

BRE & LPC Pension Scheme Responsible Investment Policy

1. Background

In setting the Scheme's investment strategy, the Trustees of the BRE & LPC Pension Scheme (the 'Scheme') has a responsibility to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk.

The Trustees consider investment risk to include Environmental, Social and Governance ('ESG') factors as the Company's focus is very pro sustainability and low carbon. The Trustees recognise that ESG risks could negatively impact the Scheme's investments. In the process of developing this policy document, the Trustees also conducted a bespoke evaluation of its material investment managers' responsible investment practices to identify areas of alignment.

On a more routine basis, the Trustees consider these risks by taking advice from Aon Investments Limited ("Aon") as the appointed investment consultant, and (where relevant and available) receive information from Aon regarding the Scheme's investment managers' consideration and, where applicable, integration of these factors. The Trustees strive to follow best practice in this area.

2. Definitions and scope

The Trustees define **Responsible Investment ('RI')** as the integration of climate (and broader ESG issues) into its investment processes and ownership practices in the belief that this may positively impact financial performance and/or reduce risk. The Trustees recognise that, as a long-term investor, they should manage climate and other ESG risks that can be both long-term and short-term in nature. It is important to note that the Trustees do not wish to make decisions solely based on ethical or moral issues that have been identified in the "Responsible Investment Beliefs and Principles" section of this policy document but will consider these matters where they present a viable investment opportunity, are relevant and appropriate to the Scheme.

This policy sets out the Trustees' approach to RI and the actions taken on behalf of the Scheme's members and other stakeholders. Where our managers offer unsatisfactory levels of alignment with the Scheme's RI policy, engagement and communication will be the first course of action. Although the intention is for such engagement with managers to lead to alignment between parties, the Trustees may determine that changes to the Scheme's asset allocation or managers are appropriate to better align the portfolio with the Trustees' RI beliefs and objectives.

This policy is intended to be applied to all asset classes invested by the Scheme. We expect industry best practice, quality, and availability of ESG data will continue to evolve. As such the Trustees will review this policy regularly.

3. Responsible Investment Beliefs and Principles

The Trustees have discussed and reviewed our beliefs relating to RI. These beliefs and principles form the basis of the Scheme's policy and are set out below:

- The Trustees recognise that climate (and broader ESG) considerations are relevant to setting investment objectives, ongoing monitoring, and assessing future risks. The identification, integration, and management of climate and other ESG risks that may be financially material is consistent with our fiduciary duty to members. The Trustees also recognise the importance of the following engagement themes which have been identified by our investment managers:

climate change, deforestation, modern slavery, biodiversity/nature loss, governance, inequality and stewardship. We expect our investment managers within our portfolio to demonstrate how these themes are incorporated within their respective investment strategies.

- There is a desire from the Trustees to positively influence climate change and other ESG issues (particularly sustainability and low carbon) where this is possible with no expected financial detriment. The Trustees expect its investment consultant to identify suitable RI opportunities that align with the Scheme's investment objectives.
- The Trustees recognise the importance of responsible and active asset ownership and expect the managers to fully exercise its stewardship responsibilities on its behalf (such as casting proxy voting rights and actively engaging with investee companies on climate and other ESG issues).
- The Trustees recognise that members may have an interest in how the Scheme's RI beliefs are reflected through its investment strategy.
 - Where the members share their views with the Trustees, these will be considered and discussed at appropriate meetings.

4. Responsible Investment Implementation Approach

The Trustees approach to integrating RI beliefs within its investment activities is described as follows:

a. Roles for third parties engaged by the Trustees:

- In setting and implementing the Scheme's investment strategy, the Trustees take advice from the appointed investment consultant. The Trustees expect the Scheme's investment consultant to consider and integrate climate and wider ESG issues when providing investment advice.
- The Scheme's assets are managed by third-party investment managers responsible for the day-to-day investment decision-making, including undertaking voting and engagement activities on behalf of the Trustees.
- Some of the Scheme's assets are managed by Aon. These are fund of funds arrangements where Aon selects the underlying investment managers on the Trustees' behalf.
- The Trustees will communicate our RI beliefs and expectations to the Scheme's appointed investment managers and continue to seek updates from them concerning engagement and voting activity and taking advice from its appointed investment consultant as part of the annual Engagement Policy Implementation Statement ('EPIS') process.

b. Monitoring:

When monitoring the Scheme's appointed investment managers, the Trustees:

- Require managers (at review meetings) to set out the extent to which they take ESG considerations into account in their investment processes, along with the impact that this has had.
- Seek input from the appointed investment consultant regarding ESG issues that could have a material impact on the value of the Scheme's assets and the funds in which the Scheme invests.
- Monitor the active ownership activities of its investment managers by reviewing their stewardship reporting of engagement and voting activity undertaken.
- Review the Scheme's climate-related risks and opportunities over the short-, medium- and long-term as determined by the Trustees, on a regular basis.

Should the Trustees' and/or Aon's monitoring reveal that a manager's voting and engagement policies and actions are not aligned with the Trustees' expectations, the Trustees and/or Aon will engage with the manager to discuss how alignment may be improved.

c. Risk management:

The Trustees aim to integrate climate (and wider ESG) considerations into its risk management and to have a high-level understanding of the Scheme's exposure to these factors. This will be done by Aon as the Trustees' investment consultant through routine engagement with investment managers to gain a deeper understanding of managers' approaches to identifying and assessing material climate and other ESG-related risks.