

## Appendix IV: Border to Coast RI Strategy 2020-23 In Summary

As long-term investors we believe that Responsible Investment is fundamental to our investment process and risk-adjusted returns. It is also an area of significant regulatory change and escalating political scrutiny, with new regulations coming and many Partner Funds' administering authorities declaring climate change emergencies.

We have undertaken a review of our approach to Responsible Investment during 2019. Our strategic framework is based on the six Principles of Responsible Investment, considering both Border to Coast directly and also how we can best work with Partner Funds in meeting their responsibilities.

This has involved setting stretch targets for each of the principles as shown in the table below. The Board believes that the priority areas for development are principles 1, 2 and 6 (integration of Environmental, Societal and Governance factors in investing; active ownership ("stewardship"); and clarity of reporting).

Principle	2022 target – Border to Coast	Partner Fund Role
1. Integrating ESG	ESG-related tools and analysis well embedded and used by internal PMs External managers held to account	Long-term ESG factors are taken into account when setting strategy Border to Coast, and managers of any legacy positions, are held to account
2. Active ownership	Holistic approach to engagement across portfolios and asset classes Clear voting indications for companies and public	RI policy and voting guidelines clear Support shareholder initiatives LAPFF
3. Require disclosure	Well-researched standard approach to requiring disclosures to support our investment process	Work with all managers to engage with companies on disclosure Become signatories to (and supporters of) various initiatives
4. Promote PRI	Principles embedded throughout our procurement processes and ongoing monitoring of contracts	Work with all managers (and other suppliers) to require work in line with PRI / become a signatory
5. Collaboration	Seen as a strong junior partner on collaborations with a strong network of collaborators	Support industry-wide collaborations
6. Reporting	Border to Coast and Partner Funds are well known for strong disclosures that set a benchmark for others	Transparency of approach to RI shared publicly (website, annual report & accounts, public statements)

Having identified targets, a gap analysis was carried out, and the following development areas were identified. These are in addition to "Business as Usual" activities.

Principle	Border to Coast strategic development	Partner Fund support
<b>1. Integrating ESG</b>	<p>Embed investment process and enhance ESG tools including Robeco portal</p> <p>Training programme for PMs on thematic issues</p> <p>External manager monitoring framework</p> <p>Develop frameworks for new asset classes (bonds, property, private markets)</p>	<p>Current: education (e.g. climate working party); transparency of reporting; oversight of (pooled) managers</p>
<b>2. Active ownership</b>	<p>Create holistic engagement framework to enable tracking of milestones across portfolios</p> <p>Clear process for setting engagement themes</p>	<p>Current: common policy agreed and implemented for all Border to Coast holdings; education; LAPFF - representation at business meetings</p> <p>Future: training</p>
<b>3. Require disclosure</b>	<p>Review of industry initiatives to prioritise</p> <p>Gap analysis of portfolios and remedial plan</p> <p>Review Border to Coast disclosure</p>	<p>Current: engagement in respect of Border to Coast portfolio holdings and support for wider initiatives</p> <p>Future: Share review of wider disclosure developments</p>
<b>4. Promote PRI</b>	<p>External manager engagement framework</p> <p>Review wider procurement framework for ESG</p>	<p>Current: training for officers and committees</p> <p>Future: materials for websites</p>
<b>5. Collaboration</b>	<p>Develop collaboration capability by working with Robeco on an engagement</p> <p>Continue to build network and external profile</p>	<p>Current: collaborate in respect of Border to Coast engagement themes and portfolio holdings</p>
<b>6. Reporting</b>	<p>Enhance reporting on engagement and themes</p> <p>Standardise reporting across external managers</p> <p>Improve transparency</p>	<p>Current: disclosure on our website of voting and engagement activity, RI policy and voting guidelines</p> <p>Future: review of Partner Fund websites and development of checklist / materials for sharing</p>

A plan to implement the activities highlighted above over the period to 2023 has been made.