



Border to Coast Pensions Partnership Ltd Joint Committee

Date of Meeting: 29th September 2022

Report Title: Responsible Investment update

Report Sponsor: Rachel Elwell - CEO

1 Executive Summary

- 1.1 Border to Coast is a strong advocate for Responsible Investment (RI), which includes embedding environmental, social and governance issues into investment decision making and practicing active ownership through voting and engagement. This report provides an update on RI activity and reporting over the last six-month period.
- 1.2 To demonstrate our commitment as a responsible investor we have published several reports detailing our stewardship activity and our approach to managing climate-related risks and opportunities. All reports can be found on our website

2 Recommendations

- 2.1 The Joint Committee is asked to note the report.

3 Responsible Investment update

- 3.1 We were previously a signatory to the Financial Reporting Council (FRC) UK Stewardship Code but with the introduction of the updated Code in January 2020, all signatories were required to reapply. Last year's Annual Responsible Investment and Stewardship Report was developed considering feedback previously received directly from the FRC and its 'Early View of Reporting' publication.
- 3.2 There are two windows for signatories to apply to become a signatory, the first being the 30th April and the second the 31st October. Due to our reporting year and governance timeline we applied to become a signatory as part of the October 2021 deadline for signatories. We received confirmation from the FRC that we had been successful in becoming a signatory in March 2022 along with feedback for where we could make further improvements.
- 3.3 To retain signatory status, we need to reapply each year by submitting a report covering the previous reporting year's stewardship activity. We have taken on board the feedback from the FRC in developing this year's Annual Responsible Investment & Stewardship Report. This was published in July and it will be submitted to the FRC to meet the end of October 2022 deadline. It will then be evaluated against the 12 Principles, and we will be notified in early Spring if we have been successful in retaining signatory status. The Report can be found on our [website](#).

- 3.4 Border to Coast is a supporter of the Taskforce on Climate-related Financial Disclosures (TCFD) and has, for the third year running, reported in line with its recommendations. This report has continued to build on previous year's, demonstrating improvements across the four key TCFD areas: Governance, Strategy, Risk Management, and Metrics and Targets. This report includes the development and publication of the Climate Change Policy and our net zero commitment and can be found on our [website](#).
- 3.5 We produce quarterly and annual reports detailing our responsible investment activities. The quarterly stewardship reports produced by Border to Coast and Robeco, along with the voting reports can also be found on our [website](#).
- 3.6 The Occupational Pension Fund Stewardship Council (OPSC) was launched in July 2021 and marked its first anniversary with a full Council meeting and celebration event attended by Border to Coast. Members asked for topics for consideration in next year's work plan which were then voted on. Areas for this next 12 months include the continuation of the work on streamlining reporting and working with the regulators. New themes for inclusion cover private assets and TCFD and Net Zero.
- 3.7 This proxy voting season we have seen a large year-on-year increase in the number of company climate transition plans and climate-related shareholder proposals being put to shareholders. In total we have voted on 15 company "say-on-climate" items, of which we only supported one. We have also voted against a number of companies in high emitting sectors for an insufficient response to climate change. We are in the process of following up with companies where we have voted against directors.
- 3.8 We are a supporter of the Workforce Disclosure Initiative (WDI), a collaborative engagement initiative which encourages listed companies to improve reporting and accountability on workforce issues in their direct operations and supply chains. The initiative is now supported by over 60 investors with over US\$10.5 trillion in AUM. This year we have increased the number of companies we are engaging with to encourage them to respond to the survey request for data.
- 3.9 As a member of the Institutional Investor Group on Climate Change (IIGCC) we have signed the annual Global Investor Statement to Governments along with over 530 other investors representing US\$ 39 trillion in AUM. The Statement is being presented to the UN General Assembly in September.
- 3.10 We recently joined a new collaborative engagement initiative for human rights and social issues led by the Principles for Responsible Investment (PRI). Engagement will initially be focused on companies in the mining and renewables sectors and will support our 'social' priority engagement theme.
- 3.11 The contract for the Voting and Engagement provider has been in place for 4 years and is due for renewal. We are using the LGPS Framework for Stewardship Services and the Invitation to Further Competition was issued at the end of July and is aligned with the timetable to have a new contract in place by Mid-December.

4 Risks

- 4.1 Responsible Investment and sustainability are central to Border to Coast's corporate and investment ethos and a key part of delivering our partner funds' objectives. There may be reputational risk if we are perceived to be failing in this area and our management of climate risk.

4.2 There is a risk that insufficient resources are in place to realise the Responsible Investment strategy.

5 Conclusion

5.1 As a responsible investor we publish quarterly and annual reports on stewardship (voting and engagement). We also publish a TCFD report which demonstrates our approach to the management of climate change risks and opportunities; all reports can be found on the website.

5.2 We have continued to hold companies to account through voting and engagement, supporting collaborative initiatives and evaluating new opportunities that can support our priority engagement areas.

5.3 The Committee is asked to note the report.

6 Author

Jane Firth, Head of Responsible Investment, jane.firth@bordertocoast.org.uk
13 September 2022

Important Information

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