



Border to Coast Joint Committee – 25 March 2025

Public Questions

Question 1 – Ms. J Cattell and Ms. H Smith

To the Chair of Border to Coast

My question to the last meeting of Border to Coast not only expressed my horror at your investments in the arms industry but also suggested a review of your policy in relation to your investments in arms. You said as I was aware that Border to Coast has a weapons exclusion policy. I don't know when this was last reviewed but I am proposing that it be reviewed again particularly considering the situation where we are facing a genocide and the ongoing bombardment of populations, and human rights abuses in many other countries including Yemen and Sudan

I also asked if you would be considering more investments in the many products that are more likely to support peaceful advancement.

So my question was about your willingness to consider a change of strategy but instead I sensed a complacency in your answer. In a situation where the threat of wars grows every day I do not understand why you might not view these issues as materially significant.

Just to take one of the companies you invest in, BAE systems. While not suggesting this company is involved in direct human rights abuses, it is clear BAE Systems has had few qualms selling its products in the last decade to the authorities of states that have perpetrated well-documented human rights violations.

Human Rights Watch reported and confirmed sales by BAE Systems to states across the world that are known to have repeatedly committed human rights violations. These were evidenced in Human Rights Watch's World Report 2023.

I am particularly concerned about the use of explosive weapons. Since 2010 Action on Armed Violence (AOAV) a global explosive violence monitor found that globally when such weapons were deployed in populated areas, over 90% of those reported killed or injured were civilians, – a pattern consistent across conflict and location. The highest recorded civilian harm 2013-2023 to civilians from explosive weapons and sold by BAE systems was in Israel. The use of explosive weapons and the destruction to lives and infrastructure has been evident to us all in pictures from Gaza over the last year. Action on Armed Violence (AOAV) reported "while the exact role of BAE Systems' equipment in the deployment of explosive munitions is unclear, AOAV findings raise concern surrounding the deployment of indiscriminate explosives from one of BAE's biggest end customers – Israel.



Particular concerns have also been raised regarding the role the BAE joint-venture with Lockheed Martin and Northrop Grumman and the role the F-35 aircraft have played in these air attacks. While we cannot know for certain

what particular aircraft are used in attacks such as those on Gaza, BAE themselves give the aircraft's designation as a multi-role fighter, capable of both ground strike attacks and air defence/superiority combat.

Furthermore, the potential use of this weapon in air attacks over Gaza is reportedly supported by precedent. The Independent, reporting in 2021, claimed that F-35s were used in airstrikes resulting in the deaths of 232 civilians, including 65 children.

I am asking you to take a wider view of the role of companies like BAE and in considering the role they play in destruction, death and human rights abuses review whether they are suitable companies to be investing in, particularly considering the unfolding genocide in Gaza..

Will you provide a full account to members of the pension scheme of the amount being invested in ALL arms companies and the due diligence carried out before making such investments.

Response

Border to Coast are transparent about their investments and publicly disclose all holdings for each of their funds, including any investments in the defence sector. This also includes the amount invested. This can all be found by looking for "fund holdings" under the publications section of the Border to Coast website. The link is provided here... [Publications - Border To Coast - Reports](#).

The holdings data is provided separately for each fund and is refreshed half-yearly. The current holdings information shows our investments as at 30 September 2024, and will next be updated to show holdings at 31 March 2025.

For due diligence and risk management processes, Border to Coast use a range of data providers to ensure that material issues are considered. For human rights indicators, Border to Coast use data sources that provide information and analysis around controversies companies are involved in, as well as an interpretation of whether companies are breaching the requirements of the UN Global Compact. Material financial and ESG related risks are considered in the production of research and in the investment, decision making process by our investment management team.

Question 2 – Ms. A Whalley on behalf of

Mr S Ashton



Ms. D Binch

Ms. L Coeur-Belle

Mr T Grigg

Ms. G Hanson

Ms. J Palmer

Mr. R Tassell

The Institute and Faculty of Actuaries and University of Exeter published a report in January 2025 called "Planetary Solvency". It urges a complete re-framing of how we assess and take action on climate risk, by acknowledging that our economies fundamentally depend on the Earth's ecosystems that provide our food, water, energy, raw materials; these are not replaceable and this means we need to recognise our dependency on these systems and manage our activities to be within planetary boundaries. Ignoring this is to ignore the impact of climate change on financial markets and investments

In this new report, pension experts say investment has been based on “widely used but deeply flawed assessments of the economic impact of climate change” –Institute and Faculty of Actuaries (16 January report [here](#))

We think the report is essential reading for all those managing and making the types of decisions that will have consequences for the well-being and future interests of the Funds' beneficiaries.

We understand that it is generally accepted that climate scenario analysis (CSA) currently in wide use, significantly underestimate climate risk (eg excluding factors like "tipping points") and therefore our question is:

How will you ensure that this revised approach to climate risk assessment outlined in "Planetary Solvency" will be used by your investment advisers when drawing up future CSAs?

Response

The commissioning of climate scenario analysis as part of investment strategy reviews and actuarial valuations is a matter for each of the 11 partner funds to consider as part of procuring the relevant work. Partner funds are aware of the IFOA report, and some funds have undertaken briefing sessions with members of their Pension Committee, or equivalent to consider the issues raised.

This remains a developing field using assumptions about unpredictable matters over a long period of time and partner funds consider the results as directional information on the sensitivity of a Pension Fund's portfolio to different climate scenarios. These are of



course considered along with all the other factors which have the potential to impact on investment returns.

Partner funds welcome the continued development of climate scenario analysis to support management of the risks associated with climate change and will be required to undertake this as part of the forthcoming actuarial valuation under the relevant actuarial standards.

Question 3 – Ms. L Coeur-Belle

In Spring 2024 Surrey Pension Fund commissioned an analysis to consider what potential impact exclusion of the 25 largest fossil fuel related companies from the investable universe might have on expected returns.

This work was undertaken by Mercer in collaboration with BCPP and entitled Fossil Fuel Exclusion Impact Analysis June 2024 (item 38/24 Responsible investment update, Annexe 3.

[Surrey FF](#)

Given the anticipated failure to hold global warming to 1.5 degrees it is imperative that pension funds take decisions on fossil fuel investments with all available relevant information. Do the administering authorities within this pool agree to commission a joint analysis which sets out the potential impact both individually and as a pool to assist with future decision making?

Response

Partner Funds have no current plans to jointly commission such analysis. However, individual funds will have to undertake climate impact analysis as part of the forthcoming actuarial valuation and may choose to undertake further work as part of their investment strategy reviews.

Question 4 – Mr M Ashraf

As-Salaam Alaikum

Good Morning Chair, Councillors, Directors and Officers,

Are there any UK laws, that Borders to Coast, the Chair, the Councillors, the Directors, and the officers are not subject to?

If so could you provide details?



The rest of my question will be in regards to how the decisions are actually made, by whom and the power relationships between the various parties.

So I would like to ask how much control do the Borders to Coast officers have and how titular are the councillors?

What role does the Chair and or the officers play in the decisions and the processes of the councillors? Can the chair and or officers frustrate the decisions of the councillors? How can the councillors overcome any attempts by the Chair or the officers to frustrate their decisions.

Are the councillors genuinely able to affect change and has this ever occurred previously?

What in detail, are the decisions and processes the councillors that are on this board need to make, in order to enact actual change?

Thank you in advance to the officers for taking the time to answer my question.

Response

The Border to Coast Operating Company and the individual Administering Authorities are subject to relevant laws.

The Joint Committee is the collaborative vehicle through which individual Partner Funds provide collective oversight of the investment performance of the Company.

The Committee is constituted from the 11 Partner Fund pension committee chairs, or another appointed councillor nominated by the Partner Fund. The Chair of the Committee, who is a Councillor, is elected by the members of the Joint Committee.

The Committee does not have any delegated authority and therefore any matters requiring decision must be considered and approved by each Partner Fund pension committee. As a result, decisions on policy and whether to invest in particular products are for the individual Administering Authorities, which are represented by Councillors, who are supported by qualified officers and advisers. In the context of the question, it is these debates by Partner Funds that will result in change.

Separately, Border to Coast has a Chair of the Board. The Board's function is to direct and supervise the affairs of the Company.