



Bridges Fund Management supports the Task Force on Climate-related Financial Disclosures (“TCFD”)

The Financial Stability Board's Task Force on Climate-related Financial Disclosures has developed recommendations for voluntary climate-related financial disclosures that are consistent, comparable, reliable, clear, and efficient – and as such provide decision-useful information for lenders, insurers, and investors.

In March 2020, we publicly supported the TCFD: we believe that better access to data will enhance how climate-related risks are assessed, priced, and managed. Investors will make better-informed decisions on how and where they want to allocate their capital. Lenders, insurers and underwriters will be better able to evaluate their risks and exposures over the short-, medium-, and long-term¹. This should make the financial system more resilient to climate-related risks.

As outlined in our [Responsible Investment Policy](#) and [Ethical Charter](#), we endeavour to protect and preserve the environment in which we and our portfolio companies operate. In particular, we are committed to:

- improving energy efficiency and reducing carbon dioxide emissions across all our activities;
- increasing our investment in sectors and activities that contribute to a more sustainable planet or to climate change adaptation;
- reducing waste, including the proportion of waste going to landfill, and reducing water usage.

Supporting the TCFD has been a natural step for Bridges. We are keen to collaborate and help them develop meaningful and useful climate-risk related disclosures that can also support decision-making within small- and medium-sized businesses.

Below is an overview of how we have incorporated climate risks and opportunities into our governance, strategy, risk management and targets. For more details and examples, please refer to our annual [PRI submission](#).

Governance

- The Bridges Fund Management Board is ultimately responsible for our Responsible Investment Policy, Sustainable Property Policy and Ethical Charter.
- When evaluating a potential or existing investment, the Investment Committee (alongside the Investment and impact management teams) considers material climate-related risks and opportunities; this could include the impact of climate change on a company's key markets or demand for its products, or the climate change resilience of its assets and supply chain.
- Across all our funds, material climate-related risks and opportunities are regularly monitored by the Investment and the impact management teams.
- On a bi-annual basis, the team submits a climate report to the Compliance Officer, highlighting any exceptional climate-related risks across the portfolio.
- The Compliance Officer incorporates the reported material risks into Bridges' risk register, which is shared regularly with Bridges' Board of Directors.

Strategy

- Bridges invests exclusively in the transition to a more inclusive and sustainable economy.
- With every investment we make, our goal is to help build a better future for people and the planet – driven by the belief that this can unlock hidden potential and create lasting economic value.

¹ <https://www.fsb-tcfid.org/about/#>





- Sustainable Planet is one of our four key impact themes (alongside Healthier Lives, Future Skills, and Stronger Communities). Within this theme, we specifically look to make investments that will accelerate the transition to a lower-carbon economy.
- For each investment we make, we look to achieve specific outcomes in line with our primary impact thesis – while also recognising that each investment can also generate other societal outcomes, both positive and negative.
- As such, managing environmental, social and governance factors – including climate risks – has been central to every single investment decision Bridges has ever made.
- As part of the due diligence process in our Property Funds, we already undertake scenario analysis using the Met Office UK climate projections. We are engaging with industry experts to understand how we could extend scenario analysis to our other funds in a meaningful way.

Risk management

- Prior to making an investment, our Investment team and dedicated impact management team works with the management team of the prospective portfolio company to identify ESG risks and opportunities for value creation, using in-house risk assessment and the B Impact assessment (powered by B Lab) to identify opportunities.
- Our emphasis is on making this risk and opportunity screen as practical as possible – i.e. making it a conversation about operational excellence.
- Given that we typically hold a majority stake in our portfolio companies, as well as Board seats, our investment team is able to engage on an ongoing basis on ESG matters.
- We also identify and engage third-party stakeholders to support our companies on ESG/ impact management.
- Thereafter, ESG issues are reviewed regularly at Board meetings with investee companies, as well as at our own monthly firm-level portfolio review meetings. Once a year, each investee provides a snapshot of any new or outstanding ESG issues, as well as progress against targets.
- We will continue to develop our governance and risk management framework to ensure that climate-related risks in our portfolio remain an important part of our agenda and are treated as a priority by our portfolio company management teams.

Metrics and targets

- Working with sustainability experts, we are exploring the possibility of creating carbon targets for our portfolio, and for Bridges as a fund manager – and to understand whether our funds are compliant with the Paris Climate Agreement.
- Whenever practical, we monitor carbon emissions of our assets; as a minimum we collect Scope 1 and 2 data, and whenever possible we aim to collect Scope 3 data.
- We are also working towards including an overview of portfolio emissions and intensity metrics in our annual portfolio reports.

