



Border to Coast Pensions Partnership Limited

Joint Committee

Date of Meeting: 24th September 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 30 June 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 We engaged over 30 companies during Q2 where votes were cast against management in line with our climate, deforestation, and human rights voting policies. These included Oil & Gas companies, banks, and firms with exposure to high deforestation-risk commodities. As part of our escalation approach in the Oil & Gas

sector, we publicly pre-declared our climate votes against management ahead of the AGM at seven companies.

- 3.3 We endorsed three collective AGM questions at HSBC, Barclays, and Standard Chartered, coordinated by ShareAction. These called for reaffirmation of climate commitments and the adoption of sector-based sustainable finance targets.
- 3.4 We supported Investment team meetings with Cranswick to discuss animal welfare standards and LVMH to discuss labour standards in their supply chain and risk mitigation by management. We also met TotalEnergies to outline triggers for climate votes against management and to request a post-2030 net zero transition plan and interim targets. The company has shown improvement since direct engagement began two years ago and confirmed it has no plans to backtrack on its climate commitments.
- 3.5 As Chair of the IIGCC Working Group on Just Transition, we presented to the membership our experience of focused engagement and the development of sector-specific expectations. We provided feedback on draft NZIF guidance for integrating Just Transition into investor climate strategies and committed to supporting CA100+ company leads to embed Just Transition into engagements on a sector-by-sector basis
- 3.6 The Net Zero Asset Managers initiative (NZAM) consultation on the future of the initiative closed in August 2025. Proposed updates to the Commitment Statement will be shared with all signatories in late Q3/early Q4 2025.

4 Voting

- 4.1 Peak voting season occurred during the quarter. We voted at 697 meetings over the quarter, April to June, voting on more than 10,000 agenda items in a quarter for the first time.
- 4.2 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.
- 4.3 We implemented our new deforestation voting policy, which saw us vote against the Sustainability Committee chairs at 11 companies that either don't have adequate policies and processes in place to reduce their impact or are involved in deforestation-linked controversies.
- 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. So far this year, we have voted against 26 Oil and Gas company Chairs and 10 Bank Sustainability Committee Chairs.

5 RI Strategy Review update

- 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 of the next long-term RI strategy has been ongoing and has included engagement stakeholders across the organisation and Partner Funds. The internal engagement included workshops with the Board, the “Heads of” investment teams, and the RI team. The Partner Fund engagement included structured interviews with Officers from each of the Partner Funds. We have also undertaken an assessment of market practice versus Border to Coast’s existing strategy.
- 5.2 There were some common themes that have emerged from the engagement with stakeholders, a selection of which are:
- Most Partner Funds are happy with our current stance and positioning on RI.
 - There is recognition of the importance to ground RI in financial materiality and risk management.
 - Climate change is recognised as a key issue, but there is appetite to broaden the thematic focus, including across nature and governance.
 - There is alignment with stewardship approach including preference for engagement over divestment, but acknowledgement of divergent individual views.
 - Request for better reporting on engagement outcomes, and better data for private markets investments.
- 5.3 Next steps include carrying out the structured interviews with Officers at Candidate Funds, input at the Annual Conference on 25/26 September, and feedback on progress from internal teams. The proposed strategy will go to the Investment Committee in October ahead of proposal to the Board in November.

6 Engagement Strategy Review update

- 6.1 We have a three-year Engagement Strategy which is currently under review for 2026-29. It covers our definition of engagement and sets out our approach, including direct engagement and via external managers, Robeco, and collaborations. It will identify our priority environmental and social engagement themes for the next three years, in addition to ongoing climate and governance engagement. The Strategy also sets out the criteria for the selection of engagements and details our approach to engagement escalation.
- 6.2 The draft Engagement Strategy includes a shortlist of three environmental themes and three social themes, which were selected using our criteria and are being consulted upon. One theme from each will be selected.
- 6.3 To date, we have received feedback from the Investment Team and have shared the short lists at the RI OOG meeting on 8 September. We will also seek input at our Annual Conference on 25 September. Two recommended themes will then be brought for approval, along with the broader Engagement Strategy.

7 RI Policy Review update

- 7.1 In July we initiated our annual review of the Responsible Investment Policy, Corporate Governance & Voting Guidelines, and Climate Change Policy. The review process includes input from Partner Funds to ensure alignment and a unified voice. Robeco has supported the evaluation, benchmarking the Policies against best practice frameworks and peer approaches, and the RI team have compared current policies with likeminded peers including Brunel, RLAM, Aviva, and the Church of England.
- 7.2 Following the review process the key proposed updates to the policies include:
- Lowering the thermal coal power generation revenue exclusion threshold from 50% to 25% in developed markets and from 70% to 50% in emerging markets, bringing 32 additional issuers into scope for exclusion based on August 2025 data. This is in line with the original intent when the exclusion was introduced that the thresholds would reduce over time.
 - Clarifying our approach to engagement and strengthening the narrative on the relationship between engagement and divestment.
 - Introducing a voting policy targeting nature-related risk priority companies, using the World Benchmarking Alliance Nature Benchmark to help identify material nature risks in portfolios.
- 7.3 The proposed changes have been shared with Investment Committee and Officers of Partner Funds at the RIOOG on 8 September. The RI team will be conducting further consultation with stakeholders across the organisation and with Partner Funds before the final proposal is presented to Board for approval in November.

8 RI Team update

- 8.1 The role of RI Integration Manager has been filled, a new colleague joined us in August. An offer has been made and accepted for a new RI Manager role, to support the RI Team undertake verification and impact reporting for GSS Bonds fund.

9 Reporting

- 9.1 The annual RI & Stewardship and Climate Change reports were published in July.
- 9.2 Quarterly ESG and carbon reporting was enhanced this quarter. Financed emissions are now calculated and reported on an Enterprise Value Including Cash (EVIC) rather than market capitalisation basis, in line with market best practice. Multi-asset emissions reporting was introduced, with SILB and MAC emissions reporting covering both corporate and sovereign AUM.
- 9.3 Alongside the methodology change, the Q2 Quarterly Fund ESG and Carbon reports were released in a refreshed format. The new iteration of reporting incorporated feedback from teams across Border to Coast and Partner Funds and introduced new metrics to provide additional insight, transparency, and reporting quality.
- 9.4 The quarterly stewardship reports produced by Border to Coast and Robeco, along with the voting reports, for the quarter ended 30 June 2025 are on our website.

10 Risks

- 10.1 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:
- 10.2 **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.
- 10.3 **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.
- 10.4 **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.

11 Conclusion

- 11.1 Implementation of our engagement plan to support the priority engagement themes is progressing with direct engagement, collaborative engagement and that conducted by Robeco.
- 11.2 We continue to engage on policy issues through various forums and by responding to consultations.
- 11.3 We continue to evolve our responsible investment policies and strategies to ensure our approach remains aligned with industry best practice and Partner Fund appetite.
- 11.4 The Committee is asked to note the report.

12 Author

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9 September 2025

Important Information

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