with good cost control will all be viewed positively.

In contrast the following factors are likely to cause concern:

- Persistent failure to adhere to Brunel's investment principles and the spirit of the Accord.
- A change in investment style, or investments that do not fit into the expected style.
- Lack of understanding of reasons for any underperformance, and/or a reluctance to learn lessons from mistakes. Conversely, complacency after good performance should be avoided.
- Failure to follow the investment restrictions or manage risk appropriately, including consideration of ESG factors
- Organisational instability or the loss of key personnel.

The minutes and reports from the Brunel Investment Risk Committee (BIRC) are made available for the client funds to review. The officers of the Fund review these after publication to ensure that Brunel is carrying out an appropriate level of assurance over the fund managers it has mandated to provide investment services.

An in-person Brunel Assurance Group meeting is held quarterly where the client funds are provided with an overview of the performance of the various portfolios, including a review of the most recent BIRC reports and the accompanying RAYG statuses for each manager. These meetings provide an opportunity for the Brunel client funds, including the Oxfordshire Fund to review the functioning of Brunel's assurance processes and, where necessary, to challenge portfolio managers on the effectiveness of responsible investment and stewardship activities carried out on their behalf by Brunel. The chairs of the various Brunel Sub-groups feed into the Assurance Days, including the Responsible Investment Sub-group.

Brunel provide quarterly holdings reports for all equity and fixed income portfolios to the fund. These portfolios are regularly reviewed by Fund officers to identify any companies of concern that may be in the portfolio. Where such a concern is identified this is then escalated back to Brunel, who will either provide a justification for why the company is included, or to pass on concerns to the underlying fund manager so that they can provide a justification.

Case study: Occupied Palestinian Territories

The ongoing tensions in the Occupied Palestinian Territories (OPT) as a result of the conflict in Gaza has resulted in increased scrutiny on companies with direct and indirect business exposure to settlements in the OPT. These companies face heightened operational risk and may be perceived to be contributing to adverse human rights impacts through their activities.

Given these heightened concerns, officers of the Fund reviewed the holdings data provided by Brunel and cross referenced this against third party reports identifying those companies at risk. Where companies were identified as being at risk because of their involvement in the OPTs, officers asked Brunel to provide feedback on what steps were being taken to mitigate that risk.

This issue was also raised by a number of other client funds and in response Brunel brought a paper for discussion to the Responsible Investment Sub-Group. Included in the paper was a description of the approach taken by Brunel's engagement partner EOS Hermes to companies identified as being at risk from their exposure to the OPTs. Hermes carried out a series of engagements around the OPT where they asked companies to take several actions:

1. Disclose any financially material impacts of the conflict to the company's business
2. Report on whether the company has any direct employees in the affected region and the actions taken to ensure their safety
3. Describe what actions have been taken to carry out heightened due diligence to identify connections to human rights harms, including through supply chains or partners that could be involved in the conflict or linked to it
4. Share any actions the company has taken to understand the feasibility of engagement on actual human rights harms with affected, vulnerable stakeholders or their legitimate representatives
5. Discuss any leverage that can be used to influence the cessation of human rights harms
6. Clarify whether the company has established any geographic redlines or no-go areas for business activities linked to the expansion of Israeli settlements in the OPT

Alongside the Brunel holding reports the Fund is also provided with quarterly reports on the proxy voting activities of both Hermes EOS, who provide engagement and proxy voting services to the Brunel pooled funds for their active portfolios, and Legal and General Investment Management who provide this service for the passive portfolio. As with the holdings reports, these reports are regularly reviewed by officers of the Fund to ensure that the activities carried out on the Fund's behalf by these service providers are aligned with its expectations on how responsible investment and stewardship policies and commitments are carried out by both Brunel and its underlying asset managers.

The Oxfordshire Fund is committed to acting in a transparent way in relation to its investments and related activity. Both the quarterly holdings data for listed equity and bonds and the data on voting activity are published on the [Pensions Investments](#) public webpage.

Principle 9 – Engagement

Voting and engagement is a key element of the Fund's management of ESG risks. Engagement on behalf of the Pension Fund primarily takes place through Brunel,

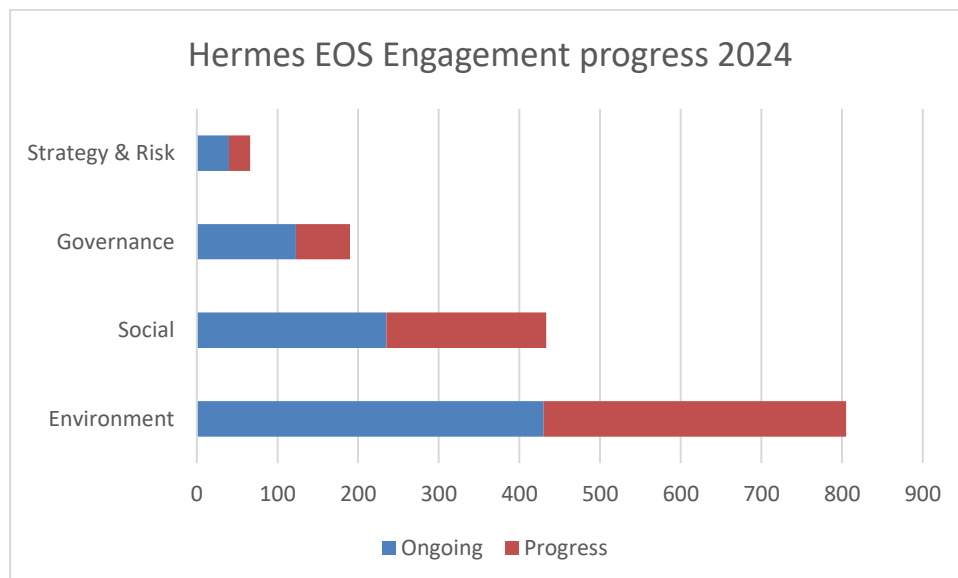
their appointed fund managers, and their engagement provider, in accordance with the approach set out in Brunel’s Responsible Investment Policy, to which the Fund provides input. Voting is undertaken on behalf of the Fund by Brunel utilizing the expertise of their voting and engagement provider and appointed managers.

Brunel have contracted the specialist engagement and proxy voting firm EOS at Federated Hermes. Brunel selected EOS as its appointed engagement and voting services provider following a competitive tender and a comprehensive due diligence process.

Coverage includes segregated active equity portfolios and corporate fixed income. In line with any procurement of third-party services, there is a monitoring process in place to ensure delivery of service meets expectations, and in this instance that there is continued alignment of engagement and voting priorities and practices. Brunel is in regular contact with Hermes throughout the year. If expectations are not met, Brunel would proceed to retender in line with its standard policies and practices.

Working on behalf of Brunel and its client funds including Oxfordshire, EOS Hermes engaged with 759 companies during 2024 around 3,530 environmental; social; governance; strategy; risk and communication issues and objectives.

Below is a split of these engagements by theme and whether there was progress as the result of the engagement:



Expectations

The key expectations that the Pension Fund has of its engagement providers are laid out in the Fund’s [Engagement Policy](#). The primary expectation is that investee companies are engaged with to drive outcomes that are consistent with the Fund’s stewardship priorities as laid out in the Fund’s Responsible Investment and Climate Change policies.

Initially the focus for engagement will be on listed equities and corporate bonds which make up a large proportion of the Fund's investments and have more established processes and data to enable the Policy to be applied.

The Fund recognises that engagement approaches for other asset classes, such as property, infrastructure or private equity, will need to be developed in future iterations of the Policy due to the different nature of the investments and data sets available. The Fund is supportive of Brunel's work to extend engagement beyond equities.

Case study: Engagement beyond equities

Brunel's engagement on biodiversity with its Infrastructure General Partners (GPs) dates back to 2023. Working closely with asset manager Stepstone, Brunel have focused on biodiversity risk, reporting and promoting the idea of Taskforce for Nature-related Financial Disclosures (TNFD). From this year the Due Diligence Questionnaire has included new questions on biodiversity.

Ensuring GPs identify biodiversity risks in their portfolio, and report on their progress in mitigating such risks is essential. The work most GPs are doing to develop the required data and analysis will enable them to report in line with the TNFD. Positive steps are already showing through in conversations and interactions with the GPs.

Supply chain management is a key factor in protecting biodiversity, as resources are often sourced from areas where there are increased risks. This is a new area for many GPs, but Brunel reports that its questions have been positively received, with indications given that this will also be reported on in future. There have already been examples of good practice in this area:

- Ardian performed a Biodiversity mapping exercise in Q1 2024 for the full Infrastructure portfolio to identify any overlap with protected areas.
- Copenhagen Infrastructure Partners introduced a Biodiversity Action Plan, which seeks to ensure biodiversity impacts are assessed and measured to protect and restore biodiversity

The Fund's **Responsible Investment policy** outlines its expectations for engagement. It should be transparent, the reasoning for decisions should be predictable, recorded and accessible as far as practicable. The engagement approach should take opportunities to signal positive change to the wider market and society.

Decisions on when and how to engage with investee companies should not be postponed or avoided in the absence of perfect data. Reasonable estimates should be used when actual data is unavailable. The absence of data should be considered as a potential criterion fail where there is a reasonable expectation for a company to make the data available. It is primarily the responsibility of companies to generate verifiable data that can be used to guide investment decisions that integrate stewardship and responsible investment principles.

Engagement should follow the existing escalation process whereby, if insufficient progress is being made, additional actions will be initiated, including collaborative engagement with like-minded institutional investors, speaking at the company's AGM, voting against the chair and other board members, filing or co-filing a shareholder resolution, raising concerns in the public domain and, where the company refuses to make the required changes, there is the potential for divestment.

Engagement will also aim to accelerate improvements in data quality and coverage by engaging with companies to disclose the required information for assessing alignment.

These expectations have been communicated to Brunel, and via them to EOS Hermes and LGIM. Most of the engagement on behalf of the Fund relates to Paris 1.5°C alignment. EOS Hermes carried out a wide range of engagement on Paris alignment in 2024. As a fund, Oxfordshire has identified engagement with the Climate Action 100+ companies as a key target, given that these companies have some of the highest impacts on GHG emissions. The Fund has also prioritised engagement with non-Climate Action 100+ companies where those companies are identified as being in the Fund's top 25 portfolio companies for climate exposure.

Brunel's engagement priorities are formulated with clients and communicated to EOS. There are multiple and distinct touchpoints throughout the year that Brunel and its clients utilise to provide feedback on the engagement plan. To measure progress and the achievement of engagement objectives, a four-stage milestone system is used by EOS. When an objective is set at the start of an engagement, recognisable milestones that need to be achieved are also identified. Progress against these objectives is assessed regularly and evaluated against the original engagement proposal.

All engagement activity on behalf of the Fund by EOS Hermes is published quarterly on the Brunel website. Brunel publishes an annual Responsible Investment and Stewardship Outcomes report, which is made publicly available through their website.

A specific quarterly report is delivered to the fund which identifies the voting activity carried out by both Hermes and LGIM at the companies that are in Oxfordshire's portfolio. These reports are then published on the Oxfordshire Pension Fund's investment webpage.

EOS Hermes are invited to address the Responsible Investment sub-Group after proxy season. This is an opportunity for the client funds to get an update on voting activity and, where necessary, to challenge Hermes on their proxy voting activity.

Pass-through voting

Going forward into 2025 Brunel will be implementing a solution which will enable it to vote directly on its passive portfolio holdings. The Tumelo pass-through voting platform will provide greater flexibility to carry out voting where there is a variance in the approach to a specific company from the LGIM voting policy.

For example, as a member of LAPFF the Oxfordshire Fund receives regular alerts on LAPFF voting recommendations. These are then passed through to the Stewardship team at Brunel to see if they align with Brunel's voting approach and, if so, Brunel will vote in line with the LAPFF recommendation.

Although climate change will remain the number one sustainability issue for the foreseeable future, given the magnitude of the risk to returns that it poses, the development of a broader Oxfordshire Fund Responsible Investment policy means that other engagement priorities have also been identified. As a key stakeholder Brunel has been consulted with during the development of the RI policy, with thought going into how the priorities and objectives identified in the new policy can be aligned with the current engagement and stewardship activity being carried out by Brunel.

Case study: Climate Alignment policy development

At the end of 2023 a new climate alignment policy for the highest emitting companies was agreed between Brunel and the client funds. This was in response to concerns that the Climate Action 100+ companies were not moving fast enough to be in alignment with the objectives of the Paris Agreement.

Each year Brunel's CA100+ holdings are assessed against the Alignment Maturity indicators used for the CA100+ benchmark. Those that do not meet the threshold of the policy and cannot provide credible evidence of alignment to net zero will be classed as Climate Controversial and given 12 months to improve. If they are found not to have improved sufficiently at the end of the time period then they will face further escalation, up to and including the potential for divestment.

Built into the Climate Alignment policy is a year-on-year tightening of the criteria to ensure that progress on alignment with the Paris Agreement is ongoing as we move towards 2050. The exact detail of the tightening of the criteria is discussed at the Responsible Investment sub-Group (RISG), with a recommendation then going via the Client Group to the Brunel Investment Committee. When it came to setting the criteria for 2025 in November 2024 the RISG chose to adopt significantly tighter criteria than in the previous year, including holding Oil & Gas companies to a higher standard than other sectors, due to the level of risk for these companies.

At the same time there was a recognition that these tighter criteria would inevitably lead to a significant number of companies failing to meet expectations. On that basis there was an acceptance by the client funds that there would need to be a greater focus on enhanced engagement as an escalation approach, rather than automatic divestment.

Principle 10 – Collaboration

As an investor the Oxfordshire Fund understands that it needs to work collaboratively with other investors to amplify its voice and help drive a transition to a sustainable financial system which will help the Fund's beneficiaries and members to live in a safe and secure world, where they can enjoy their pensions. The Fund is one of ten local authority pension funds that have pooled their resources to create

the Brunel Pension Partnership. Under the terms of that pooling arrangement Brunel is the nominated asset manager, with responsibility for company engagement, including collaborative engagements. In fact, collaboration is one of Brunel's 12 core Investment Principles. There is an expectation of Brunel by the client funds to leverage the power of collaborative engagement to help drive investee companies towards being more sustainable.

Brunel is a signatory to many different collaborative investor groups, including the Institutional Investor Group on Climate Change (IIGCC), The Climate Action 100+ group, Investor Policy Dialogue on Deforestation (IPDD) Initiative, Asset Owner Diversity Working Group, Nature Action 100+ and ShareAction.

Through membership of these collaborative groups Brunel is able to add its voice to those of other investors when engaging with companies, whether that be via the filing of joint investor resolutions or less formal engagements such as issuing requests for information from companies in high-risk geographies and sectors.

Although the main thrust of collaborative engagements on behalf of the Oxfordshire Fund is focused on the delivery of its climate change policy, Brunel also engages on a wider range of themes on behalf of the Fund, for example on exposure to human rights issues.

The Oxfordshire Fund is also a member in its own right of several investor groups. These include the IIGCC, CA100+ and the Local Government Pension Fund Forum (LGPFF) and the Pensions With Purpose network. As a signatory to these alliances, the Fund is supportive of the actions taken by these organisations to engage with companies on the key issues of relevance to the Fund's members and beneficiaries.

The Oxfordshire Fund is also an active participant in the regular meetings held by the LGPS Cross Pool Responsible Investment Group. This is an opportunity to exchange knowledge and best practice with other people working on responsible investment at the various LGPS pools or funds.

Carrying out direct engagements with companies is challenging for the Fund, given its resourcing constraints. However, this is an area that the Fund is keen to develop capacity in, as it is essential to its development as a responsible investor and effective steward of its investments. Brunel has developed a programme where client funds, including Oxfordshire, can work together on collaborative engagements alongside Brunel.

Case study – Direct engagement with companies on Climate Physical Risk and biodiversity

In 2023 Brunel implemented a programme of direct engagements with companies in the food and drink sectors that are exposed to heightened climate related physical risk through the location of their assets and supply chains.

This programme moved forward in 2024 with a series of face-to-face meetings with companies. Officers from Oxfordshire took part in engagement calls with; Constellation Brands, a beer and wine company; McCormick, a spices company; and

food and drink retailer Marks and Spencer. These engagements also included representatives from the Brunel responsible investment team and were supported by Chronos Sustainability, a consultancy specialising in delivering complex sustainability-related multi-stakeholder programmes.

The engagements covered a wide area, including the extent to which company assets are exposed to water stress, tracking exposure to biodiversity risks through company supply chains, and how companies work with their suppliers to implement sustainable farming practices. Further meetings will be scheduled for 2025 in due course.

The Oxfordshire Fund welcomes the opportunity this project has brought to directly engage with its holdings, and to participate in every stage of the engagement process, from company selection, prioritisation, to direct contact with the companies in engagement meetings. We look forward to continuing to collaborate with Brunel, other client funds and Chronos on this engagement initiative throughout the remainder of the programme.

Principle 11 – Escalation

The Oxfordshire Pension Fund recognises that, although there is value to be gained from engagement with companies in terms of building relationships to help drive improved performance, engagement cannot be an end in itself. For engagement to be effective it requires there to be milestones and objectives set that should be met in a time limited manner.

It is important for there to be a clear escalation path if progress is not being made quickly enough or is not going far enough. As mentioned elsewhere, as the Fund's pooled asset manager, Oxfordshire expects Brunel to carry out the majority of any engagements on its behalf, drawing on the support of their engagement and proxy voting advisors, EOS Hermes and LGIM, where appropriate.

Within the Fund's climate change policy, expectations have been outlined that the companies in the investment portfolio will have developed realistic transition plans to move to alignment with being net zero by 2050 and that progress over time against these plans can be tracked.

The primary source of information on the progress of the highest risk companies is their performance against the CA100+ Net Zero benchmark, with the expectation being that it will be possible to see alignment with the benchmark's criteria by 2028 for the highest risk companies. This is referred to as Brunel's Climate Alignment policy. The case study in the section on Principle 9 covers the process by which the criteria for this policy are tightened over time.

Companies that have not reached an alignment stage within the required timeframe will be added to an enhanced engagement list, with the endpoint being the potential for exclusion. This is very much a last resort and not seen as a desirable outcome. Prior to companies on the list being confirmed for exclusion there will be a qualitative

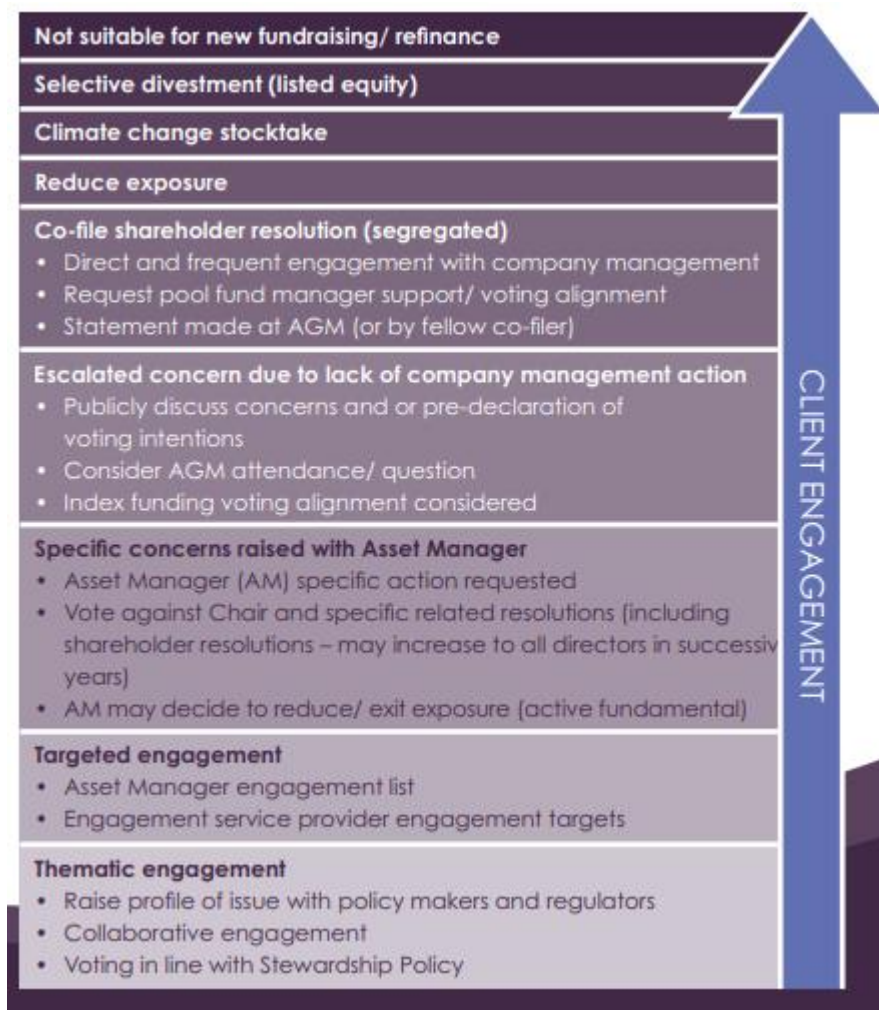
analysis undertaken, including Brunel, client funds, and fund managers as appropriate. The purpose of this analysis is to ensure decisions are made in the best interests of client funds and to consider the fact that any set of criteria cannot fully capture all elements relevant to an investment decision, either in isolation or in terms of portfolio level impacts. The rationale for any decisions taken should be made publicly available as far as possible, taking into account any confidentiality constraints.

Where companies are not meeting all the required criteria but are within the timeframe for exclusion, engagement will be utilised targeting those criteria not yet met, with the expectation that consistent progress towards the criteria will be demonstrated. Engagement will follow the existing escalation process where, if insufficient progress is being made, additional actions will be taken including collaborative engagement with like-minded institutional investors, speaking at the company's AGM, voting against the chair and other board members, filing or co-filing a shareholder resolution, and raising concerns in the public domain.

As mentioned previously a decision was taken in late 2024 by Brunel and the client funds to adopt a climate alignment policy that significantly tightens up the criteria that companies from the CA100+ group will need to meet to be considered as aligning with a net zero by 2050 pathway.

Included in this policy is a clear escalation approach with set timescales for companies to be assessed as to their alignment. If companies are ultimately assessed as not being in alignment then an instruction will be given to the underlying asset manager to divest from that company within a set time period. At the end of 2024 this process resulted in divestment from Philipps 66, removing it from the Global High Alpha portfolio. ConocoPhillips was also assessed as being a climate controversial company but was not divested from at that time as the company had made some progress. However, it remains under close watch, with enhanced engagement taking place.

Brunel's investments cover thousands of companies, going well beyond the Climate Action 100+ group; a pragmatic approach to escalation needs to be taken for this wider universe. Brunel operates a clear process of engagement escalation. Through the Brunel Investment Risk Committee (BIRC) and the Brunel Investment Committee Brunel can identify escalation cases to its investment managers. Brunel seeks updates on the companies its asset managers are engaging with, what they are engaging on, how they assess the level of risk, and what level of escalation they are undertaking. In parallel Brunel may look at the engagements EOS Hermes or LGIM are undertaking, their engagement targets and escalation. Brunel may use collaborative engagement and reach out to other investors to elevate areas of concern to companies. Voting is an intrinsic part of the escalation process. Further details are outlined in [Brunel's Stewardship Policy](#) with the diagram below demonstrating the process.



Case study – Escalation following allegations of labour rights abuses at VW

When forced labour allegations emerged regarding its Urumqi joint venture plant in Xinjiang, MSCI flagged Volkswagen with a red controversy flag in late 2022 to highlight concerns about the plant.

Legal and General Asset Management then intensified discussions with Volkswagen’s senior management—including the CFO, Head of Treasury and Investor Relations to gain clarity on the issues and encourage swift remedial action.

In December 2023, Volkswagen commissioned an independent audit of its Urumqi plant, which effectively addressed the key concerns and resulted in MSCI removing the red controversy flag. In 2024, Legal and General Asset Management continued its productive dialogue to monitor long-term governance and human rights improvements.

The Fund’s main route of engagement escalation, outside of Brunel, is through the Local Authority Pension Fund Forum (LAPFF). A range of factors inform how LAPFF undertakes an engagement, including the company, the sector, and the nature of the

issue to be addressed. The primary means by which LAPFF chooses its engagements is driven by aggregate member holdings.

Principle 12 - Exercising rights and responsibilities

Exercising voting rights is one of the fundamental tools that the Fund can use to influence the companies into which it invests. This acts as a safeguard of the long-term value of its investments. As such the Fund places a high value upon the exercising of these rights and seeks to vote 100% of its holdings via Brunel and their proxy voting manager Hermes EOS, for active funds, or LGIM for passive funds.

The Oxfordshire County Council Pension Fund's voting policy is set out in its Investment Strategy Statement which states that in practice the Fund's Investment Managers are delegated authority to exercise voting rights in respect of the Fund's holdings. Voting decisions are fully delegated to fund managers, while recognising that the Fund maintains ultimate responsibility for ensuring that voting is undertaken in the best interests of the members.

The Service agreement between Brunel and the client funds outlines the expectations that the fund has around voting their shares; "The Manager shall issue proxy voting instructions or vote on a show of hands at a meeting in relation to any Portfolio Fund's units."

Under the pooled nature of its holdings the Fund delegates responsibility for voting and the exercise of its rights and responsibilities as an investor to Brunel Pension Partner and their chosen proxy voting advisor.

Brunel aims to vote 100% of all available votes. To provide guidance to its managers, Brunel has a single voting policy for all assets managed by Brunel in segregated accounts. Hermes EOS has been appointed to support Brunel as its engagement and voting service provider.

Brunel has voted at 99.7% of votable company meetings in 2024. Unvoted meetings were due to share blocking, Power of Attorney (POA)'s or operational barriers.

The implementation of Brunel's [Voting guidelines](#) is supported by EOS at Federated Hermes. The voting principles guide Hermes' voting recommendation alongside country and region-specific guidelines. Voting decisions are also informed by investment considerations, consultation with portfolio managers, clients, other institutional investors, and engagement with companies. The voting and exercising of rights process, including the approach across asset classes including fixed income and alternatives, is explained in further detail in Brunel's [Stewardship Policy](#).

Both the Voting guidelines and Stewardship policy at Brunel are subject to regular review. The Oxfordshire Fund, alongside the other client funds are active participants in this process, ensuring that these policies, and how they feed into voting intentions, are representative of the needs and interests of the Fund's members and beneficiaries. At the end of the proxy voting season Hermes presents the key highlights from the season to the Responsible Investment sub-Group. This provides

an opportunity for the client funds to challenge Hermes where they feel that its voting policy is not aligned with their priorities and commitments.

A significant proportion of the Oxfordshire Fund's equity investments are held in a passive portfolio. Under normal circumstances voting is carried out on its behalf by the asset manager for this fund, Legal and General Investment Management. However, the implementation of a pass-through voting solution in early 2025 means that Brunel now has the capability to vote directly where its voting policy is at variance with the LGIM policy. This gives the Oxfordshire Fund the opportunity to work with Brunel to identify voting opportunities to support the priorities as laid out in the Fund's responsible investment policy. For example, by aligning Brunel's voting with the recommendations from LAPFF.

In the case of both EOS Hermes and Legal and General Investment Management quarterly voting reports are shared with the Fund's Officers and reviewed to ensure that voting is in alignment with the Fund's expectations.

Hermes EOS engagement and voting in 2024:

- 759 companies engaged
- 97 companies featured engagements with the CEO or chair
- 407 companies featured engagements with senior management or board members
- 121 public policy interactions including consultation responses, letters, meetings and discussions
- 1,289 meetings instructed

Brunel also make their [consolidated voting records](#) available to view on their website.

Although the Fund is not in a position to directly vote its own shares held in the Brunel portfolios, or file shareholder resolutions, it can engage with Brunel to influence their activity in these areas. The case study below gives an example of how this influence can be applied to enable the Fund to exercise shareholder rights.

Case study: Shareholder resolutions at Shell

Shell has consistently been one of the top contributors to the Oxfordshire Pension Fund's carbon footprint, and as with all companies involved in fossil fuels, can attract criticism. It is the company that the Fund has raised the most concerns over with Brunel and there is a strong focus by both Committee and officers on ensuring that the company is being held to account to manage the significant risks that its business model entails.

A key role of active ownership is to hold companies to account for the commitments they make and as a long-term shareholder, Brunel has been engaging with Shell for several years on a range of topics. This takes up a lot of resource but given the potentially key role that an integrated oil and gas company such as Shell could have in the required energy transition it has been seen as a worthwhile use of resources.

Brunel co-filed a shareholder resolution at the 2024 AGM calling for disclosure on scope 3 emission reduction targets (and alignment with the Paris Agreement). The co-filing, alongside a record number of asset owners, resulted in the company publishing a partial target focused on its oil products. While gaining support of 19.6% at the AGM, the resolution led to industry-wide discussions about the robustness of the company's climate transition strategy (which over 20% of shareholder opposed).

At the end of 2024, Brunel co-filed a resolution on the congruency of Shell's LNG strategy and its climate commitments, along with ACCR and other LGPS funds. This resolution received over 20% support at the company's 2025 AGM.

Brunel has also had several conversations with the company on their views on the demand drivers of LNG growth, the alignment with their net zero target and the resilience of the LNG portfolio given the scaling of renewables and likely downward pressures on prices. We believe further transparency is critical for investors to appraise the risks and opportunities as it relates to these issues.

Whilst the Oxfordshire Fund has concerns regarding Shell's long-term alignment with the Paris Agreement, Brunel will continue to engage with the company for the time-being.

The Fund manages a small portfolio of listed private equity investments separately from Brunel. Oxfordshire exercises its full voting rights for these investments, taking advice from its IFA on voting.