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Minutes of the Border to Coast Joint Committee

Wednesday, 9 July 2025 - Border to Coast Offices, Toronto Square, Leeds, LS1 2HJ

Present Members: Chair:

Cllr George Jabbour, North Yorkshire Pension Fund

Cllr Chris Fairs, Durham Pension Fund
Cllr Paul Hopton, East Riding Pension Fund
Cllr Ray Condell, Lincolnshire Pension Fund
Cllr Richard Tear, Surrey Pension Fund
Cllr Doug Rathbone, Cumbria Pension Fund
Cllr John Kabuye, Teesside Pension Fund
Cllr Ken Dawes, Tyne & Wear Pension Fund
Cllr Christopher Kettle, Warwickshire Pension Fund

**Scheme Member
Representatives:**

Nicholas Wirz
Lynda Bowen

Fund Officers:

Mike Batty, Bedfordshire Pension Fund
Kate McLaughlin-Flynn, Cumbria Pension Fund
Paul Cooper, Durham Pension Fund
Jo Kempton, Lincolnshire Pension Fund
Claire Haley, North Yorkshire Pension Fund
George Graham, South Yorkshire Pension Fund
Neil Mason, Surrey Pension Fund
Paul McCann, Tyne & Wear Pension Fund
Chris Norton, Warwickshire Pension Fund

**Partner Fund
Nominated Non
Executive Directors:**

Cllr David Coupe

**Border To Coast
Representatives:**

Rachel Elwell – Chief Executive Officer
Chris Hitchen – Chair
Colin Baines – Stewardship Manager
Milo Kerr - Head of Customer Relationship Management
Graham Long - Head of Portfolio Solutions Group
Mark Lyon – Deputy Chief Investment Officer
Tim Manuel – Head of Responsible Investment
Ewan McCulloch - Chief Stakeholder Officer
Joe McDonnell – Chief Investment Officer

Secretariat:

Gina Mulderrig – South Yorkshire Pensions Authority

1 APOLOGIES AND DECLARATIONS OF INTEREST

The Chair thanked outgoing members, Councillors Eddie Strengiel, Jayne Dunn, David Sutton-Lloyd and Nick Harrison for their contribution to the Joint Committee throughout their respective terms.

The Chair welcomed new members, Councillors Ray Condell, Richard Tear, Donna Sutton and Chris Fairs to the Joint Committee.

The Chair informed members that this would be the last Joint Committee meeting attended by Paul Cooper. Members thanked Paul Cooper for his contributions as Head of Pensions Durham Pension Fund.

Apologies were noted from Councillors Doug McMurdo, John Holtby and Donna Sutton.

Councillor George Jabbour declared a non-pecuniary interest in relation to the nature of his campaigning work, including the way public sector pension funds manage their funds.

The following members declared that they held pensions that were part of the Local Government Pension Scheme:

Lynda Bowen
and Nicolas Wirz

Councillors George Jabbour and David Coupe declared an interest in item 7 and resolved to leave the meeting during this item.

The Chair gave an update on his recent activities, including his visits to the Partner Funds, the regular Teams meetings that he and the Vice-Chair had held with the company and officers about navigating the changes to the landscape of the LGPS, and the updated report that he had circulated about the Joint Committee's Effectiveness Review.

The Chair drew attention to a series of online webinars running throughout July 2025 and presented by Border to Coast, and encouraged attendance.

2 QUESTIONS FROM THE PUBLIC

One question had been received from a member of the public (Lesley Mountain) representing BCPP Fossil Free that the Chair had agreed should be responded to. The Chair provided the response prepared by the Border to Coast company in accordance with terms of the approach it takes in line with policies agreed by partner funds on the issues raised. A full copy of the question and the response is appended to the minutes.

3 MINUTES OF THE MEETING HELD ON 25 MARCH 2025

The minutes were received, and members were asked to approve.

RESOLVED – That the minutes of the meeting held on 25 March 2025 be agreed as a true record.

4 CALENDAR OF MEETINGS

The most recently updated schedule of meetings was included in the agenda for members to note.

RESOLVED – Members noted the scheduled dates for meetings of the Joint Committee, Border to Coast Conference and member workshops for the next three years.

5 JOINT COMMITTEE BUDGET

Neil Mason, Chair of the Officer Operations Group, presented the report detailing the Joint Committee budget position for 2024/25 and 2025/26.

It was explained that £10,685.84 was spent against a budget of £50,000 in 2024/25 and that the budget for 2025/26 had been set for £50,000 with £12,638 having been spent so far related to legal work for the Governance Review.

RESOLVED – Members

***a. Noted the final budget position for 2024/25.
Noted the budget position for 2025/26.***

6 UPDATE ON IMPACT OF COMMITTEE MEMBERSHIP OF LOCAL ELECTIONS

The Secretary gave an update on the impact of the May 2025 Local Elections on the membership of the Joint Committee explaining that the following members would not be returning to the Joint Committee:

- Councillor David Sutton-Lloyd (Former Chair of Durham Pension Fund)
- Councillor Eddie Strengiel (Former Pensions Committee member of Lincolnshire Pension Fund)
- Councillor Jayne Dunn (Former Chair of South Yorkshire Pensions Authority)
- Councillor Nick Harrison (Former Chair of Surrey Pension Fund)

And that these funds were now represented by the following appointments:

- Councillor Chris Fairs (Chair of Durham Pension Fund)
- Councillor Ray Condell (Chair of Lincolnshire Pension Fund)
- Councillor Donna Sutton (Chair of South Yorkshire Pensions Authority)
- Councillor Richard Tear (Chair of Surrey Pension Fund)

RESOLVED – Members noted the changes.

Councillors Jabbour and Coupe left the meeting due to a declared interest in Item 7.

7 NON-EXECUTIVE DIRECTOR AND JOINT COMMITTEE APPOINTMENTS

The Secretary to the Joint Committee led the meeting in the absence of the Chair and Vice Chair. The Secretary presented the report which explained revised proposals for the arrangements for the election of Partner Fund Nominated Non-Executive Directors and potential elections for Joint Committee roles because of the Government's decision about the future of two pools which will potentially lead to a change in the number of funds participating in the Partnership.

Members asked why the Joint Committee was allocated 2 spaces for Non-Executive Directors. The Chair of the Border to Coast Pensions Partnership explained that 2 spaces had been decided as a balanced and representative number but that this could be reviewed should the number of partner funds increase. The Secretary added that Government guidance on the number and role of Non-Executive Directors was expected to be issued as the LGPS: Fit for the Future initiative progressed and that any review of the roles would need to follow this guidance.

The Committee asked how the role of the Scheme Member Representatives would be reviewed and who would be involved in the review. The Secretary explained that Government guidance was also expected and that it would take time to practically implement any changes. The Chief Executive Officer added that extending Councillor Coupe's term and approving the arrangements in the report was time sensitive due to the upcoming expiry of current terms and that arrangements on other governance matters, including Scheme Member Representative roles would be reviewed later in 2026 when the guidance had been issued and that meeting mandatory deadlines took priority.

Members sought further details on nominating and appointing Non-Executive Directors, but it was explained that this item was to approve the proposed arrangements in principle and that further details were for discussion through working groups as described in the report.

RESOLVED – Members

a) recommended to the Company's Board the extension of Cllr David Coupe's term as a Non-Executive Director by 12 months.

b) approved the arrangements set out in paragraph 4.2 for managing the initial integration of any new partners into the work of the Joint Committee.

Councillors Jabbour and Coupe returned to the meeting.

8 RESPONSIBLE INVESTMENT UPDATE

The Head of Responsible Investment presented the report which provided an update on the Responsible Investment (RI) activity and reporting of the company. An update was also provided on engagement supporting priority themes, both

direct and through involvement in collaborations, voting, and other RI activity. The Stewardship Manager reported on the voting records of Border to Coast and Robeco and further explained the recent engagement with BP as covered in the report. The Stewardship Manager had attended BP's AGM at which the company had voted against a number of agenda items and explained that Border to Coast was regarded as a leading shareholder in holding BP accountable for its "strategy reset" and its opposition to weakened climate targets and transition plans was regarded as significant by peers. It was explained that the company's plan was to continue this engagement and that further meetings with BP and Robeco have been scheduled.

Cllr Hopton shared that he had received correspondence from a scheme member querying whether such voting against BP compromised its fiduciary duty to scheme members and added that this highlighted that scheme member views and understanding of RI were varied.

The Stewardship Manager explained that such engagement and escalation was part of plans to maintain long term viable and profitable investments rather than acting in an 'activist' capacity. It was reiterated that all decisions were made with investment performance as a priority and that securing adequate long-term returns required implementing such RI policies to ensure investments were sustainable. It was explained that RI policies were designed with the aim of ensuring the best long-term returns for scheme members rather than being based on any moral or ethical judgements.

Members asked what confidence the company had that the best returns were being made now that some companies and fund managers were moving away from climate targets and plans that align with Border to Coast's RI plans. It was also asked whether BP had scaled back their plans as they had initially been significantly more ambitious than the rest of the sector and whether moving away from climate targets was becoming a trend.

The Head of Responsible Investment explained that the company's investment philosophy focussed on long-term investment and that investment performance reports supported this approach. It was explained that the goal was to encourage businesses to become good long-term investments by supporting resilience and sustainability.

The Stewardship Manager explained that some companies in the sector, such as BP, had scaled down their climate targets and plans but that others, such as Total and Shell remained committed to agreed targets. It was explained that publicly declaring Border to Coast's votes against BP ahead of their AGM was an escalation of engagement designed to draw attention to BP's significant backtracking against no or minimal changes in the climate plans of the rest of the sector.

Members asked for further detail on the Good Work Coalition and on 'red-lines' for engagement.

The Stewardship Manager explained that the Good Work Coalition was a coalition of investors led by ShareAction to engage with businesses on the Living Wage and

on Ethnicity Pay Gap reporting. It was explained that Border to Coast joined the coalition in 2024 and that a large number of investors have also joined and continue to join the coalition to affect change.

The Stewardship Manager said 'red-lines' were not included in Border to Coast's engagement and escalation plans but that the focus was always on taking any action to promote sustainable, long term investment to serve scheme members.

RESOLVED – Members noted the report.

Exclusion of the Public and Press RESOLVED – That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act and the public interest not to disclose information outweighs the public interest in disclosing it.

9 ANNUAL INVESTMENT PROPOSITION REVIEWS AND UPDATES

The Chair of the Officers Operations Group presented the report to give an outline of the outcomes of the annual review of the UK Equity Alpha Fund, Global Equity Alpha Fund, Emerging Markets Equity Fund, and Emerging Markets Equity Alpha Fund.

Members reviewed the outcomes and asked for information on how benchmarks were set and whether it was more important to focus on targets rather than benchmarks.

The Head of Portfolio Solutions Group explained that benchmarks for performances of equity funds were set using either the respective MSCI or FTSE Indices as appropriate alongside peer group performance comparisons. The Head of Portfolio Solutions Group explained that target performance was 2% above benchmarks and that, while the target percentage is the goal, it is still important to include the benchmark in the report to accurately assess how the funds are performing in line with the rest of the sector.

Members noted any areas of concern and debated the potential value of reviewing China and ex-China allocations separately given the unique and volatile nature of China's economy.

Members requested further details on plans to further improve performance and the Chief Investment Officer outlined plans to continue to review the funds and engage with fund managers and confirmed that the Joint Committee would remain updated.

RESOLVED – Members noted the report.

10 EQUITY PROPOSITION WORKING PARTY TERMS OF REFERENCE

The Chief Executive Officer presented the report detailing the establishment, Terms of Reference and timescales of a working group to consider how the equity

propositions (both those run directly by Border to Coast and those run by third parties) might evolve to enable Border to Coast to advise Partner Funds and implement in line with their investment beliefs.

RESOLVED – Members noted the establishment of the working group, its Terms of Reference and the timescales and steps set out in the Appendix.

11 GSS BONDS FUND DESIGN

The Deputy Chief Investment Officer presented the report which gave an overview of the proposed Green, Social and Sustainability (“GSS”) Bonds Sub-fund, scheduled to be launched in Q2 2026, following discussions internally and with Partner Funds.

Members asked how the new fund would be monitored, and the Deputy Chief Investment Officer gave assurance that, as with all funds, long term performance monitoring and regular oversight would be in place with members being kept update to date with regular performance reports.

RESOLVED – Members

- a. Noted the report.***
- b. Delegated to Officers the authority to review the contractual documentation required to support the launch of the GSS Bonds Sub-fund in line with previous delegations.***

12 OVERVIEW OF POOLING PROGRESS

The Head of Customer Relationship Management gave an overview on the progress of pooling including Partner Fund engagement, transition progress and plans, proposition launches and collective voice, as well as the risks to pooling.

RESOLVED – Members noted the report.

13 UPDATE ON WIDER POOLING MATTERS

The Chief Executive Officer gave an update on wider pooling matters, in particular the LGPS: Fit for the Future initiative that recommends the consolidation of LGPS assets into fewer, larger pools by April 1, 2026.

Members discussed potential negative and positive impacts of the initiative and questioned officers on planned timelines, requirements and practical arrangements.

RESOLVED – Members noted the update.

CHAIR

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Border to Coast Joint Committee – 9 July 2025

Public Questions

Question 1 – Lesley Mountain (BCPP Fossil Free)

BCPP's 2025 Climate Change policy explicitly supports the scientific consensus around 1.5°C and the "rapid and far-reaching" transitions in energy needed to maintain this temperature level. In the light of South Yorkshire's policy change and your recent vote against the Chair of BP, what further escalation and "red lines" are you considering against BP, in order to comply with BCPP's commitment to 1.5°C?

Response

Thank you for your question and acknowledgement of our recent engagement with BP.

Border to Coast recognises that climate change is a systemic risk and that this presents a variety of material investment risks which we need to manage across our investment portfolios over the short, medium and long-term.

We have a commitment to achieve Net Zero carbon emissions by 2050 or sooner, and part of our strategy to achieve this is to use our influence as an active steward of capital.

Border to Coast believes that engagement and constructive dialogue with the companies we invest in is more effective than divestment, and that by remaining engaged we can effect change at those companies.

Our Responsible Investment Policy, which is available on our website, sets out the escalation process if our engagements do not lead to the desired results, which we are following with BP.

We escalated our engagement with BP following reports in late 2024 that it was to weaken its climate targets and transition plans, as part of a strategy reset. We made public statements and co-signed a public letter with 48 other shareholder signatories. Following confirmation of the strategy reset in Q1 2025, we met with BP to raise our concerns and advise BP of our voting and escalation policies, and the implications.

At BP's AGM in April 2025, we voted against management on an unprecedented number of agenda items, including the re-election of the Chair of the Board and three other directors. We voted against acceptance of the annual report and against approval of the remuneration report. As part of our engagement escalation, we publicly pre-declared these votes ahead of the AGM to encourage other shareholders, attracting media attention.

Following an exceptional 24% of shareholders voting against the re-election of the Chair, which was described in the specialist press as "historic" and requires a formal Board response, we are exploring possibilities for further engagement escalation. We are not at a stage to make further disclosure.

Border to Coast does not have 'red lines' but does expect oil and gas companies to meet independent benchmarks on net zero commitments, short, medium, and long-term emission reduction targets and decarbonisation strategy. Failure to meet these benchmarks results in robust engagement, including Board accountability.

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