Appendix 4 – Revisions to Climate Change Policy

Climate Change Policy

This appendix outlines the proposed amendments to Border to Coast's Climate Change Policy, scheduled for release in January 2026. It highlights only the sections where changes have been made. For the current version of the Climate Change Policy, please refer to our website: Publications - Border To Coast - Reports.

Climate Change Policy

5.1 Our approach to investing

~~We believe that c~~Climate change ~~should be~~is systematically integrated into our investment decision making process to identify related risks and opportunities. This is critical to our long-term objective of improving investment outcomes for our Partner Funds.

Border to Coast ~~offers~~ works with Partner Funds to provide a variety of internally and externally managed investment funds covering a wide-ranging set of asset classes with different risk-return profiles. ~~Partner Funds then choose the funds which support their strategic asset allocation.~~

Partner Funds retain responsibility for setting their investment strategy, including their strategic exposure approach to climate risk. Border to Coast is responsible for implementing these strategies through appropriate investment solutions.
~~Partner Funds retain responsibility for strategic asset allocation and setting their investment strategy, and ultimately their strategic exposure to climate risk. Our implementation supports Partner Funds to deliver on their fiduciary duty of acting in the best interests of beneficiaries.~~

We consider climate change risks and opportunities in the process of constructing and developing investment funds. Engaging with our investee companies and fund managers is a key lever we will use to reach our Net Zero goals, but we also recognise the role of screening, adjusting portfolio weights, and tilted benchmarks in decarbonising our investments.

Climate change is also considered during the external manager selection and appointment process. We monitor and challenge our internal and external managers on their portfolio holdings, analysis, and investment rationale in relation to climate-related risks.

We monitor a variety of carbon metrics, managing climate risk in portfolios through active voting and engagement, whilst also looking to take advantage of the long-term climate-related investment opportunities.

We believe in engagement rather than divestment and that by doing so can effect change at companies. Our investment approach is not to divest or exclude entire sectors, however there may be specific instances when we will look to sell or not invest in some industries based on investment criteria, the investment time horizon and if there is limited scope for successful engagement. When considering whether a company is a candidate for exclusion, we do so based on the associated material financial risk of a company's business operations and whether we have concerns about its long-term viability.

Following these principles, our Responsible Investment Policy sets out our exclusions policy on issuers deriving revenue from the extraction of thermal coal and oil sands and revenue from thermal coal power generation. The Responsible Investment Policy is available on our website.

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~~Using these criteria, due to the potential for stranded assets, and the significant carbon emissions of certain fossil fuels we will not invest in public market companies or illiquid assets with >25% of revenue derived from thermal coal and oil sands, unless there are exceptional circumstances.~~

~~We will exclude public market companies in developed markets with >50% revenue derived from thermal coal power generation. For companies in emerging markets the revenue threshold is >70%, this is to reflect our support of a just transition towards a low-carbon economy which should be inclusive and acknowledge existing global disparities. 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. We will assess the implications of the exclusion policy and where we consider it appropriate, may operate exceptions.~~

~~Any public market companies excluded will be reviewed with business strategies and transition plans assessed for potential reinstatement.~~