TEESSIDE PENSION FUND COMMITTEE

A meeting of the Teesside Pension Fund Committee was held on Wednesday 13 December 2023.

PRESENT: Councillors J Rostron, (Chair), D Branson, D Coupe, T Furness, S Hill, J Kabuye, T Livingstone, M Fairley, (Redcar and Cleveland Council)
Ms J Flaws and Mr T Watson

ALSO IN ATTENDANCE: W Bourne (Independent Adviser), P Moon (Independent Adviser),
P Mudd (XPS Administration),
S Law (Hymans Robertson), J Baillie (Hymans Robertson),
W Baxter (CBRE), A Owen (CBRE), G Rutter (CBRE),
M Kerr (Border to Coast)
R Tebbs (Ernst Young)

OFFICERS: S Lightwing and N Orton

APOLOGIES FOR ABSENCE: were submitted on behalf of Councillors J Ewan, D McCabe and J Beall (Stockton On Tees Council)

23/34 WELCOME AND EVACUATION PROCEDURE

The Chair welcomed all present to the meeting and read out the Building Evacuation Procedure.

23/35 DECLARATIONS OF INTEREST

Name of Member	Type of Interest	Item/Nature of Interest
Councillor Rostron	Non Pecuniary	Member of Teesside Pension Fund
Councillor Coupe	Disclosable Personal Interest	Non-Executive Director of Border to Coast Pensions Partnership Limited

23/36 MINUTES - TEESSIDE PENSION FUND COMMITTEE - 27 SEPTEMBER 2023

The minutes of the meeting of the Teesside Pension Fund Committee held on 27 September 2023 were taken as read and approved as a correct record.

A request was made for figures in reports to be expressed consistently ie either in millions or billions.

23/37 SUSPENSION OF COUNCIL PROCEDURE RULE 4.13.2 - ORDER OF BUSINESS

In accordance with Council Procedure Rule No. 4.57, the Committee agreed to vary the order of business to deal with the agenda items in the following order: Agenda Item 14, Agenda Item 15, Agenda Items 5-13.

23/38 EXCLUSION OF PRESS AND PUBLIC

ORDERED that the press and public be excluded from the meeting for the following items on the grounds that, if present, there would be disclosure to them of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

23/39 PROPERTY MANAGEMENT

A report of the Interim Director of Finance was presented in relation to Property Management.

On a vote being taken, it was **ORDERED** that the transfer of the Fund’s directly held property portfolio was not approved.

23/40 **EXCLUSION OF PRESS AND PUBLIC**

ORDERED that the motion to exclude Press and Public was lifted for the remainder of the meeting.

23/41 **INVESTMENT ACTIVITY REPORT**

A detailed report on the transactions undertaken to demonstrate the implementation of the Investment Advice recommendations and the Fund's valuation was included, as well as a report on the treasury management of the Fund's cash balances and the latest Forward Investment Programme.

The Fund continued to favour growth assets over protection assets. For the period under discussion, bonds were still not considered value for the Fund and the Fund had no investments in Bonds at this time.

The cash level at the end of September 2023 was 3.74%.

Investment in direct property where the property had a good covenant, yield and lease terms would continue. The Fund had purchased one property in the quarter for £50.25m – an industrial unit let to BAE Systems Limited.

Investment in Alternatives, such as infrastructure and private equity, offered the Fund diversification from equities and bonds. They came with additional risks of being illiquid, traditionally had costly management fees and investing capital could be a slow process. An amount of £53m was invested in the quarter.

It was a requirement that all transactions undertaken were reported to the Committee. Appendix A to the submitted report detailed transactions for the period 1 July – 30 September 2023.

There were net purchases of £15m in the period, compared to net purchases of £174m in the previous reporting period.

As at 30 June 2023, the Fund had £189 million invested with approved counterparties. This was a decrease of £29 million over the last quarter. The graph at Appendix B to the submitted report showed the maturity profile of cash invested as well as the average rate of interest obtained on the investments for each time period.

The Fund Valuation detailed all the investments of the Fund as at 30 September 2023, and was prepared by the Fund's custodian, Northern Trust. The total value of all investments, including cash, was £5,100 million. The detailed valuation was attached at Appendix C to the submitted report and was also available on the Fund's website www.teespen.org.uk. This compared with the last reported valuation, as at 30 June 2023 of £5.051 billion.

A summary analysis of the valuation showed the Fund's percentage weightings in the various asset classes as at 30 September 2023 compared with the Fund's customised benchmark.

As at the 30 September 2023 the Fund's equity weighting was 59.95% compared to 62.27% at the end of June 2023. Redemptions of £100m in total were made from the Border to Coast UK and Overseas Developed Market Equity Funds.

A summary of equity returns for the quarter 1 July 2023-30 September 2023 were shown at paragraph 8.4 of the submitted report.

The Fund had no investments in bonds at this time. Officers were monitoring the situation and further discussion with the advisers would take place when the levels at which investment was felt to be appropriate came into range. Current thinking was that an investment via the Border to Coast Sterling Index Linked Bond Fund would be the most appropriate vehicle.

As at 30 November 2023 total commitments to private equity, infrastructure, other alternatives and other debt were £1.927 billion and details were provided at paragraph 8.8 of the submitted report.

Responding to a query, the Head of Pensions Governance and Investments provided an update on the Fund's Local Investments.

ORDERED that the information provided was received and noted.

23/42 **EXTERNAL MANAGERS' REPORTS**

A report of the Interim Director of Finance was presented to provide Members with quarterly investment reports in respect of funds invested externally with Border to Coast Pensions Partnership Limited (Border to Coast) and with State Street Global Advisers (State Street).

As at 30 September 2023 the Fund had investments in the Border to Coast UK Listed Equity, Overseas Developed Markets and Emerging Markets Equity Funds. For all three sub funds the return target was expected to be delivered over rolling 3-year periods, before calculation of the management fee. The Fund also had investments in the Border to Coast Private Equity sub-fund and the Border to Coast Infrastructure sub-fund. To date, total commitments of £900 million had been made to these sub-funds (£500m to infrastructure and £400m to private equity) with around 34% of this commitment invested so far. In addition, a commitment to invest £80 million over a three-year period to the Border to Coast Climate Opportunities Fund had been made. These investments were not reflected within the Border to Coast report attached at Appendix A to the submitted report but were referenced in the Border to Coast presentation later in the agenda for this meeting.

The Border to Coast report showed the market value of the portfolio as at 30 September 2023 and the investment performance over the preceding quarter, year, and since the Fund's investments began. Border to Coast had also provided additional information within an appendix to that report in relation to the Overseas Developed Markets Equity Fund, giving a breakdown of key drivers of and detractors from performance in relation to each of its four regional elements. Market background information and an update of some news items related to Border to Coast were also included. Border to Coast's UK Listed Equity Fun's returns were 0.13% below benchmark over the last year, or 1.13% under its overachievement target, whereas the Overseas Developed Markets Equity Fund had achieved returns of 2.39% above benchmark over the last year, comfortably above its 1% overachievement target. Since inception, the UK fund had delivered performance of 0.83% a year above benchmark, slightly below its long-term target, and the overseas fund had delivered performance of 1.49% above benchmark, above its long-term target. The performance of the Emerging Markets Equity Fund had been below benchmark throughout much of the period of the Teesside Pension Fund's investment – including over the quarter and year to 30 September 2023. Since inception the Fund was 1.50% a year behind benchmark, so 3.0% a year behind target.

State Street had a passive global equity portfolio invested across four different region tracking indices appropriate to each region. The State Street report (attached at Appendix B to the submitted report) showed the market value of the State Street passive equity portfolio and the proportions invested in each region as at 30 September 2023.

State Street continued to include additional information with their report this quarter, giving details of how the portfolio compared to the benchmark in terms of environmental, social and governance factors including separate sections on climate and stewardship issues. As the State Street investments are passive and closely track the appropriate regional equity indices, the portfolio's rating in these terms closely matched the benchmark indices ratings.

The Head of Pensions Governance and Investments commented on the reason why State Street outperformed, explaining that it was due to tax rebates. The State Street benchmark assumed that no tax was successfully reclaimed but when it was, this came through as overperformance.

State Street had recently advised that it would be making further changes to its passive equity indices and would be excluding additional sectors. The Fund had been notified that from 18 December 2023 the benchmarks of the State Street Sub-Funds the Fund invested in would apply screens to exclude certain securities related to Tobacco and Thermal Coal. Excluded companies would be any involved in production of tobacco or tobacco products and companies that extract thermal coal or have thermal coal power generation and this activity represented 10% or more of revenues. This was in addition to the current screening for UN

Global Compact Violations and Controversial Weapons which came into effect on 18 November 2020. Initial indications were that across the four State Street Sub-Funds these changes would cover around 0.36% of the current assets (tobacco) and 0.88% of the current assets (thermal coal) that the Fund invested via State Street.

It was highlighted that there was currently a Bill going through Parliament which would prevent Pension Funds from divesting from companies on the grounds of ethical reasons where it contravened UK policy.

Appendix C to the submitted report contained the latest available ESG and carbon exposure in relation to the three Border to Coast listed equity sub-funds the Fund invested in.

When Border to Coast was established over 5 years ago its Partner Funds set out an approach to apportion the costs of setting up and running the different investment propositions (sub-funds) Border to Coast would provide. To ensure adequate funding for each of the new propositions, the initial cost-sharing approach included apportioning some ongoing management charges based on the assets Partner Funds had identified as likely to transfer into the pool. Whilst it was acknowledged that over time charging most costs on an ‘assets under management’ basis would be fairest, at the outset this would cause anomalies and in some circumstances could make it more expensive for those Partner Funds that were committing a greater proportion of their assets to pooling.

As reported at the September meeting, now that Border to Coast had reached a stage where the majority of the sub-funds originally envisaged had been created, it was appropriate to revisit the way costs were apportioned. Over the next few months Partner Funds (or their administering authorities) would be asked to agree to make some changes to their original agreements to allow cost apportionment from the coming year to be based primarily on an ‘assets under management’ basis. This would not change the costs that Border to Coast charges, it would just apportion them differently – in a way that more fairly represented how Partner Funds were invested.

ORDERED that the report was received and noted.

23/43 **BORDER TO COAST PRESENTATIONS - INVESTMENTS SUMMARY AND ALTERNATIVES UPDATE**

The Committee received a summary and update on the Fund’s investments with Border to Coast.

The presentation provided information on the following:

• Investments with Border to Coast
- Listed investments as at 30 September 2023.
- Commitment to Border to Coast’s Private Market Strategies.

• Market Overview – Quarter 3 2023
- Equity Headwinds Building – global equity performance had been drive by the AI theme as valuations had expanded, especially in the US.
- Central Bank Rates Close to Peak – Duration increasingly attractive as central bank rates were close to peak; central bank focus could shift from inflation to growth.
- Selective Credit Opportunities Offer High Quality Carry – Higher quality assets within credit (ie EMD Sovereigns and Investment Grade Credit) offered good yields with the potential tailwind of duration.

• Infrastructure Summary.

• Climate Opportunities Summary.

• Private Markets: New Commitments for Quarter 3 2023.

• Border to Coast Update

- The Future of Pooling - following the Government’s published response to the pooling consultation, together with Partner Funds Border to Coast would work constructively with the

Government on the formal Guidance that would give consistency and clarity for the LGPS family.

- Private Markets Update – Border to Coast recently provided a public update on £1.7bn of private market investments made over 2022/23. This scale had enabled significant cost reductions (c. 26% reduction in headline fees), delivering capital into the energy transition and decarbonisation, the digital revolution, and growth opportunities in emerging markets (for example).

- Using Our Collective Voice - The 2023 proxy voting season was the first since Border to Coast updated voting policies in early 2023, strengthening the approach to the oil and gas and banking sectors, as part of engagement escalation, to support global net zero ambitions.

- New Board Member - the Board had been further strengthened with the arrival of Richard Hawkins, as a new non-executive director, who brought in-depth technology and cyber security experience as well as significant experience operating at senior levels within financial services.

• Teesside – Alternatives Update.
- Series 1.
- Series 2.
- UK Opportunities.

ORDERED that the information provided was received and noted.

23/44 **INVESTMENT ADVISORS' REPORTS**

The Independent Investment Advisors had provided reports on current capital market conditions to inform decision-making on short-term and longer-term asset allocation, which were attached as Appendices A and B to the submitted report.

Further commentary was provided at the meeting.

William Bond commented that bond yields were likely to go higher due to US debt. The Fund might need to de-risk and put more money into bonds but not yet. William also stated that equities would do okay over the next twelve months.

Peter Moon commented that there had been a golden period of cost reductions and the economy was now back to average interest rates and price reductions and that inflation would remain high. Bond yields in the US were higher or about the same level. Peter highlighted that lower risk meant lower return and the Fund needed a higher return than most because contributions were lower.

ORDERED that the information provided was received and noted.

23/45 **CBRE PROPERTY REPORT**

A report was submitted that provided an overview of the current property market and informed Members of the individual property transactions relating to the Fund.

It was anticipated that interest rates would remain high but that inflation was moving in the right direction. Although property values had been volatile, income return had been consistent and predictable. There was rental growth in some sectors at the moment and some uncertainty in listed markets. Transaction volume levels for 2023 were £40 billing which was the same as in 2020, due to pricing uncertainty and debt. Banks were unwilling to lend on property and there were more sellers than buyers at the moment. Despite this, there had not been much distress selling in the market over the year. Open-ended property funds were under pressure due to defined benefit pension funds looking to sell their assets and de-risk. A number of properties would be coming up for refinancing this year and there should be some attractive opportunities for the Fund. There was limited appetite for the retail and office sectors but industrials and alternatives would remain strong. The future was uncertain but CBRE was confident that property would provide good returns for the Fund.

The Fund had completed the purchase of an Industrial unit located in Washington, Tyne &

Wear, let to BAE Systems Ltd for £50.25 million. The property totalled 346,465 sq ft and was let for an average unexpired term of 12.25 years. This was now the largest asset in the Fund's Direct Property Portfolio.

In Q2 2021 the Fund forward funded the development of a 210,000 sq ft industrial unit in Yeovil. The development of the property was now complete and had been added to the Direct Portfolio. The unit was occupied by Leonardo UK Ltd, for a term of 35 years at a rent of £1.6m p.a., subject to annual reviews at 2.7%.

Details of the top ten holdings by capital value were included in the submitted report and it was noted that the allocation of the Fund's assets in the North East was approximately 28%, which was the largest geographical allocation.

In terms of asset management, the Fund had completed a lease renewal with Currys Group for a term of 10-years at a rent of £312,500 per annum. The tenant would benefit from 21 months rent free from the lease commencement date.

The Fund had completed a strategic review of asset Energy Performance Certificates (EPCs) across its Portfolio. All assets within the Portfolio now had an EPC rating that complied with current, and incoming regulations in 2025.

With regard to portfolio arrears the collection statistics were consistently high. Since the report was issued arrears had reduced by a further £20K and CBRE continued to work with clients to bring accounts up to date.

It was noted that CBRE currently relied on Experian reports to categorise risk but was looking at a new reference system that took a more holistic view of governance, looking at broker reports and trading styles and taking a wider view.

ORDERED that the information provided was received and noted.

23/46 **LGPS 'NEXT STEPS ON INVESTMENT' CONSULTATION OUTCOME**

A report of the Interim Director of Finance was presented to provide the Members of the Pension Fund Committee with details of the Government's recently published response to a consultation exercise: "Local Government Pension Scheme (England and Wales): Next steps on investments" which indicated the Government's proposed direction of travel in relation to investment pooling on the Local Government Pension Scheme (LGPS).

On 22 November 2023 the Government issued its response to the consultation. The final consultation outcome (attached at Appendix A to the submitted report), confirmed that the Government would produce guidance and/or regulations to enact most of the changes proposed in the consultation document. The Government would progress its reform of the LGPS to accelerate and expand pooling, and to increase investment in levelling up and in private equity.

The consultation response set out a number of expectations for LGPS Funds and Pools. The main outcomes were summarised in paragraph 9 of the document as follows:

"After having considered the responses, the government will now implement the proposals that we set out in the consultation to accelerate and expand pooling, and increase investment in levelling up and in private equity. We will:

- set out in revised investment strategy statement guidance that funds should transfer all assets to their pool by 31 March 2025, and set out in their Investment Strategy Statements (ISS) assets which are pooled, under pool management and not pooled and the rationale, value for money and date for review if not pooled.
- revise pooling guidance to set out a preferred model of pooling including delegation of manager selection and strategy implementation.
- implement a requirement in guidance for administering authorities to set a training policy for pensions committee members and to report against the policy.
- revise guidance on annual reports to include a standard asset allocation, proportion of assets pooled, a comparison between actual and strategic asset allocation, net savings from pooling and net returns for each asset class against their chosen benchmark.

- make changes to LGPS official statistics to include a standard asset allocation and the proportion of assets pooled and the net savings of pooling.
- amend regulations to require funds to set a plan to invest up to 5% of assets in levelling up the UK, and to report annually on progress against the plan.
- revise ISS guidance to require funds to consider investments to meet the government's ambition of a 10% allocation to private equity."

The Government also confirmed that pools should seek scale and should reduce in number in the medium to long term from the current 8 to probably around 4 or 5. This number of pools is implied in the document, through reference to a Government Actuary's Department (GAD) projection that the LGPS in England and Wales could have assets of around £950 billion, at which point the expected pool size would be around £200 billion. The Government wishes to see greater collaboration between pools in the meantime.

Through Border to Coast, the Fund had already made significant progress towards asset pooling and so to compliance with the requirements set out in the consultation outcome. As at 30 September 2023 55.7% of the Fund's assets were invested through Border to Coast. The approximate split of the remaining 44.3% was detailed at paragraph 6.1 of the submitted report.

The Fund would continue to work with Border to Coast and its Partner Funds to consider whether and how the unpooled assets could be transferred to pool management when it was cost effective, and in the Fund's best interests, to do so.

On the 10% private equity target, as at 30 September 2023 the Fund had already broadly met this, with an allocation of around 10% and an expectation that this allocation would grow in the short to medium term as more commitments already made to private equity managers were drawn.

On the 5% 'levelling up' target – the Fund currently invested around 1% of its assets in local investments which would fit the definition of UK 'levelling up' investments. Border to Coast was currently working with its Partner Funds to develop a private markets UK Opportunities sub-fund. Should the Fund choose to make a commitment to that sub-fund, any investment would be likely to meet the 'levelling up' definition.

On governance, the consultation response set out proposals to ensure pensions committee members were appropriately trained in order to carry out their role, and that this was reported on and monitored. Paragraph 56 stated:

"We will revise guidance on annual reports and on governance to require all funds to publish formal training policies for pension committee members, to report on training undertaken, and to align expectations for pension committee members with those for local pension board members. Given the role and responsibilities of committees, including setting the investment and funding strategies for funds, it is essential that members of committees should have the appropriate training, knowledge and skills to undertake their role."

The Committee would be kept up to date with future developments as and when the expected guidance was produced. In the meantime, the Fund would continue to work with Border to Coast and its other Partner Funds to ensure it could respond appropriately to Government directions whilst continuing to prioritise the fiduciary duty to stakeholders and beneficiaries.

ORDERED that the information provided was received and noted.

23/47 **XPS PENSIONS ADMINISTRATION REPORT**

A report was presented to provide an overview of administration services provided to the Teesside Pension Fund by XPS Administration.

The report provided information on the following:

- Overview
- Membership Movement
- Member Self Service
- Pension Regulator Data Scores

- Customer Service
- Completed Cases Overview
- Completed Cases by Month

The report was taken as read with some key issues highlighted as follows:

McCloud update - The Department for Levelling Up, Housing and Communities (DLUHC) announced the outcome of the consultation on supplementary McCloud issues and draft regulations on 8 September 2023. It also laid The Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023, which took effect from 1 October 2023. The regulations implemented the McCloud remedy and amended the underpin rules to make sure they worked correctly. XPS were now in the process of checking all pensions paid from 2014 to 2022 to identify anyone who had been discriminated against.

On 18 October 2023, the Office for National Statistics announced the Consumer Prices Index (CPI) rate of inflation for September 2023 as 6.7 per cent. All benefits would increase from April next year.

The introduction of the Pensions Dashboard had been delayed and all data would now have to be viewable to scheme members by October 2026. XPS were checking all the available data to ensure that this deadline was met.

The Committee's attention was drawn to performance where unusually there had been a slight dip in August, September and October. Four cases had been completed outside target in September and one each in August and September.

ORDERED that the information provided was received and noted.

23/48 **BORDER TO COAST RESPONSIBLE INVESTMENT POLICY, CORPORATE GOVERNANCE & VOTING GUIDELINES AND CLIMATE CHANGE POLICY**

A report of the Interim Director of Finance was presented to advise the Committee of recent changes made by Border to Coast Pensions Partnership Limited ('Border to Coast') to its Responsible Investment Policy, Corporate Governance & Voting Guidelines and Climate Change Policy.

This year's RI Policy review reflected suggested improvements from Robeco and work undertaken during the year; including on Border to Coast's Net Zero commitment.

Amendments had been made to all the sections for integrating RI into investment decisions. This was due to continuing to develop and embed ESG into investment decision making, the impact Border to Coast's Net Zero commitment and progress made on Real Estate ahead of launch.

The wording on human rights had been expanded to include how Border to Coast would engage.

An area continuing to gain focus from an investment perspective was biodiversity. Border to Coast was currently engaging on biodiversity issues through its support of the Investor Policy Dialogue on Deforestation Initiative (IPDD), through Robeco and as part of a Waste and Water theme and its engagement on climate change. Therefore, a high-level overview had been inserted into the RI Policy which covered Border to Coast's approach to engagement.

As part of the annual review the approach to exclusions had been revisited. When considering any exclusions, Border to Coast considered the associated material financial risk of a company's business operations and whether they had concerns about its long term viability. This included considering key financial risks and the likelihood of success through engagement in influencing company strategy and behaviour. Border to Coast also assessed the impact on the investible universe and the benchmarks its portfolios were measured against.

To support Border to Coast's Net Zero and to send a clear signal on intentions, the recommendation was to reduce the exclusion thresholds to 25% for thermal coal and oil sand production (aligned with illiquid assets).

An exclusion related to thermal coal power generation had been introduced with a revenue threshold of 50% for developed markets. A higher threshold of 70% had been introduced for emerging markets to reflect support of a just transition and recognition that countries had differing transition timelines and dependencies on coal and the potential impact on energy availability and economic development.

The exclusion for controversial weapons had been broadened to cover landmines, biological and chemical weapons. This covered international treaties and conventions relating to controversial weapons that the UK had either ratified or is a state party to.

The exclusions in place took into account material financial factors and were limited to areas where it was important to give explicit indications to the investment decision makers.

The changes to the exclusions approach were not expected to lead to any significant changes to Border to Coast's existing investment portfolios as these risks were already reflected in the investment decision making process. Partner Funds would be able to assess this through performance versus respective benchmarks for the investment funds. This was an area Border to Coast would continue to engage with Partner Funds as to how it developed over time.

The proposed amendments to the RI policy and Border to Coast's rationale for these changes were listed in a table at paragraph 5.11 of the submitted report.

The Voting Guidelines had been reviewed by Robeco considering best practice. Asset owner and asset manager voting policies and the Investment Association Shareholder Priorities for 2023 were also used in the review process. There were several minor amendments and proposed additions covering diversity and climate change.

Border to Coast's voting stance in relation to diversity representation at board level, for both gender and ethnicity, had been strengthened this year. This was to reflect the Financial Conduct Authority's listing rules and also expectations of FTSE 250 companies to be meeting the Parker Review recommendations.

Border to Coast had further strengthened its approach to climate-related voting and would now include a fifth Climate Action 100+ (CA100+) Net Zero Benchmark indicator covering a company's decarbonisation strategy. They were also adding the Urgewald Global Coal Exit List to the industry benchmarks (A100+, Transition Pathway Initiative) used to assess whether companies were making sufficient progress.

Proposed amendments to the Corporate Governance & Voting Guidelines were highlighted in the table at paragraph 6.4 of the submitted report.

The Climate Change Policy had been reviewed by Robeco and against asset managers and asset owners to determine developments across the industry. The climate change approaches of the other seven LGPS pools had also been reviewed.

The main changes reflected the work undertaken to support Border to Coast's Net Zero commitment and were as follows:

Additional wording had been added about why climate change was important to Border to Coast as an investor. This included reference to the role Border to Coast needed to play through engagement and the investment opportunities for investors and how this would support Partner Funds.

Reference to Border to Coast's Net Zero targets had been included in the 'Our ambition – Net Zero section' with detail on the specific targets for carbon reduction alignment and engagement. This had been moved from a later section of the policy.

A paragraph had been included on how Border to Coast has considered the different climate scenarios available, those which they will be using and the limitations and associated risks of climate modelling.

Border to Coast's approach to exclusions had been updated in line with the RI Policy with the lower revenue thresholds for public market companies for thermal coal and oils sands production (now aligned with illiquid assets) and the introduction of an exclusion for thermal coal power generation.

Additional wording had been added on the importance of engagement in meeting Border to Coast's Net Zero goal and the targets they had set. The focus actions for the next and subsequent years had been updated which included their voting approach to 'Say on Climate' resolutions and climate-related shareholder resolutions.

The amendments to the Climate Change Policy were highlighted in the table at paragraph 7.8 of the submitted report.

Border to Coast would continue to work with its Partner Funds to develop and update its approach to Responsible Investment (including Climate Change) and Corporate Governance.

ORDERED as follows that:

1. the information was received and noted.
2. the revised Border to Coast documents that were included as Appendices A, B and C to the submitted report were approved.

23/49 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, CAN BE CONSIDERED**

None.