BP Pension Fund
Statement of Investment Principles (DC Section)

1. Purpose of this Document

The BP Pension Fund (the Fund) has a defined benefit (DB) section and a defined contribution (DC) section. In this document, the trustee of the Fund, BP Pension Trustees Limited (the Trustee), sets out its statement of investment principles governing decisions about

a) the range and nature of the investment options made available to members of the DC section and to those members for whom it invests money purchase additional voluntary contributions (MPAVCs)
b) the default investment option within the DC section.

The Statement of Investment Principles for the Fund's DB section is separate to this document.

The principles are set by the Trustee, and reflect the Trustee's underlying beliefs about investment objectives, governance, and risk, including responsible investment. The Trustee has prepared this document and keeps it up to date.

This Statement of Investment Principles (SIP) will be reviewed at least every three years or immediately following a significant change of investment policy or any material change to the underlying membership profile.

In preparing this SIP the Trustee has received written advice from its DC investment adviser and has consulted BP p.l.c. (the Company) on behalf of all the participating employers. The SIP is designed to comply with the requirements of the Pensions Act 1995, as amended by the Pension Act 2004, and The Occupational Pension Schemes (Investment) Regulations 2005 (the Investment Regulations) and subsequent legislation.

The Trustee reviews the continuing suitability of the SIP's policies on an annual basis in conjunction with the writing of the Implementation Statement.

2. Investment Objective

The Trustee is responsible for investing the assets of the DC section (c.£15m), and the assets relating to members' MPAVCs (c.£35m), in a prudent manner, in line with members' preferences (where indicated). Its aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives. In setting its strategy, the Trustee has taken into account members' circumstances, in particular the range of members' attitudes to risk and term to retirement. A default investment option is available for DC members to choose should they wish, or to be applied if they do not make an active decision regarding their investment strategy.

3. Kinds of Investments and the Balance Between Them

The Trustee's policy is to provide suitable information so that members can make appropriate investment decisions. In choosing the Fund's investment options, it is the Trustee's policy to consider:

- a full range of asset classes;
- the suitability of the possible styles of investment management and the need for manager diversification;
- the suitability of each asset class for a DC scheme;

- the need for appropriate diversification of asset classes; and
- the cost and value for money of each investment option.

The Trustee reviews regularly the suitability and range of choice of the funds available to DC members, and members with MPAVCs, on the basis of written advice covering the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and this SIP. Members are able to adjust the balance between the funds in which they invest.

4. Selecting and Monitoring Asset Managers

The Trustee holds money purchase funds either from MPAVCs paid by members or from contributions paid by and on behalf of members to the DC section. The money purchase funds are invested separately by external fund managers. The members have a say in how these contributions are invested.

Most of these assets are invested in a range of passive pooled funds managed by Legal & General Investment Management (LGIM), with the remainder invested in a range of legacy funds and with-profit policies managed by other providers, all of which are closed to new contributions.

The Trustee is not involved in LGIM's day to day method of operation and therefore cannot directly influence attainment of the performance target. However, the Trustee measures performance of the assets compared to their benchmarks on a regular basis, along with monitoring any significant issues with LGIM that may impact its ability to meet the performance targets set by the Trustee.

LGIM is remunerated as a set percentage of the assets under management. This is in keeping with market practice. Annual investment management charges are met by the members by deduction from the unit price. The annual investment management charges, at the total expense ratio level, are monitored and reviewed on a regular basis with the aim of keeping them within the charge cap and at competitive levels.

Certain assets relating to DC members and members' MPAVCs are invested in pooled funds and with-profit policies from a range of legacy providers. The Trustee also reviews and monitors the continued ongoing suitability of these providers taking account of emerging industry trends and developments, and whether there are any structural or other issues which could affect the continued ongoing suitability of the providers. No new contributions are invested with these providers.

The Trustee monitors the investment options made available through the DC section of the Fund, including the default investment option, to consider the extent to which the investment strategy and decisions of the appointed asset managers are aligned with the Trustee's policies as set out in the SIP. In relation to the default option, this includes monitoring the extent to which asset managers:

- make decisions based on assessments about medium- to long-term performance of an issuer of debt or equity; and

- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee considers these matters in relation to DC members and members' MPAVCs invested in pooled funds and with-profit policies from legacy providers to the extent to which it is appropriate and proportionate to do so.

The Trustee is supported in this monitoring activity by its advisers.

The Trustee receives reporting and verbal updates from its advisers on various items including the investment strategy, performance, and longer-term positioning of the strategy. The Trustee focusses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Fund's objectives and assesses the asset managers over the long-term.

Before appointment of any new asset manager for the Fund’s DC or MPAVC assets, the Trustee endeavours to review the associated governing documentation and consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to express its expectations to the asset managers to try to achieve greater alignment.

The Trustee believes that having appropriate governing documentation, setting clear expectations to the asset managers, and regular monitoring of asset managers’ performance and investment strategy, is in most cases sufficient to incentivise the asset managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial performance.

Where asset managers are considered to be making decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will endeavour to first engage with the manager and in the event of a material misalignment, could ultimately replace the asset manager if deemed necessary.

There is typically no set duration for arrangements with asset managers, although the continued appointment for all asset managers will be reviewed periodically, and at least every three years.

The Trustee does not monitor the underlying investments made by the asset managers on its behalf against non-financial criteria.

5. Aims and Investment Objectives of the Default Option

The Trustee is responsible for setting an appropriate investment strategy for the default option which takes into account the likely investment needs and risk tolerances of the membership.

Following advice from its DC investment adviser, the Trustee has selected the Lifestyle strategy as the default option for the DC section.

The Lifestyle strategy has been designed to offer members greater flexibility when choosing the final form of their benefits, recognising the new flexibilities introduced as a result of the Government’s “Freedom and Choice” consultation and the Fund’s emerging experience as a result of those changes.

The aim and objective of the default option is to provide an investment strategy which manages risk over time, taking into account members' greater capacity for risk early on when they start saving for retirement and reduced capacity for risk in later years when they approach retirement. This is achieved through automatic switching of investments from equities into a more diversified strategy as the member approaches retirement.

The Lifestyle strategy invests in a range of passive funds managed by LGIM. Details of the underlying funds and the change in asset allocation over time are set out in the Investment Guide which is available to all DC members on request or via the Trustee’s website.

During the period up to 15 years before a member's selected retirement age, assets are invested in a global equity fund with the aim of seeking to provide a higher return than both price inflation and bonds. As the member approaches retirement, the assets will gradually be moved into a more diversified strategy including a multi-asset fund, a corporate bond fund, an index-linked gilt fund and a cash fund in addition to the global equity fund. This strategy reflects analysis of the projected outcomes at retirement for the membership profile of the DC section, as well as the emerging experience of both the Fund and the broader market in the new regulatory environment.

Selection of investments within each of the underlying funds has been delegated to the fund manager subject to targeting their respective objectives.

6. Review of the Default Investment Option

The default investment option described above was implemented in December 2016 following a review which took account of the changes in pension legislation which allow members a greater degree of flexibility regarding how and when to access their benefits at retirement.

The default option, including projected outcomes and performance of the default option, will be reviewed at least every three years (or without delay after any significant change in investment policy or member demographics) with reference to the manner in which DC members take their benefits. Any review will take into account the extent to which the return on the investments is consistent with the aim and objective described above.

The default option was last reviewed on 16 July 2020. Following this review, no change was required to its investment strategy as it remained consistent with the aims and investment objectives described above.

7. Investment Risk Measurement and Management

The Trustee recognises the key risk in relation to the DC section is that members will have insufficient income in retirement or an income that does not meet their expectations. The Trustee considered this risk when setting the investment options, including the default option, and strategy for the Fund. The Trustee considers the following sources of risk:

- the risk of benefits under the DC section, after all fees and costs, not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices
- the risk of fund managers not meeting their objectives. This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter
- the risk of the default option being unsuitable for the requirements of some DC members
- the risk of fraud, poor advice or acts of negligence. The Trustee has sought to minimise such risks by ensuring that all advisers and third-party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustee considers them in a qualitative rather than quantitative manner as part of each formal strategy review.

In determining the choice of funds offered, the Trustee has considered and taken advice on the risks that investment returns of DC members will not keep pace with inflation and the risk of investment market movements.

8. The Expected Return on Investments

The return on equities is expected to exceed price inflation over the long term. The long-term return on bonds is expected to be lower than that on equities. Cash funds are expected to offer protection against changes in short-term capital values.

9. Realisation of Investments

Investment in pooled funds or with-profit policies gives rights to the cash value of the units or policy rather than to the underlying assets. The investment managers are responsible for the selection, retention and realisation of the underlying investments as well as the appointment and monitoring of the custodian of the underlying investments.

The Trustee is responsible for the realisation of the value of the units or policy as required. It recognises there is a risk of holding assets that cannot easily be realised and therefore aims to ensure that assets held with its managers are realisable at short notice.

10. Costs and Transparency

It is the Trustee's view that long term performance, net of fees, is the most important metric on which to evaluate its asset managers.

Asset managers are remunerated by the deduction of set percentages of assets under management, which is in line with market practice. This avoids a short-term approach to investment performance that may be the result of any performance-related fees. The Trustee therefore believes it is important to understand all the different costs and charges, which are paid by members. These include:

- explicit charges, such as the annual management charge, and additional expenses that are disclosed by fund managers as part of the Total Expense Ratio ('TER')
- implicit charges, such as the portfolio turnover costs (transaction costs) borne within a fund. The Trustee defines portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the fund's portfolio. These are incurred on an ongoing basis and are implicit within the performance of each fund.

Other costs of providing the DC section of the Fund (e.g. administration, communication, and adviser costs) are not currently charged to members.

The Trustee collects information on these member-borne costs and charges on an annual basis, where available, and sets these out in the Fund's Annual Chairman's Statement regarding DC Governance (the "Annual Chairman's Statement"), which is made available to members in a publicly accessible location.

No specific ranges are set for acceptable costs and charges, particularly in relation to portfolio turnover costs. However, the Trustee expects its DC investment adviser to highlight if these costs and charges appear unreasonable when they are collected as part of the Annual Chairman's Statement exercise.

In general, the Trustee believes that low cost passive funds offer good value for money for members, and these should be used in the default investment option.

11. Responsible Investment

The Trustee, which is a signatory to the UN-supported Principles of Responsible Investment (PRI), defines Responsible Investment (RI) as the incorporation of all relevant financially-material risk factors, including environmental, social and governance (ESG) factors, into its investment decisions, to better manage risk and generate sustainable, long-term returns.

The Trustee believes that ESG factors, including but not limited to climate change and the energy transition, may create both risks and opportunities for the Fund and can be financially material. In its RI Policy (which is incorporated by reference to this SIP), the Trustee sets out its beliefs and how RI is implemented across the Fund's asset classes, and through engagement, manager selection and monitoring, and reporting.

The extent to which ESG factors should influence the design of the default option and the range of investment funds made available to members is considered as part of the periodic review process. Any changes arising as a result of the next review will be reported in a revised SIP and in the Annual Chairman's Statement regarding DC Governance.

Non-financial matters, such as the views of beneficiaries and members including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the beneficiaries and members of the Fund, are not taken into account in the selection, retention and realisation of investments for the default option. Where applicable, the Trustee will consider member feedback in reviewing the suitability and range of choice of the funds available to DC members, and members with MPAVCs.

As mentioned previously, assets invested with the appointed asset managers are represented by the cash value of units or policies, which represent the value of the underlying investments. The Trustee does not therefore directly exercise voting rights in relation to the underlying investments and consideration of voting and engagement issues for the Fund's DC and MPAVC assets is exercised by the asset managers. LGIM, which manages the majority of the Fund's DC and MPAVC assets, reports quarterly summarising its engagement with companies and how it voted on corporate matters.

The Trustee regularly reviews the suitability of its appointed asset managers and takes advice from its DC investment adviser with regard to any change, taking account of emerging industry trends and developments, and whether there are any structural or other issues which could affect the continued ongoing suitability of the providers. Where appropriate and proportionate, this advice includes stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards that the Trustee has set out in its RI policy, the Trustee undertakes to engage with the manager and seek a more sustainable position (where possible) but may look to replace the manager.

The Trustee reviews the stewardship activities of its principal asset manager for the DC and MPAVC assets regularly covering both engagement and voting actions. The Trustee will review the alignment of its policies to those of that manager and expects the manager to use its influence as a major institutional investor to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This will include voting, along with engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.

The Trustee expects its principal manager for the DC and MPAVC assets to provide aggregate voting information at a fund level and voting rationale for significant votes (defined as where votes were cast against management or where voting differed from the standard voting policy of the manager).

1 October 2020

APPENDIX A

BP Pension Trustees Limited

Responsible Investment Policy

This policy (the 'Policy') sets out how BP Pension Trustees Limited (the 'Trustee', 'we' or 'our'), as corporate trustee of the BP Pension Fund (the 'Fund') seeks to implement its Responsible Investment Beliefs in conjunction with our Statements of Investment Principles (as amended from time to time and reviewed at least every three years).

This Policy supplements the Fund's Statements of Investment Principles (SIPs) and covers the Trustee's approach to responsible investment. This also covers the matters required under Regulations 2(3)(b)(vi)-(vii) and 2(3)(c) of the Occupational Pension Schemes (Investment) Regulations 2005 (the Investment Regulations).

The Trustee describes its purpose, governance structure and corresponding investment objectives for the Defined Benefit ('DB') and Defined Contribution ('DC') sections respectively within its SIPs.

What is Responsible Investment?

We are a signatory to the United Nations-supported Principles for Responsible Investment ('PRI'), which is an investor-led network supporting its members with best practice and guidance on environmental, social and governance, including but not limited to climate change ('ESG') issues.

We define Responsible Investment ('RI') similarly to the PRI as the incorporation of all relevant financially-material risk factors, including ESG factors, into our investment decisions, to better manage risk and generate sustainable, long-term returns.

Climate change and the energy transition are particular ESG factors that we consider from an integrated risk management perspective. Similarly, we have a formal process in which our asset managers report quarterly on their evaluation of ESG factors, including climate change, in relation to the assets in which they invest on the Trustee's behalf. More information on our approach to climate change risk management, including our intention to disclose in line with the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD') can be found in Appendix 1.

1. Our RI Beliefs

We believe that:

a) ESG factors, including but not limited to climate change, may create both risks and opportunities for the Fund and can be financially material.

b) Investing responsibly and achieving long term risk-adjusted returns which allow the Fund to meet its liabilities as they fall due are consistent with each other.

c) The nature of the DB section's liabilities is a key consideration and typically implies a long-term investment horizon, over which we expect ESG factors to become increasingly important. For the DC section, we expect members to invest over their lifetime until retirement which may imply a long-term investment horizon.

d) Engagement with investee companies and asset managers is an effective method of instigating change and may increase long term risk-adjusted returns. While engagement includes the active use of voting rights arising from equity ownership, we also believe that good stewardship can and should be applied in respect of all of the Fund's assets where practical.

e) We expect our asset managers to take appropriate steps to incorporate potentially material ESG factors into their investment analysis and decision-making. The managers we instruct to invest on behalf of the Fund are obliged to continue to behave and invest in line with our expectations.

Our RI Beliefs set out above form part of our overall Investment Beliefs.

The regulations define "non-financial matters as the views of the members and beneficiaries."[1] These are not taken into account in the selection, retention and realisation of investments.

2.1 Why and how do we implement RI?

Consistent with our investment beliefs, we undertake RI across the Fund's investments, wherever practical, to help better secure benefits for DB members and to support DC members in investing to improve member outcomes.

There are four main elements in implementing RI: (i) asset classes; (ii) asset manager selection and monitoring; (iii) stewardship and voting (engagement); and (iv) reporting. Each is considered in detail below.

2.2 Asset Classes

The impact and relevance of each ESG factor varies with the characteristics and implementation of a given asset class. Given our current asset allocation, we use the following framework to demonstrate the options for applying RI, based on our current asset manager information:

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, defines "non-financial matters" as the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the trust scheme. Source: www.legislation.gov.uk/uksi/2018/988/regulation/4/made

Asset Class	**Integrate** *Can ESG considerations be integrated into the investment process?*	**Engage** *Is engagement with the controlling entity of the underlying assets feasible?*	**Report** *Is it possible to identify and report on the ESG characteristics of portfolios?*
Liquid Markets			
Developed Market Equities	🟢	🟢	🟢
Emerging Market Equities	🟢	🟡	🟢
Equity Option Overlay	🔴	🔴	🔴
Liquid & Semi-Liquid Credit			
GBP Corporate Bonds	🟢	🟢	🟢
Global Corporate Bonds	🟢	🟢	🟢
Global Leverage Finance: High Yield & Leveraged Loans	🟢	🟢	🟢
Illiquid Credit			
Liability-Matching Property	🟢	🟢	🟢
Direct Lending*	🟢	🟢	🟢
Infrastructure Debt	🟢	🟢	🟢
Illiquid Markets			
Private Equity	🟢	🟡	🟡
Return-Seeking Property	🟢	🟢	🟢
LDI / Liabilities			
Liability Benchmark Nominal / Index Linked Gilts	🔴	🔴	🟡

**pending implementation*

We have assessed the above based on current information:

- 🟢 Likely – we expect our asset manager(s) in the asset class to integrate/engage/report.
- 🟡 Possible – we are aware of relatively few asset managers who currently integrate/engage/report and/or it may only be possible on a limited portion of assets.
- 🔴 Unlikely – we do not expect to find asset managers who are able to integrate/engage/report on a meaningful portion of their assets and/or ESG is not yet a meaningful risk factor for the respective asset class.

2.3 Asset Manager Selection and Monitoring

When assessing prospective asset managers, we consider how ESG is taken into account from a long-term risk management and valuation perspective, including the integration of ESG into investment processes, business focus, operational infrastructure, and engagement activities. We also consider whether the managers have appropriate resources to undertake the stewardship activities we would expect of them.

When investing in a pooled investment fund, the Trustee reviews the investment objectives and guidelines of the fund with the intention to align with the Trustee's investment policies. Where segregated mandates are used, the Trustee may set explicit guidelines within the investment management agreement where it is appropriate to do so. We expect that they, including BP Investment Management Limited ('BPIM'), our wholly owned asset manager, shall invest and engage in the best interests of the Fund and in accordance with this Policy.

All our existing segregated investment management agreements comply with these requirements and include restrictions on the type of investments a manager can hold. They also detail performance targets, a benchmark asset allocation and permissible deviations, and a requirement that managers take appropriate steps to incorporate ESG factors in the investment process and engagement approach.

This Policy is shared with the managers at the start of the relationship and when the Policy is materially updated, and the investment manager agreements are updated following any changes, obliging the managers to continue to invest and engage in line with this Policy.

We appoint asset managers with an expectation of a long-term partnership, which encourages active ownership of the Fund's assets. When assessing a manager's performance, the focus is on longer-term outcomes and is assessed over a medium to longer-term timeframe, subject to a minimum of three years.

We do not expect to terminate a manager's appointment based purely on short-term performance. However, a manager's appointment could be terminated within a shorter timeframe than three years due to other factors.

Our quarterly meetings with asset managers include a dedicated ESG and Stewardship section. We augment this from time to time with additional analyses on listed equities, using Style Analytics Ltd and MSCI ESG indices, to better understand the ESG characteristics of our investments and we will regularly review our suppliers of ESG data and indices. The Trustee Executive also has access to Mercer Limited's Global Asset Manager database and Bloomberg Inc., and other data services and tools which together supplement the ESG aspects of asset manager monitoring.

2.4 Stewardship and Voting (Engagement)

We expect all our asset managers to have regard to the updated 2020 UK Stewardship Code or an international equivalent, and encourage them to become signatories where practical.

Where possible, we use our influence to encourage responsible long-term behaviour through our voting policy as detailed in Appendix 2 and prefer engagement. Our voting policy is incorporated by reference to this RI Policy.

While engagement includes the active use of voting rights arising from equity ownership, it is not restricted to equities but should be applied with judgement and as appropriate across asset classes and all the Fund's assets and asset managers, where practical. We discuss ESG issues and the outcomes of engagement activities with our asset managers every quarter.

Climate change and the energy transition have been identified as one of the themes about which our asset managers are encouraged to engage with underlying portfolio companies, with the other themes being human rights (social) and board effectiveness (governance). Other issues that the Trustee considers to be financially material to the Fund include strategy, capital structure, management of actual or potential conflicts of interest, risks, environmental impact, social considerations and corporate governance.

2.5 Reporting and disclosure

We are aware that reporting of RI is currently evolving, with proposals for investee companies to provide more information in future in their financial disclosures. This includes, for example, the recommendations of the TCFD, which we support and intend to disclose in line with from 2022.

We will continue to monitor regulatory developments, industry best practice and evolve our reporting received from our asset managers and in our reporting to the members of the Fund in consultation with our auditor and advisers.

Currently, the main communication to our members is via PensionLine (the Fund's website), Highlights (our annual member newsletter, which includes statutory disclosures) and our Fund Annual Report and Financial Statements. In line with the latest regulations, we will publicly disclose via an implementation statement how we have carried out the specifics set out in this Policy, including voting behaviour and the most significant votes cast.

Combined, these provide platforms, where appropriate, for us to give updates on our RI activities as they develop.

2.6 Industry initiatives and engagement collaborations

We recognise that there is continuous scope to improve how we invest responsibly. We evaluate industry initiatives and will consider supporting ESG organisations or initiatives.

We recognise that we cannot support all organisations or initiatives and so will review our associations periodically.

3.1 Managing conflicts of interest

Any conflict of interest between us, as asset owners, and/or our agents (advisers, fund managers), should be monitored and managed appropriately. BPIM has its own conflicts of interest policy, which was updated on 31 July 2017.

The Trustee board has its own conflicts of interest policy, which was updated and adopted on 5 July 2017. In addition, the Trustee Executive (the chief executive officer and team) has its own conflicts of interest principles, which follows the Trustee board policy, the bp Code of Conduct (as updated from time to time on www.bp.com) and the bp Conflicts of Interest policy dated 16 May 2018 (as updated from time to time).

3.2 Governance and Review of this Policy

This Policy has been approved by the Trustee board and will be subject to review from time to time to confirm that it remains up to date and appropriate. The Trustee chief executive officer shall oversee its effective implementation and ongoing application, including periodic reports to the Trustee.

We periodically seek external assurance that the guidelines set out in this document are put into practice and enable effective stewardship.

8 October 2020

Appendix 1

Climate change policy

We, as the Trustee of the BP Pension Fund, recognise climate change as a systematic, long-term material financial risk to the value of the Fund’s investments. The Trustee has a fiduciary duty to consider climate change risk when making investment decisions. Within the context of its fiduciary responsibility, the Trustee is supportive of the goals of the Paris Agreement to minimise the impacts of climate change by limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit it to 1.5°C. In this context, we have agreed the following policy:

1. We will appropriately factor in climate change risks and opportunities when making strategic asset allocation and manager selection decisions.
2. We expect our appointed asset managers to be cognisant of climate change risks and opportunities within their investment processes as applied to the Fund’s assets. Asset managers are required to annually report on how these risks and opportunities have been incorporated into the investment process within applicable guidelines and restrictions.
3. In line with our preference for engagement rather than exclusion, we require our asset managers to actively encourage investee companies to disclose in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and put in place robust processes to better manage climate change associated risks. However, we also expect asset managers to independently consider whether exclusion or engagement is more appropriate within their investment process, based on their own risk assessment.
4. We encourage the further development of asset classes that are supportive of obtaining the ‘well below 2°C’ target provided they are all based within the primary fiduciary framework.
5. We are currently embedding the capability to support TCFD and aim to incorporate its recommendations into the Fund’s reporting, subject to availability of data. This includes carrying out climate-risk scenario analysis on the Fund’s assets, liabilities and sponsor covenant.
6. We support the further development of effective climate change risk metrics to enhance the ability of all stakeholders in the investment chain to assess and minimise such risks.
7. We recognise that climate change will be subject to much further analysis and subsequent policy changes in the coming years. We are supportive of adopting an evolving policy in order that all relevant developments are considered.

Introduced: 1 October 2020

Appendix 2

Voting Policy

As far as practicable, the Trustee will exercise its right to vote in the general meetings of the companies in which the Fund invests. We exclusively reserve our voting rights; asset managers are not permitted to exercise voting rights attaching to any of the Fund's investments without our prior approval.

We use voting to express our position on certain topics. Both we and our managers may also engage with companies, to emphasise certain points and encourage related actions to be taken.

We consider factors such as the advice of a proxy voting agent when deciding how to vote and may also consider research from our asset managers. We vote always in the best interests of the Fund, including taking into account the Responsible Investment Policy, and use our judgement when considering whether or not to follow the proxy voting agent's recommendations.

Voting activity is reported quarterly to the Trustee board.

Updated: 8 October 2020