



Border to Coast Pensions Partnership Limited

Joint Committee

Date of Meeting: 9 July 2025

Report Title: Responsible Investment update

Report Sponsor: Rachel Elwell – CEO

1 Executive Summary

- 1.1 Border to Coast strongly supports Responsible Investment. We believe that companies with good governance, diverse boards, and a strong focus on sustainability are more likely to be resilient and deliver better financial returns. We also believe that actively engaging with companies is the best way to manage systemic risks and help create long-term value for our Partner Funds.
- 1.2 This report provides an update on our RI activity and reporting. An update is also provided on engagement supporting our priority themes, both direct and through our involvement in collaborations, our voting, and other RI activity.
- 1.3 The quarterly stewardship and voting reports produced by Border to Coast and Robeco for the quarter ending 31 March 2025 have been published on our [website](#).

2 Recommendations

- 2.1 The Committee is asked to note the report.

3 Engagement Update

- 3.1 Engagement is ongoing to support delivery of Border to Coast's thematic engagement plan through a mix of direct company engagement by the RI and Investment Team, engagement conducted by Robeco and external managers, and through collaboration with other institutional investors.
- 3.2 Oil and Gas sector engagement has focused on BP in recent months, with reports leading up to its AGM that it intended to weaken its climate targets and transition plans. Following confirmation of their "strategy reset", we met with the company to raise our concerns, including that its transition plan, approved by a large majority of shareholders in 2022, had twice been reduced in ambition without renewing its shareholder mandate. A request for a vote at the 2025 AGM was refused. Border to Coast advised of our voting and escalation policies and the implications for BP.
- 3.3 To reflect BP's governance failure and our engagement escalation, Border to Coast voted against management at BP's AGM in April 2025 on an unprecedented number of agenda items, including the re-election of the Chair of the Board and three other

directors. We also 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, attracting significant media and industry attention. An exceptional 24% of shareholders voted against the re-election of the Chair, with headlines describing the result as 'historic'. Engagement with BP is ongoing, and we are exploring options for escalation. We will update the Committee on progress as appropriate, noting that it is important we retain flexibility over the approach.

- 3.4 Border to Coast chairs the new IIGCC Working Group on Just Transition, which has commenced an engagement pilot with HDFC Bank in India. In March 2025, we met with HDFC Bank, along with RLAM, Schrodgers, Robeco, and LGPS Central, and were joined by the London School of Economics Just Transition Finance Lab and Asia Investor Group on Climate Change (AIGCC). The meeting introduced the concept of just transition, discussed the issue in an Emerging Markets context, and encouraged leadership from HDFC to integrate social inclusion, development, and carbon reduction objectives. The meeting was positive and engagement is ongoing.
- 3.5 In 2024, we joined the Good Work Coalition of investors, co-ordinated by ShareAction, and two of its engagement programmes on the Living Wage and Ethnicity Pay Gap reporting. During Q1, we were part of collaborative meetings with Curry's to request Real Living Wage accreditation and with SSP Group (a food and beverage company who own various brands including Camden Food Co, Millies cookies and Upper Crust) to request Ethnicity Pay Gap reporting.
- 3.6 Border to Coast is the co-lead for engagement with EasyJet as part of the IIGCC Net Zero Engagement Initiative. In May 2025, we met with management to cover climate targets and transition plans, including the viability and sustainability of alternative fuels. EasyJet's response so far has been positive, and we consider it a leader in the sector where decarbonisation is challenging.
- 3.7 In April 2025, Border to Coast supported collaborative questions asked at the AGMs of HSBC, Barclays, and Standard Chartered. HSBC was asked to publicly reaffirm its commitment to climate targets and policies that support its ambition to become a net zero bank by 2050. Barclays was asked to disclose its methodology for how its sustainable finance targets are quantified, and to set a target for the renewable power sector. Standard Chartered was asked to build on the granularity of its transition plan by outlining a strategy and target for financing more renewable power in Emerging Markets. A follow up meeting with Standard Chartered is arranged.
- 3.8 As part of our engagement escalation, Border to Coast publicly pre-declared our votes against management ahead of seven AGMs, including BP, Shell, Chevron, Cheniere Energy, Conoco Phillips, Phillips 66, and Glencore.
- 3.9 As part of the 'Waste and Water' priority engagement theme, we signed letters in April 2025 to washing machine manufacturers LG and Samsung. Organised by Nest, the investor letters request business strategy for compliance with French Law relating to microplastic filters on washing machines, and to extend this to other markets.

4 Voting

- 4.1 The 2025 proxy voting season got underway, with us implementing our updated Corporate Governance & Voting Guidelines. From this year, we expect companies that have exposure to high deforestation-risk commodities (for example, palm oil,

soy, beef, and timber, paper and pulp) to take action to address those risks within their operations and supply chains. For companies that have such exposure, but either don't have adequate policies and processes in place to reduce their impact or are involved in severe deforestation-linked controversies, we will oppose the re-election of the Chair of the Sustainability Committee.

- 4.2 We voted at 123 meetings over the quarter, January to March.
- 4.3 A weekly update on our watchlist of 31 priority companies is provided to Partner Funds with all voting recommendations. All priority companies are notified of our voting decisions prior to the AGM.
- 4.4 We vote against the Chair of oil and gas companies that are not meeting our assessment framework which includes Transition Pathway Initiative (TPI) scores and Climate Action 100+ Net Zero Benchmark indicators. We also vote against the Chair of the sustainability committee at banks not meeting the climate voting framework. Between 1 April and 23 June, we voted against 19 oil and gas company Chairs and three bank sustainability committee Chairs.

5 RI strategy

- 5.1 We have a 3-year RI strategy covering four areas: integrating ESG, active ownership, industry engagement, and reporting and governance and engagement 3-year strategy. Development on the next long-term RI strategy and engagement strategy to be effective April 2026 began in June.
- 5.2 The annual RI & Stewardship and Climate Change reports have been prepared and in June went to our Board for final approval. The reports will be published in July.
- 5.3 Two RI Analysts joined the team during March, Ellie Walley and Shelley Sharma, both new roles. An offer has been accepted by an external candidate for a new role, RI Integration Manager, who is set to join at the start of August.
- 5.4 We maintained our signatory status to the Stewardship Code for the fourth consecutive year, reflecting our commitment to the high standards set out by the FRC for responsible investors. Moreover, Bedfordshire Pension Fund, Cumbria Pension Fund, Lincolnshire Pension Fund, and South Yorkshire Pensions Authority also achieved or maintained their status as signatories to the Code.

6 Reporting

- 6.1 Reports on RI and stewardship are produced and published on the website to publicly disclose our activities in this area. The quarterly stewardship reports produced by Border to Coast and Robeco, along with the voting reports, for the quarter ended 31 March 2025 can be found on our [website](#).

7 Risks

- 7.1 RI is a core component of Border to Coast's investment approach and is integral to delivering on the objectives of our Partner Funds. The following risks have been considered in the context of this report:
- 7.2 Reputational Risk: There is a risk that failure to meet our stated RI commitments could damage our reputation with stakeholders and the wider market.

Mitigation: We maintain a long-term RI strategy and accompanying RI policies that are reviewed and updated to reflect evolving best practice. Our stewardship activities, voting records, and climate reporting are published on our website to ensure

transparency and accountability.

- 7.3 Operational Risk: Errors or delays in ESG data reporting, voting execution, or engagement tracking could undermine the effectiveness of our RI activities.
Mitigation: We have established governance processes for reporting and oversight. We monitor key RI risk indicators, such as missed votes and votes not aligned with policy, and report these quarterly.
- 7.4 Regulatory Risk: Non-compliance with FCA expectations or broader regulatory developments in ESG and stewardship could expose the firm to scrutiny or sanction.
Mitigation: Our RI activities are aligned with FCA requirements and industry codes, including the UK Stewardship Code. We engage proactively with regulatory consultations and adapt our policies accordingly.

8 Conclusion

- 8.1 Implementation of our engagement plan to support the priority engagement themes is progressing with direct engagement, collaborative engagement and that conducted by Robeco.
- 8.2 We continue to engage on policy issues through various forums and by responding to consultations.
- 8.3 The Committee is asked to note the report.

9 Author

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Important Information

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