# BORDER TO COAST
# UK LISTED EQUITY FUND

ESG & CARBON REPORT

**Q1 2025**

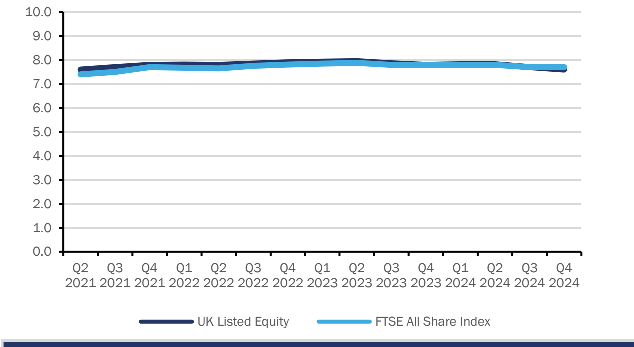
MSCI ESG RATING

**AA**

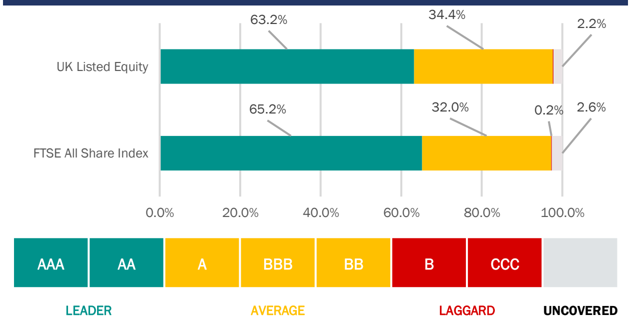
PENSIONS PARTNERSHIP

| | End of Quarter Position [1] | | | Key | |
|---|---|---|---|---|---|
| | **MSCI ESG Rating** | **Weighted ESG Score** | **vs. Benchmark** | (green) | Fund has an equal or better *Weighted ESG Score* than the benchmark. |
| **UK Listed Equity** | AA [1] | 7.6 [1] | (green) | (amber) | Fund has a *Weighted ESG Score* within 0.5 of the benchmark. |
| **FTSE All Share Index** | AA [1] | 7.7 [1] | | (red) | Fund has a *Weighted ESG Score* more than 0.5 below the benchmark. |

## MSCI Weighted Score Trend[1]




## MSCI ESG Weightings Distribution[1]




| Highest ESG Rated Issuers [1] | | | | Lowest ESG Rated Issuers [1] | | | |
|---|---|---|---|---|---|---|---|
| | **% Portfolio Weight** | **% Relative Weight** | **MSCI Rating** | | **% Portfolio Weight** | **% Relative Weight** | **MSCI Rating** |
| Unilever | 6.1% | +1.5% | AAA [1] | Carnival | 0.5% | +0.4% | BB [1] |
| Relx | 3.7% | +0.7% | AAA [1] | Rolls Royce | 2.6% | +<0.1% | BBB [1] |
| National Grid | 2.6% | +0.6% | AAA [1] | Imperial Brands | 1.9% | +1.0% | BBB [1] |
| SSE | 1.3% | +0.6% | AAA [1] | Shaftesbury Capital | 0.5% | +0.4% | BBB [1] |
| Diageo | 1.1% | -1.0% | AAA [1] | Glencore | 0.5% | -0.9% | BBB [1] |

## Quarterly ESG Commentary

- The Fund and benchmark were largely unchanged in overall ESG scores. The Fund continues to sit slightly below benchmark.
- Though the Fund sits below benchmark, the Fund's ESG score continues to rank highly. This is in large part due to the nature of the UK market's approach to ESG risk management meaning UK companies typically have a higher ESG rating compared to other markets.

### Feature Stock: Rolls Royce

Rolls-Royce Holdings plc, specialises in developing and delivering power and propulsion solutions for safety critical applications across air, sea, and land. The company operates through several segments: Civil Aerospace, Defence, Power Systems, and New Markets. The Civil Aerospace division develops, manufactures and markets commercial aero engines, Defence Aerospace focuses on military combat aircraft and Power Systems provides power solutions under the brand MTU Systems. Recently Rolls Royce's has seen strong share price performance, reflecting strong operational performance and favourable market conditions. The company's cash flow has become more reliable and sustainable due to strategic changes in its business model. However, there is now heightened pressure for Rolls Royce to maintain this level of performance. The Fund holds a neutral position in Rolls Royce compared to benchmark.

The company is seen to be in line with its Aerospace & Defence peer group from an ESG perspective. The company has clear targets to meet its obligations across three broad categories: aerospace decarbonisation, clean energy transition opportunities and exposure to defence/military revenues. Rolls Royce have a clear commitment to decarbonisation with R&D spending on low carbon and net zero technologies set to represent 75% of the total budget from 2025. Rolls Royce saw a downgrade to its MSCI ESG rating in 2024. The downgrade from A to BBB is due to a 2023 lawsuit filed in Beijing over the disappearance of Malaysian Airlines flight MH370 in 2014, which was equipped with a Rolls Royce Trent 700 engine.

[1]Source: MSCI ESG Research 31/03/2025

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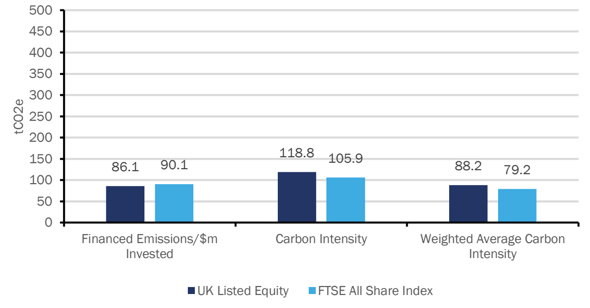
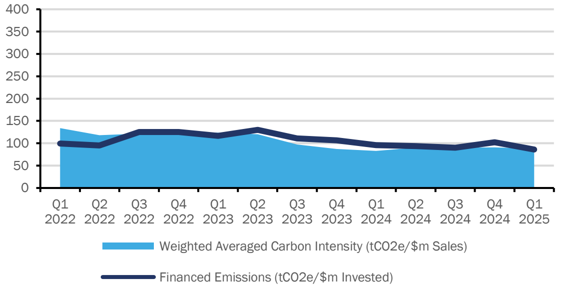
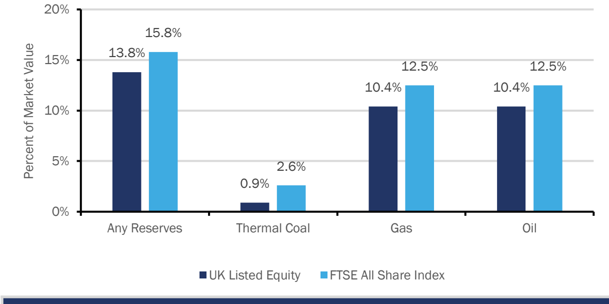
### Carbon Emissions and Intensity¹



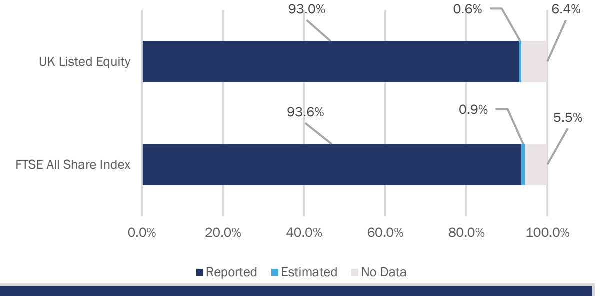

### Carbon Trends¹




### Weight of Holdings Owning Fossil Fuel Reserves¹




### Availability of Carbon Emissions Data (% of Market Value)¹




### Largest Contributors to Financed Emissions¹

| | % Portfolio Weight | % Relative Weight | Contribution | CA100+ | TPI Level² |
|---|---|---|---|---|---|
| Shell | 7.8% | +0.8% | 39.2% ¹ | Yes | 5 |
| Carnival | 0.5% | +0.4% | 15.5% ¹ | No | 3 |
| Rio Tinto | 2.9% | +0.9% | 14.4% ¹ | Yes | 5 |
| BP | 2.0% | -0.9% | 8.8% ¹ | Yes | 5 |
| National Grid | 2.6% | +0.6% | 3.5% ¹ | Yes | 5 |

### Quarterly Carbon Commentary

- The Fund saw a 16% drop in financed emissions dropping below the benchmark.. The significant drop is partly explained by the benchmark, which saw financed emissions drop by 12%. The remaining drop is driven by the reduced position in Glencore, previously a top contributor to financed emissions, and a reduction in the Fund's active weight in top emitters, Shell, Carnival and Rio Tinto.
- The Fund sits below benchmark on financed emissions but continues to sit above benchmark on carbon intensity and WACI. The Fund's active weight in Shell, Rio Tinto, National Grid and Intercontinental Hotels Group drive the differential in WACI versus the benchmark

**Feature Stock: National Grid**

National Grid is the Fund's largest holding in the utility sector . Following the recent divestment of its UK gas distribution assets, it now owns, develops and operates regulated electricity transmission and distribution networks, whilst in the North-Eastern United States it owns gas distribution networks alongside electricity distribution & transmission facilities. Through its NG Ventures division, it also operates a portfolio of flexible, low-carbon and renewable energy businesses, including electricity interconnectors, LNG, battery storage, wind and solar power. It has recently agreed the sale of its US Renewables business as part of plans to significantly increase grid investments in both the UK and the US over the next 5 years.

National Grid is one of the UK's largest investors in the energy transition including undertaking the most significant overhaul of the UK grid in generations with the company having a key role to play in facilitating the UK government's ambitious Clean Power 2030 target for zero-carbon electricity, whilst also delivering the largest investment in New York's electricity transmission network for over a century. Following a successful rights issue last year it has initiated a new 5-year £60bn capital investment programme through to 2029 with more than half of that investment in the UK, representing a near 50% increase over the previous plan. Of this, £51bn is to be directly invested into the decarbonisation of energy networks with EU Taxonomy alignment. National Grid is committed to achieving net zero for Scope 1,2 & 3 emissions by 2050 with interim objectives for a 60% reduction in Scope 1 & 2 emissions by 2030/31 and a 37.5% reduction in Scope 3 emissions (excluding sold electricity) by 2033/34, both from a 2018/19 baseline, and has maintained MSCI's highest AAA ESG rating over the last 5 years.

¹Source: MSCI ESG Research 31/03/2025

² Company TPI scores have been updated to reflect their latest assessment under the v5 framework. V5.0 of TPI's assessment methodology introduces a new level (level 5) focused on transition planning and implementation, sets higher standards for companies and aims to provide greater differentiation among high-performing companies.

| Issuers Not Covered [1] | | |
|---|---|---|
| Reason | ESG (%)[1] | Carbon (%)[1] |
| Company not covered | 0.0% | 0.0% |
| Investment Trust / Funds | 2.2% | 6.4% |

## Important Information



[1]Source: MSCI ESG Research 31/03/2025 