

Neuberger–Brunel: A Partnership Driving Sustainable Impact and Change

Since 2019, global investment firm Neuberger has worked in close partnership with Brunel Pension Partnership to invest across private markets and multi-asset fixed income, with specific commitments to impact and climate-transition investments. Together with helping to achieve Brunel’s sustainable investing objectives, the partnership has also played an important role in developing a proprietary, customisable framework to measure company alignment with net-zero pathways and in advancing global investors’ understanding of sustainable finance in important markets. In June 2025, Brunel joined a Neuberger tour with a select group of European asset owners to meet and share best practice with key institutions in China’s sustainable finance industry.

– **Faith Ward**, Chief Responsible Investment Officer, Brunel Pension Partnership

– **Jonathan Bailey**, Global Head of Stewardship and Sustainable Investing, Neuberger

Q: Faith, to give some context, how would you describe Brunel’s sustainable investment strategy?

We believe, as do our partner funds, that responsible investment is part of our fiduciary duty. Our clients are investing for the long term, so our activities have to deliver long-term, risk-adjusted financial returns for our their LGPS funds. By identifying and managing financially material risks, across our seven responsible priorities, (climate, nature and human rights and social issues as the top three) we support this aim. We frame responsible investment explicitly as “the consideration of all material financial risks to long-term value creation”. Our drive for real-world change means our principles lead us to work in partnership with companies, asset managers and policy makers. Recognising the need for a resilient economy to support economic growth and thriving society means

supporting action across all sectors and we avoid blanket divestments, focusing on those companies taking steps to secure their financial future. We seek to embed responsible investment through manager selection and oversight, portfolio construction, and stewardship activity, within a framework that is designed to meet relevant LGPS investment reform guidance and regulatory expectations.

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Jonathan Bailey, Global Head of Stewardship and Sustainable Investing, Neuberger.



Michael Marshall (Railpen), Faith Ward (Brunel) and Jonathan Bailey (Neuberger) at the offices of Shanghai Pudong Development Bank

Q: Jonathan, Neuberger has been working in close partnership with Brunel for several years to help the organisation achieve its investment objectives. What does the relationship look like and how has it evolved across asset classes?

What began as a single impact fund commitment has grown into one of the most comprehensive and strategically collaborative partnerships between a UK pension pool and a global asset manager.

Brunel first anchored the NB Private Equity Impact Fund in 2019, committing capital on behalf of four Local Government Pension Scheme (LGPS) clients to target positive social and environmental outcomes aligned with the UN Sustainable Development Goals. Critically, a focus on positive outcomes was integrated from the outset as part of Brunel's broader private equity programme rather than treated as a standalone allocation—a distinction that would shape what followed.

From that foundation, Brunel expanded their private equity programme with Neuberger through successive cycles. Central to the relationship's evolution was a genuinely collaborative approach: we worked as an extension of Brunel's investment team—bringing ideas, sharing investment and market insights, and engaging

in substantive dialogue through Brunel's investment committee process. Brunel continued to utilise the NB Private Equity Impact strategy to gain exposure to private equity impact investments in a diversified way, including co-investments and secondaries. Neuberger supported Brunel's direct investments into funds and attractive co-investment and secondary opportunities.

That dynamic ultimately became the springboard for a strategic partnership, manifesting as a significant expansion into liquid credit: a £1.3 billion climate transition multi-asset credit mandate and a £175 million commitment to NB Private Debt IV, a senior direct lending fund, both awarded in 2021. The move reflected a shared conviction that the transition to a sustainable economy demands capital across the full credit spectrum, not just in equity markets.

The climate transition multi-asset credit strategy invests across a broad array of credit sectors, with the focus on sub-investment grade. It was designed to align the portfolio with the Paris Climate Agreement, delivering a portfolio with net-zero emissions by 2050. In addition to reflecting our commitment to responsible investment, the mandate highlighted how we can integrate climate risk considerations across fixed income sectors.



Michael Marshall (Railpen), Faith Ward (Brunel) and Neuberger team with Shanghai Pudong Development Bank representatives at their offices in Shanghai.

The climate dimension runs throughout the partnership. Importantly, Faith consistently challenged us to raise our own standards and helped shape and develop specific proprietary tools, such as our Net-Zero Alignment Indicator and the private markets climate manager assessment. The Net-Zero Alignment Indicator is central to how the climate transition multi-asset credit mandate is managed. The Indicator is an innovative assessment of the degree to which an issuer is aligned with achieving the world's goal of reaching net-zero emissions by 2050. The Indicator is based on the definitions in the Net Zero Investment Framework, an industry standard used by many asset owners, and benefits from both quantitative data and the qualitative judgement of Neuberger's credit and equity research analysts. The Indicator is now used by Neuberger to achieve client objectives across a wide range of fixed income and equity portfolios

The resulting give-and-take has been genuinely reciprocal: Brunel's demands helped establish Neuberger's climate tools and reporting as best in class, while Neuberger's expertise helped Brunel implement those standards across their entire portfolio. That shared commitment has extended beyond mandates: Faith has spoken at our 'State of Decarbonisation' roundtable series, and the two organizations have featured in each other's annual reports—tangible markers of a relationship that goes well beyond a conventional manager-client dynamic.

The most recent chapter—the NB Clifton Private Equity III (2023) and IV (2024) portfolios, bespoke mandates worth approximately £900 million combined, each with a proportion explicitly targeting impact investments—reflects the full arc of a partnership that has evolved over the past six years from a single fund commitment into a multi-dimensional relationship spanning credit, lending, and private equity, united throughout by a shared agenda of investing in the transition economy.

Q: Part of the partnership between Brunel and Neuberger has involved advancing global investors' understanding of sustainable finance in important markets such as China. Jonathan, what was the purpose of the recent asset owner trip?

China is central to the global sustainability and climate transition story. As the world's second largest economy, it represents around 17% of global GDP and close to 30% of global carbon emissions. That means progress—or lack of progress—in China will have a material bearing on the world's ability to meet the goals set out under the Paris Agreement.

From an investment perspective, there is also a clear disconnect. Despite China's economic and emissions footprint, its representation in the MSCI ACWI Index is only around 3%, and many global investors have reduced exposure to China in recent years. For us, that makes independent, on the ground research even more

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important. In late 2022, Neuberger began operations for its wholly owned onshore fund management company in China. In June 2025, we organised a one-week inaugural tour for European asset owners through Beijing, Suzhou and Shanghai meeting with key stakeholders across the Chinese sustainable finance value chain. The visit was designed to deepen our understanding of how the country's sustainable finance system is evolving in practice, beyond headlines, and to assess how policy, regulation and capital allocation are interacting to support the transition.

Q: Why were these partners chosen and why was the range of groups important?

The programme was structured to give us a system wide view of how sustainable finance operates in China. We met with senior policymakers and regulators, including the central bank, regarding transition finance, capital markets regulator regarding stewardship and ESG funds, and the Ministry of Finance regarding China's newly published internationally aligned sustainability disclosures, to understand how climate and sustainability considerations are being embedded into financial policy and supervision.

We also engaged with large asset owners as well as banks and insurers that are central to financing the transition. Alongside this, discussions with listed companies and the stock exchange provided insight into how sustainability disclosures, stewardship expectations and transition strategies are being implemented in practice. Taken together, these meetings offered a coherent picture of how policy ambition, financial infrastructure and real economy action are increasingly aligned.

Q: What stood out to you as the key takeaway from the study tour?

The most striking takeaway was the extent to which climate and sustainable finance objectives are now being coordinated across China's financial system. We observed a high degree of alignment between policymakers, regulators, asset owners, financial institutions and listed companies on this topic. This level of system wide coordination is notable, particularly at China's stage of market development, and increases the likelihood that sustainable finance frameworks translate into real world climate related outcomes.

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At the same time, the tour highlighted that while policy direction is clear and accelerating, market practices are still evolving. Investor reliance on ESG ratings remains relatively high, and stewardship and qualitative engagement are at an earlier stage than in more mature markets. That gap creates an important opportunity for long term global investors to contribute constructively—by engaging regulators on market infrastructure, supporting disclosure convergence with international standards such as ISSB, and reinforcing the role of active ownership in driving credible transition strategies.

Finally, we were encouraged by the openness we encountered. Chinese regulators, exchanges and corporates consistently expressed a willingness to engage with global investors and to incorporate feedback as frameworks continue to evolve.

Q: Jonathan, one challenge investors are wrestling with is how investors with a Paris-aligned commitment to reach net zero emissions by 2050 incorporate China's targets—peaking emissions by 2030 and achieving net zero by 2060—into their strategy?

A key consideration for global investors is the need to assess decarbonisation pathways in their proper jurisdictional context. China's climate targets reflect its stage of economic development, energy mix and development priorities, and they sit within a broader global framework that recognises differing starting points and responsibilities across countries.

Against the backdrop of a significant climate related financing gap across emerging and developing economies, there is growing recognition that investors pursuing net zero objectives need to engage with transition pathways that are credible at a country and sector level, rather than applying a one size fits all approach. This is consistent with the principle of Common But Differentiated Responsibilities and Respective Capabilities, which underpins international climate agreements.

That principle is also reflected in emerging transition finance frameworks, including the draft guidance developed through the UK's Transition Finance Market Review—where Faith has played a leading role as a working group co chair.

For investors, the implication is clear: supporting well designed transition strategies in markets like China is not a deviation from Paris alignment, but a necessary part of delivering real world decarbonisation at scale.

Q: Looking ahead, what does this mean for the climate transition in China and in Emerging Market and Developing Economies (EMDE) more broadly?

One of the most common questions we were asked throughout the tour related to the ESG backlash in the U.S., and whether that had changed global investors' commitment to sustainability. Our tour group's general response was that, although political narratives may vary in some geographies, many global asset owners remain committed to integrating financially material sustainability factors into investment processes and often also target specific sustainability-related outcomes such as investing with a net-zero commitment.

Looking forward, for global investors there is a particularly important signaling role to play. Continued engagement with Chinese and broader EMDE stakeholders, including regulators and market participants, helps reinforce that sustainability remains a long term investment priority. In person engagement matters in this context. Travelling to the region, listening directly and maintaining open dialogue are essential to building trust and supporting credible transition pathways over time.

From an asset allocation perspective, while performance has improved over the past 12-18 months, China and other EMDE equity markets have generally underperformed U.S. equity markets over the past decade, leading many global investors to remain structurally underweight. At the same time, Chinese regulators and companies are working to make the market more appealing to international investors. Priorities include: (1) improving corporate returns on equity through more disciplined capital allocation and improved governance standards, and (2) creating more formal channels for investor dialogue including the introduction of an inaugural stewardship code. In parallel, China's innovation push—spanning climate technologies, artificial intelligence, and automation through robotics—could have meaningful implications for global competition and supply chains.