



## **Border to Coast Pensions Partnership Limited**

### **Joint Committee**

**Date of Meeting:** 30<sup>th</sup> November 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 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 Responsible Investment activity and reporting.
- 1.2 To demonstrate our Net Zero commitment, we have published our Net Zero Implementation Plan which details our approach to managing climate-related risks and opportunities. We have also produced and published our regular quarterly stewardship reports which 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 launched our Net Zero Implementation Plan at the beginning of October which details how we will address the systemic risk of climate change, drive reductions in real world carbon emissions, and reduce our carbon footprint to Net Zero by 2050 or sooner. Its publication comes a year after we formally committed to the 2050 goal and joined the Net Zero Asset Managers' initiative
- 3.2 The plan demonstrates how we will continue to leverage our collective scale and influence to engage with companies to decarbonise, collaborate to improve data and reporting across the investment industry and create investment propositions aligned with net zero emission goals. The plan is aligned with the global goals of the Paris Agreement and follows the Net Zero Investment Framework (NZIF) set by the

Institutional Investors Group for Climate Change (IIGCC). The Net Zero Implementation Plan can be found on our [website](#).

- 3.3 To demonstrate our Net Zero commitment, we joined the Net Zero Asset Manager initiative ('NZAM') in October last year, pledging to decarbonise investment portfolios by 2050 or sooner. This involves submitting a roadmap and targets within 12 months of joining. NZAM published an update in early November with the third set of asset managers' initial targets for the proportion of assets managed in line with achieving net zero by 2050 sooner. Border to Coast is one of the managers included in this latest wave of reporting which takes the number of asset managers that have set net zero targets to 169. All asset managers whose targets have been approved by NZAM can be found on NZAM [website](#).
- 3.4 We became a signatory to the Un-supported Principles for Responsible Investment (PRI) in October 2019; this allows us to publicly demonstrate our commitment to responsible investment. Signatories must report annually using the PRI Reporting Framework, reporting on asset specific modules which incorporate detailed assessment indicators on Responsible Investment implementation.
- 3.5 Reporting in our first year as a signatory was not mandatory; however, the decision was made to report to identify any areas for improvement. We reported against four modules and scored A or A+, which were either in line or above median scores.
- 3.6 The PRI revamped its Reporting Framework for the 2021 reporting season. The scoring had previously been graded from E to A+ but changed to star rating with five stars being the highest. There were issues with the new reporting tool which led to severe delays in the delivery of reporting outputs from the PRI.
- 3.7 We reported against seven modules and were pleased with the results which we received in September. They are significantly above the median and are either four or five-star ratings for all the modules. Although it is difficult to compare to the previous year due to the change in methodology, we believe these are broadly consistent with the 2020 scores. It is worth noting that as the reporting covers the year to 31<sup>st</sup> March 2021 progress has continued against the RI Strategy.
- 3.8 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 for the third quarter can be found on our [website](#).
- 3.9 We recognise that not all countries are at the same stage in their decarbonisation journey and need to consider the different transition timelines for emerging market economies. Earlier this year we joined a collaboration of UK pension funds representing almost £400bn in assets to address how to support a just transition in emerging markets and we are working together on a set of guiding principles.
- 3.10 The contract for the Voting and Engagement provider has been in place for four years and the contract has been retender using the National LGPS Framework for Stewardship Services. The tendering process has been completed resulting in the contract being awarded to Robeco. The initial contract length is for four years with the ability to extend.

## 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). In addition, we have recently published our Net Zero Implementation Plan which details how we will address the systemic risk of climate change. All reports can be found on the website.
- 5.2 We continue to work collaboratively with other large institutional investors and are supporting a climate transition initiative for emerging markets.
- 5.3 The Committee is asked to note the report.

## 6 Author

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10 November 2022

### **Important Information**

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