

# Border to Coast Pensions Partnership Ltd

Teesside  
Pension Fund

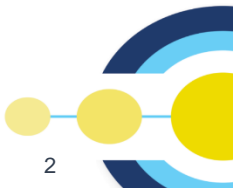


15 December 2021

# What are we covering today?

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- Updating you on progress at Border to Coast
- Your existing investments:
  - UK Listed Equity Fund
  - Overseas Developed Markets Equity Fund
  - Emerging Markets Equity Fund
  - Alternatives
- Responsible Investment Policies



# Border to Coast Pensions Partnership Ltd

Progress

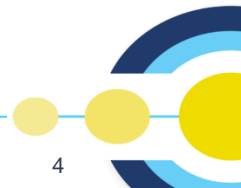


# Asset Capabilities

## - Progress Over The Past 6 Months

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- **Multi-Asset Credit Fund** launched
  - £3.7bn AUM across 10 Partner Funds
  - Indications are that the transition went well – post-trade reports due later this month
- Inaugural **Climate Change Policy** established
  - Includes net zero carbon emissions target for our AUM (by 2050 at the latest)
  - [Border-to-Coast-Climate-Change-Policy-Oct-2021.pdf \(bordertocoast.org.uk\)](https://www.bordertocoast.org.uk/Border-to-Coast-Climate-Change-Policy-Oct-2021.pdf)
- **Responsible Investment Policy & Voting Guidelines** reviewed & updated
  - Presented to our Joint Committee in November
  - To be adopted by Partner Funds during December round of Committee Meetings
- **Design work and planning** for 2022/3 launches
  - Listed Alternatives, Alternatives Series 2 including Climate Opportunities, Real Estate, Emerging Market Equity Alpha and Regional Equity Alpha



# Investment Strategy – Asset Capability Development Timetable

	Scheduled 2021	Scheduled 2022	Scheduled 2023	Scheduled 2024
Equities	<i>Emerging Markets Hybrid</i>	<i>UK &amp; Global Alpha - reviews</i>	<i>Regional Alpha</i>	<i>Overseas Dev Equity Review</i>
			<i>Emerging Markets Alpha</i>	<i>ESG / Factor / Index-Tracking</i>
Alternatives		<i>Listed Alternatives</i>	<i>Impact Investing</i>	
	<i>Series 1C</i>	<i>Series 2 + Climate Opps</i>		
		<i>Cashflow Mgmt Asset Allocation Legacy</i>		
Fixed Income	<i>Multi-Asset Credit</i>		<i>Green bonds</i>	
Real Estate		<i>UK Real Estate</i>		
		<i>Global Real Estate</i>		
Other	<i>Climate Change Policy</i>	<i>Responsible Investment including Climate Change Strategy</i>		
			<i>Hedging / Income / Liquidity Management</i>	

*Delivered*  
Delivery within tolerance

Forecast Delivery Date

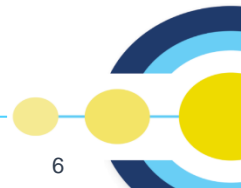
Work to do to agree with  
PF how to take forward



# Team Updates

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- Having built a strong and capable investment team our CIO, **Daniel Booth**, is leaving Border to Coast to move to a role with more day-to-day involvement in the investment process.
- Daniel will hand over his responsibilities to **John Harrison** as our interim CIO, a role he fulfilled prior to Daniel's appointment. John has remained involved with Border to Coast in an advisory capacity, and has also been UK CIO for UBS, Managing Director of MJ Hudson and, most recently, the interim CIO for the British Airways Pension Fund.
- **Tim Sankey**, Head of Real Estate, is leaving to pursue an opportunity closer to his home in Surrey. We will advertise for Tim's replacement in January.
- Our initial focus is on the development of two Global Real Estate funds – which are expected to launch at the end of 2022. We continue to work on the procurements for these funds under lead Portfolio Manager, Paul Campbell.
- We also continue to develop the UK Real Estate fund - most of the work will be conducted in 2022 ahead of the launch in 2023.



# Border to Coast Pensions Partnership Ltd

Teesside Pension Fund –  
Investments



# Teesside – Valuation & Commitments

Listed Investments	Teesside Value (as at 30/09/2021)	Total Fund Value (as at 30/09/2021)
	£	£
UK Listed Equity Fund	901m	4.5bn
Overseas Developed Markets Equity	1.73bn	5.1bn
Emerging Markets Equity	197m	1.0bn

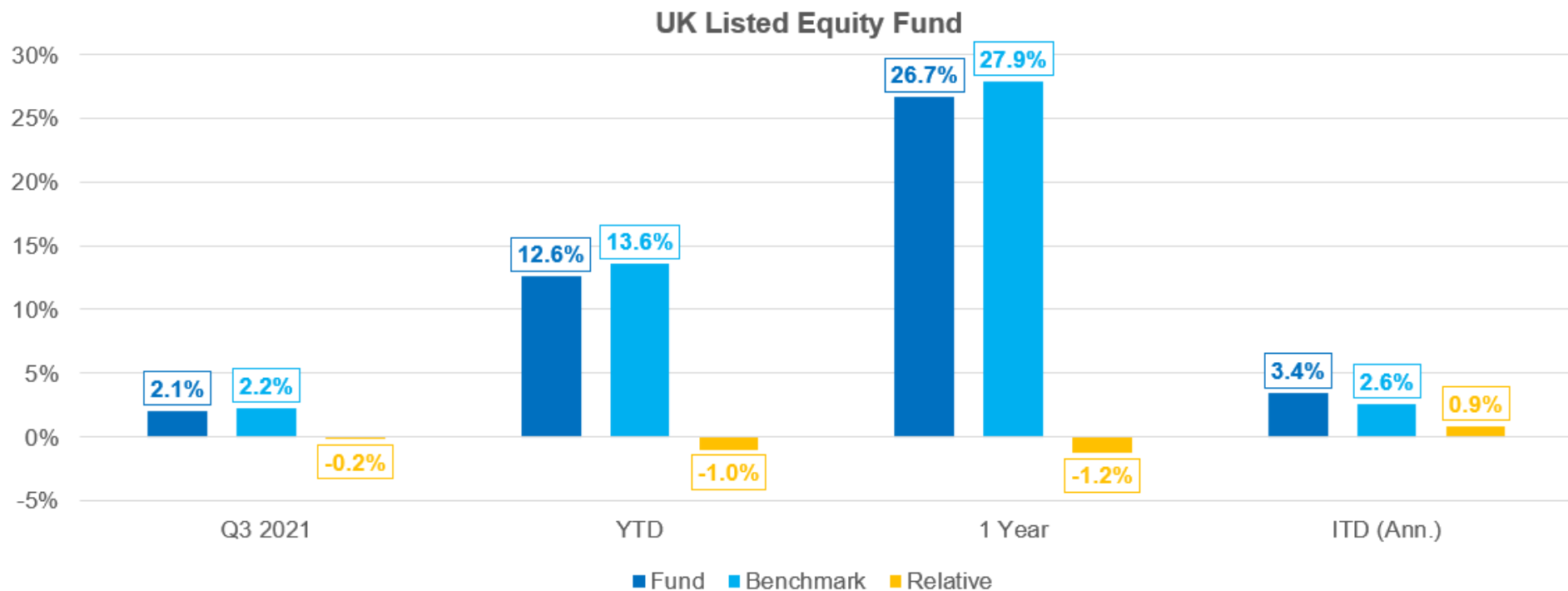
Alternative Investments	Teesside Commitment (Series 1)	Committed by Border to Coast to Managers (*)	Total Series 1 Commitment (all Partner Funds)
	£	£ (% of commitment)	£
Infrastructure	200m	172m (86%)	2,455m
Private Equity	200m	174m (87%)	1,720m
Private Credit	-	-	1,501m

Source: Border to Coast. Past performance is not a reliable indicator of future performance and is not guaranteed.  
 (\*) As at 31/10/2021.





# UK Listed Equity Fund Performance to 30 September 2021



# UK Listed Equity ESG & Carbon Metrics

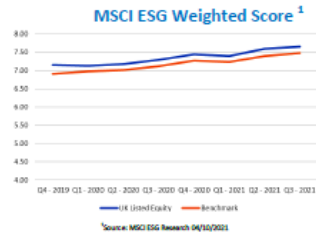
UK Listed Equity – ESG Quarterly Report  
Q3 2021 (Sept 30)



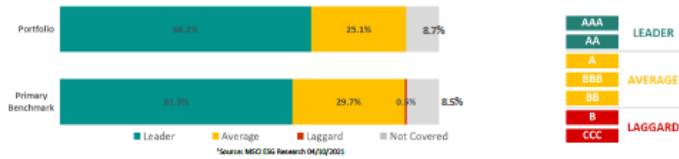
MSCI ESG Rating: **AAA**

ESG Summary			
Fund	Q3 2021 Position <sup>1</sup>		
	MSCI ESG Rating	Weighted ESG Score	vs. Benchmark
UK Listed Equity	AAA <sup>1</sup>	7.7 <sup>1</sup>	
Benchmark (FTSE All Share)	AAA <sup>1</sup>	7.5 <sup>1</sup>	

<sup>1</sup>Source: MSCI ESG Research 04/10/2021



## ESG Ratings Distribution <sup>1, 2</sup>



MSCI ESG Ratings

AAA	LEADER
AA	LEADER
A	LEADER
BBB	AVERAGE
BB	AVERAGE
B	LAGGARD
CCC	LAGGARD

Highest ESG Rated Companies <sup>1</sup>			Lowest ESG Rated Companies <sup>1</sup>		
	% of portfolio	MSCI Rating		% of portfolio	MSCI Rating
Diageo PLC	3.9%	AAA <sup>1</sup>	Melrose Industries PLC	0.6%	BB <sup>1</sup>
RELX PLC	2.0%	AAA <sup>1</sup>	Rolls-Royce	0.3%	BB <sup>1</sup>
National Grid PLC	1.8%	AAA <sup>1</sup>	Capital & Counties Prop.	0.3%	BB <sup>1</sup>
CRH Public Limited	1.4%	AAA <sup>1</sup>	TP ICAP PLC	0.3%	BB <sup>1</sup>
Ferguson PLC	1.2%	AAA <sup>1</sup>	BP P.L.C	2.6%	BBB <sup>1</sup>

<sup>1</sup>Source: MSCI ESG Research 04/10/2021

## ESG Commentary

- High quality Fund from an ESG perspective with a consistent AA or AAA rating since launch. The ESG Weighted score has increased again in Q3 2021.
- Consistently above benchmark (itself highly rated by MSCI). The Fund has a higher exposure to ESG Leaders with no exposure to ESG Laggards.

### Feature Stock: Rolls-Royce

The company has been troubled over the last 10 years. Issues with the safety profile of the Trent engine have placed a financial drain on the company. The business model that discounts new engines to gain profitability from after-market sales has created a highly complex structure where accounting and cashflows are opaque to outside investors, hence the fund is underweight the stock relative to the benchmark. Issues have been exacerbated by Covid that has severely impacted demand for civil aircraft.

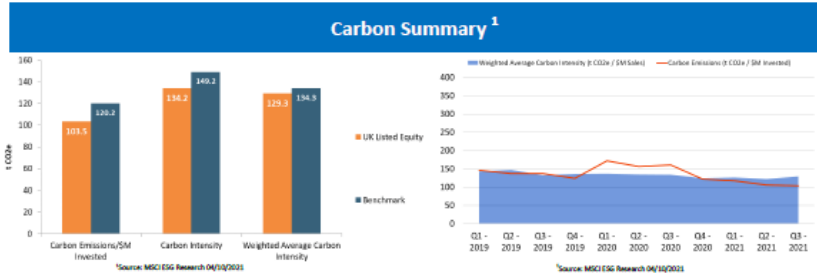
A new CEO was appointed in 2015. The restructuring of the group required a talented individual and the appointee is highly regarded by UK investors. The calibre of CEO required for the fix has required a significant remuneration package and together with a necessary restructuring that has impacted labour relations, ESG scores have struggled; Rolls Royce is rated BB by MSCI. Whilst in a difficult place we believe the issues will be worked through and the company will emerge from its current malaise a better more sustainable business that delivers for all stakeholders.

<sup>1</sup> Source: MSCI ESG Research LLC. 04/10/2021 <sup>2</sup> Companies not covered are detailed in the footnote on page 3.

UK Listed Equity – ESG Quarterly Report  
Q3 2021 (Sept 30)



MSCI ESG Rating: **AAA**



<sup>1</sup>Source: MSCI ESG Research 04/10/2021

<sup>1</sup>Source: MSCI ESG Research 04/10/2021

## Weight of Holdings Owning Fossil Fuel Reserves <sup>1</sup>



<sup>1</sup>Source: MSCI ESG Research 04/10/2021

## Largest Contributors to Weighted Average Carbon Intensity <sup>1</sup>

	Company	Contribution	CA100+	TPI Level
1	Royal Dutch Shell PLC	19% <sup>1</sup>	Yes	4
2	CRH PLC	15% <sup>1</sup>	Yes	4
3	Rio Tinto PLC	9% <sup>1</sup>	Yes	4
4	BHP Group PLC	6% <sup>1</sup>	Yes	4*
5	National Grid PLC	5% <sup>1</sup>	Yes	4

<sup>1</sup>Source: MSCI ESG Research 04/10/2021

## Carbon Commentary

- Carbon emissions, carbon intensity and weighted average carbon intensity have all decreased relative to the benchmark in the quarter and remain below the index.
- The top 5 contributors to weighted carbon intensity, accounting for 50% of total portfolio carbon intensity, are all ranked highly by the Transition Pathway Initiative (TPI) and are under engagement by Climate Action 100+ (CA100+).

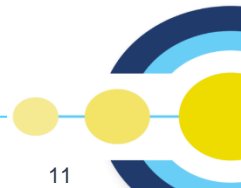
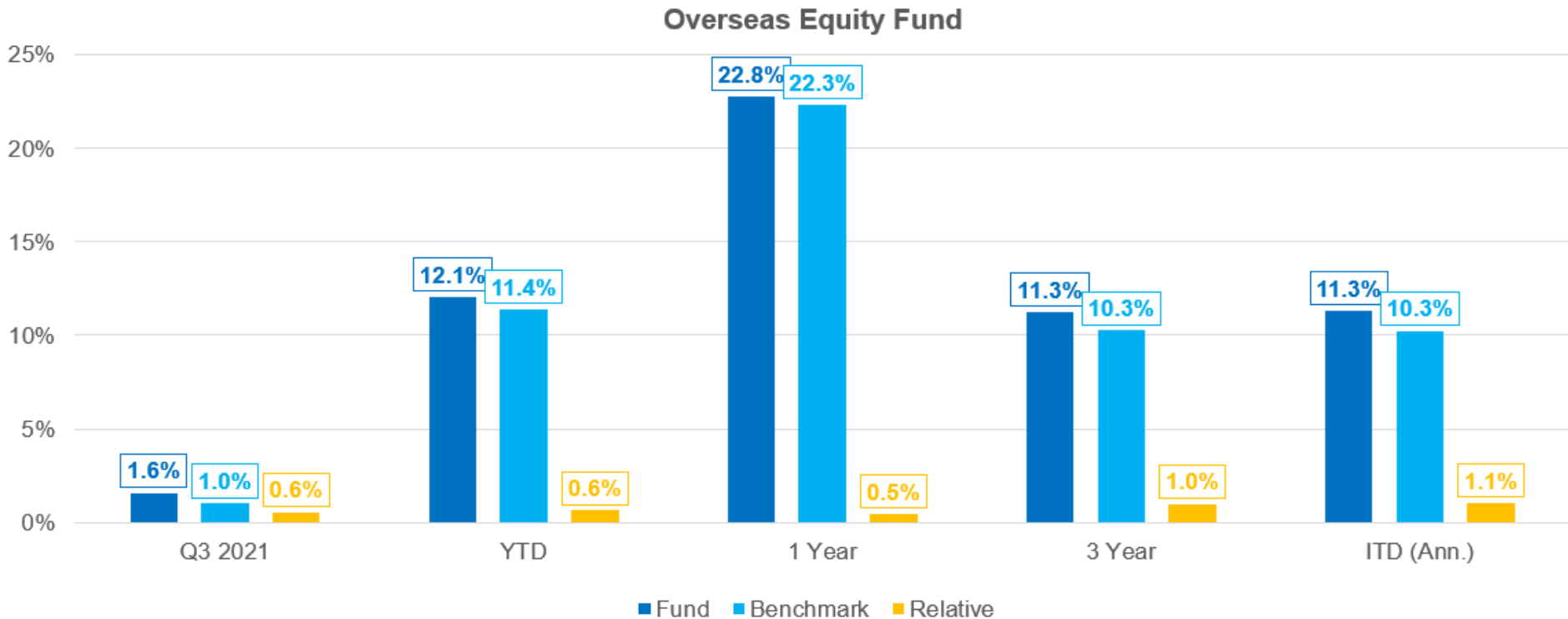
### Feature Stock: Royal Dutch Shell

As one of the only oil and gas companies that has a carbon target in line with the Paris Agreement, the company aims to move its portfolio away from oil towards natural gas, which is considered to be the transition fuel for meeting carbon targets. The company is a leading global producer of liquefied natural gas (LNG) and has a strong position in downstream operations (refining, petrochemicals). The company has a strong balance sheet and historically has been a good allocator of capital and we have an overweight position relative to the benchmark.

Shell supports the goals of the Paris Agreement to limit the rise in the average global temperature well below 2° Celsius and has set an ambition to become a net-zero emissions energy business by 2050 or earlier. With reference to the publication of the EU's carbon strategy that is likely to be followed by the UK and directionally by the US, the company is well placed to reduce its own carbon footprint and facilitate the infrastructure required to decarbonise other sectors previously reliant on fossil fuels in line with the EU's strategic targets. The recent Dutch court ruling has challenged Shell to accelerate its energy transition objectives and whilst not directly linked, the recently announced sale of its Permian Basin assets will support its carbon reduction objectives. We continue to engage with the Company with the focus for Shell to reach alignment with the CA100+ Net Zero Benchmark criteria by 2023.

<sup>1</sup> Source: MSCI ESG Research LLC. 04/10/2021 <sup>2</sup> Companies not covered are detailed in the footnote on page 3.

# Overseas Developed Equity Fund Performance to 30 September 2021



# Overseas Developed – ESG & Carbon Metrics

Overseas Developed Markets  
Equity – ESG Quarterly Report

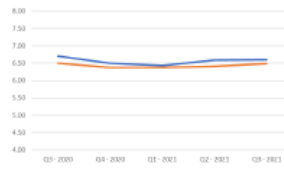


MSCI ESG Rating: **AA**  
Q3 2021 (Sept 30)

ESG Summary – Overseas Developed <sup>1</sup>			
Fund	Q3 2021 Position <sup>1</sup>		
	MSCI ESG Rating	Weighted ESG Score	vs. Benchmark
Overseas Developed Markets Fund	<b>AA</b> <sup>1</sup>	6.6 <sup>1</sup>	
Benchmark	<b>AA</b> <sup>1</sup>	6.5 <sup>1</sup>	

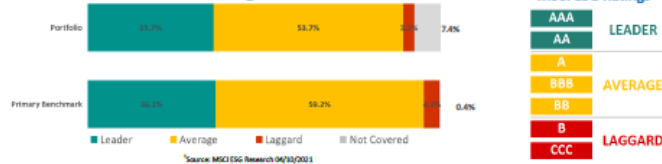
<sup>1</sup>Source: MSCI ESG Research 04/10/2021

## MSCI ESG Weighted Score <sup>1</sup>



<sup>1</sup>Source: MSCI ESG Research 04/10/2021

## ESG Ratings Distribution <sup>1,2</sup>



<sup>1</sup>Source: MSCI ESG Research 04/10/2021

Highest ESG Rated Companies <sup>1</sup>			Lowest ESG Rated Companies <sup>1</sup>		
Company	% of portfolio	MSCI Rating	Company	% of portfolio	MSCI Rating
Microsoft Corporation	2.9%	<b>AAA</b> <sup>1</sup>	Jardine Matheson	0.1%	<b>CCC</b> <sup>1</sup>
ASML Holding N.V	1.4%	<b>AAA</b> <sup>1</sup>	Facebook, Inc.	1.0%	<b>B</b> <sup>1</sup>
NVIDIA Corp.	1.0%	<b>AAA</b> <sup>1</sup>	Pfizer Inc	0.5%	<b>B</b> <sup>1</sup>
Novo Nordisk	1.0%	<b>AAA</b> <sup>1</sup>	Hyundai Motor Company	0.3%	<b>B</b> <sup>1</sup>
Schneider Electric SE	0.7%	<b>AAA</b> <sup>1</sup>	Charter Communications	0.3%	<b>B</b> <sup>1</sup>

<sup>1</sup>Source: MSCI ESG Research 04/10/2021

## ESG Commentary

- The Fund's weighted ESG score increased in the quarter. It has been upgraded to an 'AA' this quarter using MSCI's methodology and remains above the benchmark.
- Jardine Matheson remains the only 'CCC' rated company and was covered in more detail last quarter.

### Featured stock: Facebook Inc

With over 3bn monthly active users Facebook is the world's largest social media company. Advertising revenue from its online platforms, 99% of group income, has experienced strong growth. This high margin revenue stream is expected to see further expansion as advertising expenditures continue their migration from traditional to online media, a trend accelerated by the pandemic. Recently the fund's position has been reduced. This is partly due to Apple's new privacy settings, which make it harder for Facebook to track user activity, but the leading impetus has been concern around a slew of negative media exposés covering a range of governance issues, culminating in a whistle-blower hearing in the House of Representatives. Although concerning, the more immediate risk is that these events might attract the attention of the head of the Federal Trade Commission (FTC) who has already censured Facebook for alleged anti-competitive behaviours. The decision to hold an underweight position is finely balanced, the business looks strong, the shares are otherwise attractively valued, and it is possible that the company's component platforms might be more valuable were the FTC to seek a break-up of the company. We continue to engage with the company on "The Social Impact of Artificial Intelligence" and at recent AGM's have supported shareholder resolutions including asking the Company to report on managing online child exploitation risks, how it is dealing with reducing false and divisive information as well as requesting the Company appoint an independent Chair of the board.

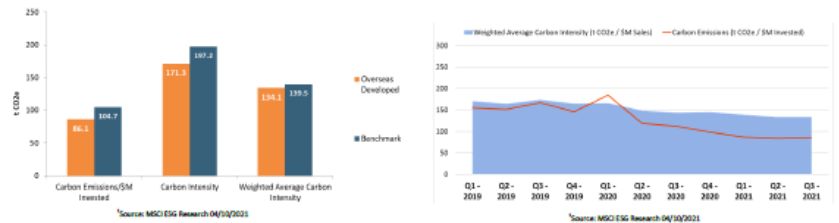
<sup>1</sup> Source: MSCI ESG Research LLC. 04/10/2021 <sup>2</sup> Companies not covered are detailed in the footnote on page 3.

Overseas Developed Markets  
Equity – ESG Quarterly Report



MSCI ESG Rating: **AA**  
Q3 2021 (Sept 30)

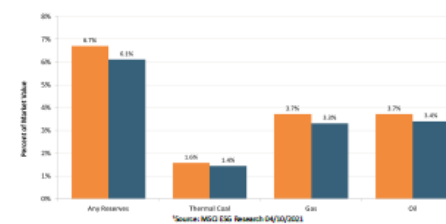
## Carbon Summary <sup>1</sup>



<sup>1</sup>Source: MSCI ESG Research 04/10/2021

<sup>1</sup>Source: MSCI ESG Research 04/10/2021

## Weight of Holdings Owning Fossil Fuel Reserves <sup>1</sup>



<sup>1</sup>Source: MSCI ESG Research 04/10/2021

## Largest Contributors to Weighted Average Carbon Intensity <sup>1</sup>

Company	Contribution	CA100+	TPI Level
1 RWE	12% <sup>1</sup>	Yes	3
2 NextEra Energy	8% <sup>1</sup>	Yes	2
3 Holcim	7% <sup>1</sup>	Yes	4
4 Linde PLC.	5% <sup>1</sup>	No	3
5 Air Liquide	4% <sup>1</sup>	Yes	4*

<sup>1</sup>Source: MSCI ESG Research 04/10/2021

## Carbon Commentary

- Carbon emissions, carbon intensity and WACI all remained flat in the quarter. The Fund is below the benchmark index for all carbon metrics which is primarily driven by a sectoral underweight to utilities.
- The majority of the top 5 contributors to WACI are rated highly by the Transition Pathway Initiative and/or are under engagement by Climate Action 100+.

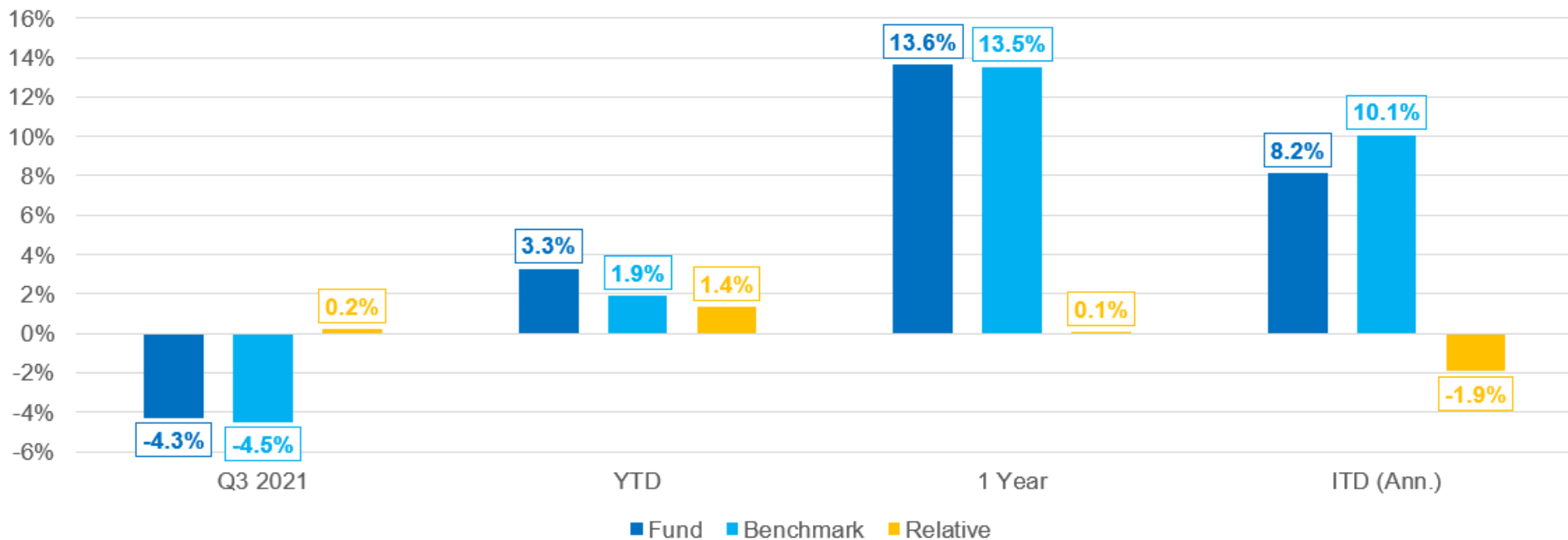
### Feature Stock: NextEra Energy

NextEra Energy operates in both energy distribution and generation, serving mostly residential customers in regulated markets. It has a well-diversified business with limited cyclicality. NextEra is the world's largest provider of wind and solar energy and the company's sector leading exposure to energy renewables is an additional investment attraction. The company has set a goal to reduce carbon emissions 67% by 2025 from a 2005 baseline. This is equivalent to a nearly 40% reduction in absolute CO2 emissions despite nearly doubling expected electricity generation over the same period. NextEra is the largest overweight position in the utility sector and has been the best performing US utility stock since inception.

<sup>1</sup> Source: MSCI ESG Research LLC. 04/10/2021

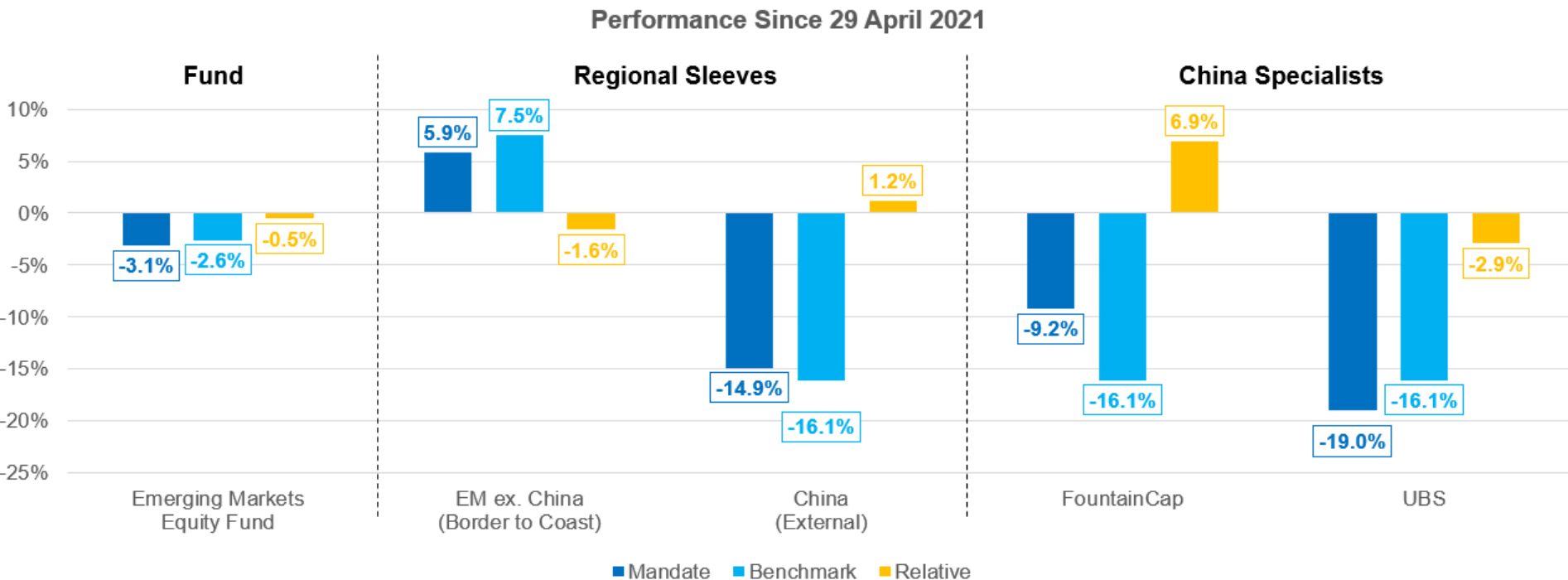
# Emerging Markets Equity Fund Performance to 30 September 2021

Emerging Markets Equity Fund (Complete History)



- From **29 April 2021**, the Fund's objective was revised to provide a total return which outperforms the total return of the **FTSE Emerging Index by at least 1.5% per annum** over rolling three years periods (net of management fees).

# Emerging Markets Equity Fund Post Restructure Performance



- The Fund aims to provide a total return which outperforms the total return of the **FTSE Emerging Index by at least 1.5% per annum** over rolling three years periods (net of management fees).

# EM Equities – ESG & Carbon Metrics

Emerging Markets Equity – ESG Quarterly Report  
Q3 2021 (Sept 30)

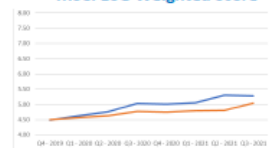


MSCI ESG Rating: **BBB**

ESG Summary <sup>1</sup>			
Fund	Q3 2021 Position <sup>1</sup>		
	MSCI ESG Rating	Weighted ESG Score	vs. Benchmark
Emerging Markets Equity	<b>BBB<sup>1</sup></b>	5.3 <sup>1</sup>	[Green Box]
Benchmark (FTSE Emerging)	<b>BBB<sup>1</sup></b>	5.0 <sup>1</sup>	

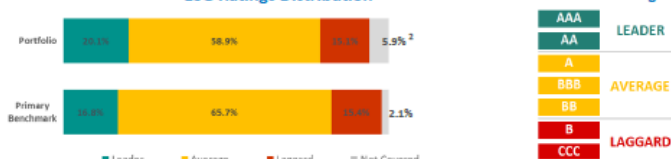
<sup>1</sup>Source: MSCI ESG Research 04/10/2021

## MSCI ESG Weighted Score <sup>1</sup>



<sup>1</sup>Source: MSCI ESG Research 04/10/2021

## ESG Ratings Distribution <sup>1,2</sup>



<sup>1</sup>Source: MSCI ESG Research 04/10/2021

Highest ESG Rated Companies <sup>1</sup>			Lowest ESG Rated Companies <sup>1</sup>		
	% of portfolio	MSCI Rating		% of portfolio	MSCI Rating
Taiwan Semiconductor Ltd.	7.7%	<b>AAA<sup>1</sup></b>	Kweichow Moutai Co Ltd	2.6%	<b>CCC<sup>1</sup></b>
Meituan	1.7%	<b>AA<sup>1</sup></b>	Vale S.A.	0.9%	<b>CCC<sup>1</sup></b>
Hong Kong Exchanges	1.1%	<b>AA<sup>1</sup></b>	Sun Pharmaceutical	0.5%	<b>CCC<sup>1</sup></b>
Fubon Financial Holding	1.0%	<b>AA<sup>1</sup></b>	PetroChina Company Limited	0.5%	<b>CCC<sup>1</sup></b>
HDFC Bank Limited	0.9%	<b>AA<sup>1</sup></b>	S.F. Holding Co Ltd	0.5%	<b>CCC<sup>1</sup></b>

<sup>1</sup>Source: MSCI ESG Research 04/10/2021

## ESG Commentary

- Following the creation of the externally managed China sleeve to supplement the existing Emerging Market Equity Fund in Q2 2021 we have seen an improvement in the ESG scores of the fund.
- This quarter, the Fund has seen an increase in the weighted ESG score and is above the benchmark due to containing more ESG Leaders and fewer ESG laggards.

### Feature Stock: Petrochina Company Limited

PetroChina is a Chinese oil and gas company, the listed arm of state-owned China National Petroleum Corporation. The firm owns c.70% of oil and gas reserves in China. With natural gas the cleanest energy source in the conventional fossil fuel industry, the transition from coal over the next decade and beyond should support gas volume growth. PetroChina also owns a stake in the world's longest natural gas pipeline. The majority, if not all, of today's market valuation can be justified by this pipeline asset alone, suggesting significant value elsewhere is not being recognised by the market. With oil prices north of \$80, PetroChina is highly cash-generative, which can be used to further develop new business segments, such as solar and wind.

PetroChina is rated CCC by MSCI, with key risks flagged across governance, biodiversity, health and safety and community relations. The firm however scores above the industry average for carbon emissions, with strong management practices to address emissions and clear targets highlighted as a relative strength. The firm has made efforts to mitigate risks with positive although relatively slow progress. This has seen the firm become unloved by investors and currently trades at attractive levels.

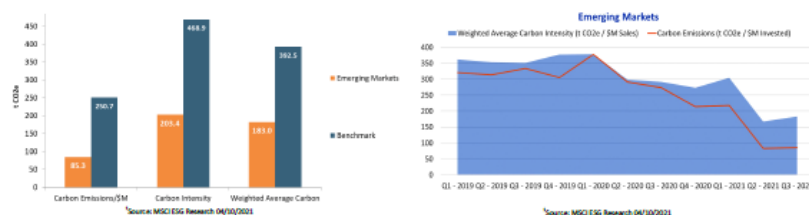
<sup>1</sup> Source: MSCI ESG Research LLC. 04/10/2021 <sup>2</sup> Companies not covered are detailed in the footnote on page 3.

Emerging Markets Equity – ESG Quarterly Report  
Q3 2021 (Sept 30)



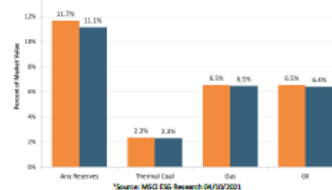
MSCI ESG Rating: **BBB**

## Carbon Summary <sup>1</sup>



<sup>1</sup>Source: MSCI ESG Research 04/10/2021

## Weight of Holdings Owning Fossil Fuel Reserves <sup>1</sup>



<sup>1</sup>Source: MSCI ESG Research 04/10/2021

## Largest Contributors to Weighted Average Carbon Intensity <sup>1</sup>

	Company	Contribution	CA100+	TPI Level
1	Taiwan Semiconductor Manufacturing	11% <sup>1</sup>	No	–
2	Tenaga Nasional Berhad	7% <sup>1</sup>	Yes	1
3	Reliance Industries Limited	6% <sup>1</sup>	Yes	1
4	Petroleo Brasileiro S.A. (Petrobras)	6% <sup>1</sup>	Yes	4
5	Petronas Chemicals Group Berhad	4% <sup>1</sup>	No	–

<sup>1</sup>Source: MSCI ESG Research 04/10/2021

## Carbon Commentary

- The Fund is significantly below the benchmark for carbon emissions, carbon intensity and weighted average carbon intensity.

### Feature Stock: Reliance Industries Limited

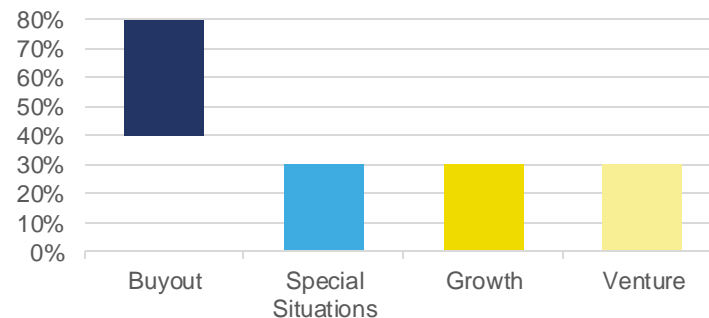
India's largest quoted company, Reliance Industries Ltd. was historically considered as an oil refiner and petrochemicals company, manufacturing a range of oil derivatives and synthetic fibre products. Under Chairman Muresh Ambani, Reliance has transformed itself in recent years. Embracing its motto "Growth is Life" Reliance has utilised its refining cashflows to expand into a range of other industries: from a standing start just six years ago, Jio Platforms (Reliance Digital Services) has grown to be India's largest mobile telecom operator, whilst Reliance Retail is following a similar trajectory - it is already the largest retailer in India with a diversified omni-channel presence.

This year Reliance has embraced ambitions to be a significant player in the green energy revolution: in June Ambani unveiled a three-year plan to spend 600 billion rupees (\$8 billion) on four "giga factories" to manufacture the building blocks of a clean energy ecosystem. In October Reliance acquired Norway's REC Solar Holdings (a solar panel manufacturer) and simultaneously announced it was taking a 40% stake in Sterling & Wilson Solar Ltd., an Indian firm specializing in constructing renewable energy projects. Reliance aims to build and enable at least 100 gigawatts of solar projects by 2030, a third of India's target to build 280 gigawatts solar projects by then. The company has announced a 2035 net zero target, which compares well against India's recently announced 2070 ambition.

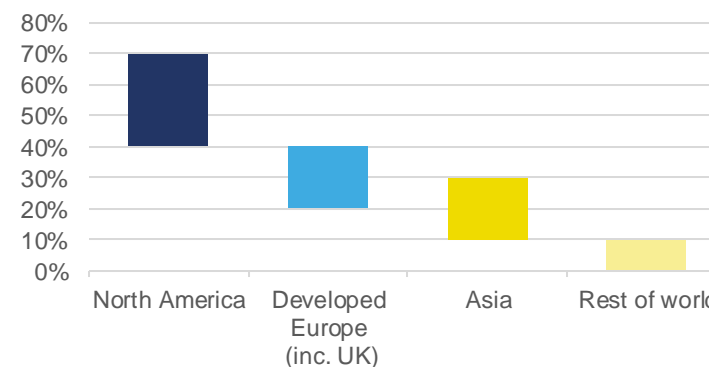
<sup>1</sup> Source: MSCI ESG Research LLC. 04/10/2021

# Private Equity: Asset Allocation

Strategy	Permitted Range <sup>1</sup>
Buyout	40 – 80%
Special Situations	0 – 30%
Growth	0 – 30%
Venture	0 – 30%



Geography	Permitted Range <sup>1</sup>
North America	40 – 70%
Developed Europe (inc. UK)	20 – 40%
Asia	10 – 30%
Rest of world	0 – 10%



<b>Benchmark</b>	<b>10% p.a. (net)<sup>2</sup></b>
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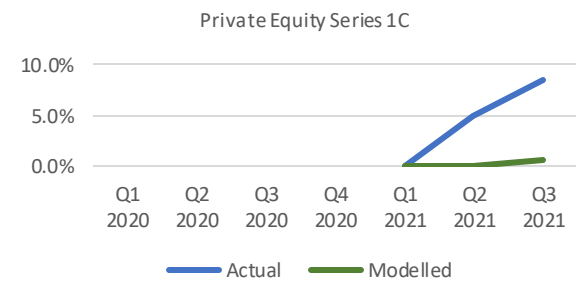
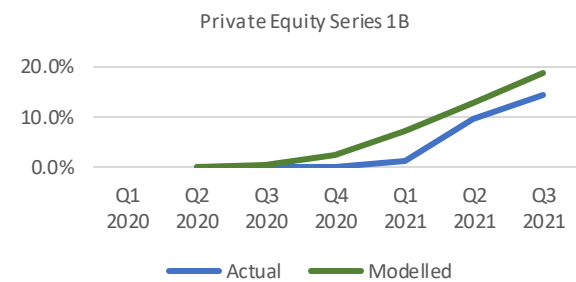
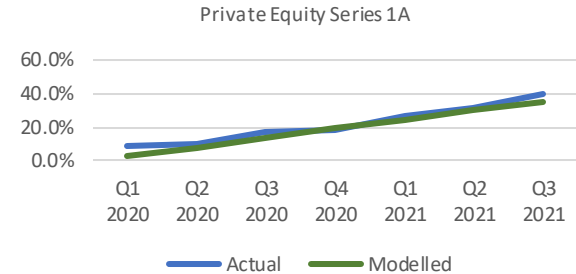
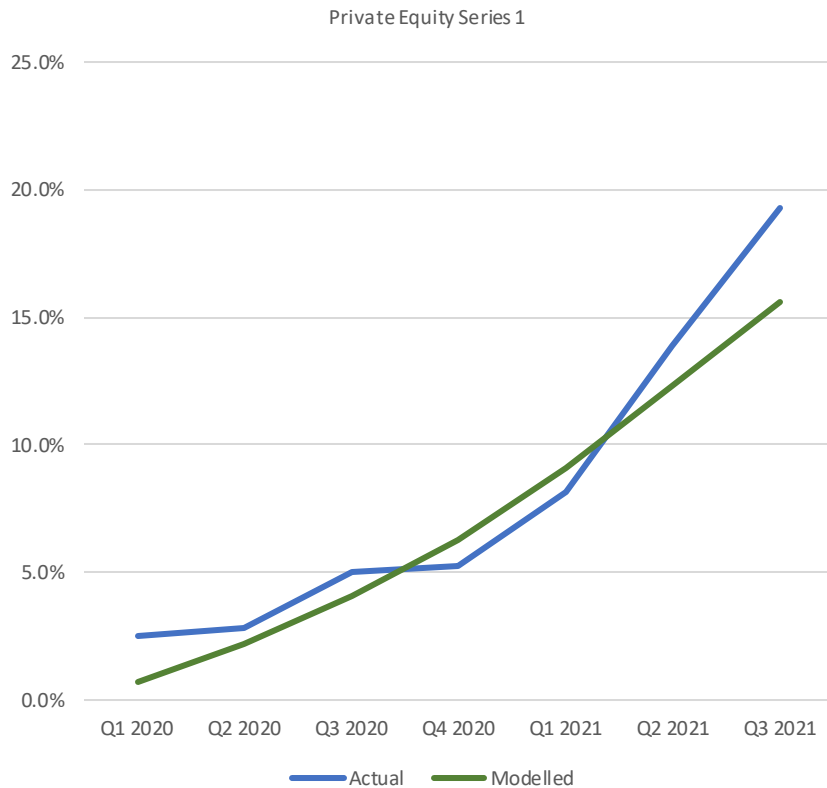
<b>Commitments (1A)</b>	<b>£500m</b>
<b>Commitments (1B)</b>	<b>£485m</b>
<b>Commitments (1C)</b>	<b>£735m</b>

<sup>1</sup> Based on total commitments over a full Series (e.g. 1A, 1B, 1C)

<sup>2</sup> Secondary benchmark – MSCI ACWI + 3% (PME+ basis)

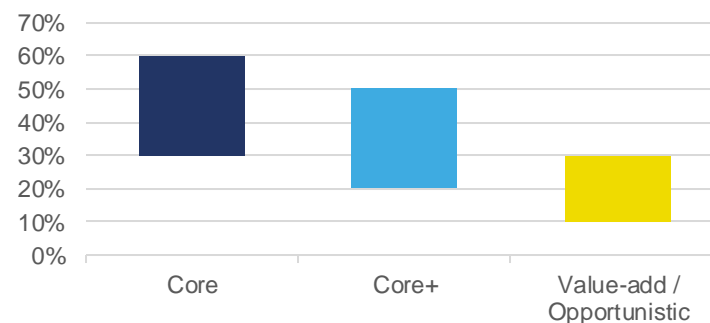


# Private Equity: Capital Deployment

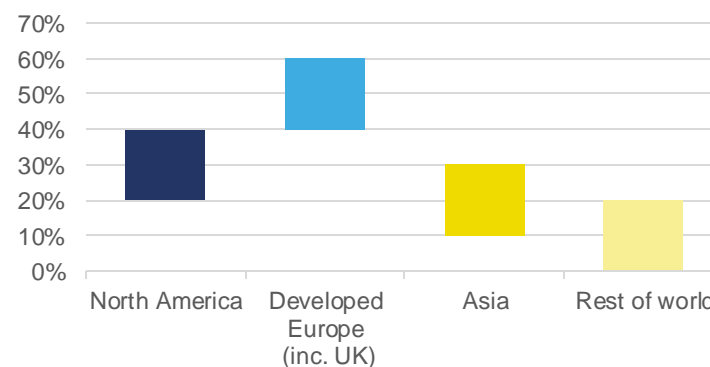


# Infrastructure: Asset Allocation

Strategy	Permitted range <sup>1</sup>
Core	30 – 60%
Core+	20 – 50%
Value-add / Opportunistic	10 – 30%



Geography	Permitted range <sup>1</sup>
North America	20 – 40%
Developed Europe (inc. UK)	40 – 60%
Asia	10 – 30%
Rest of world	0 – 20%

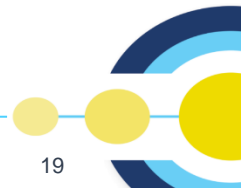
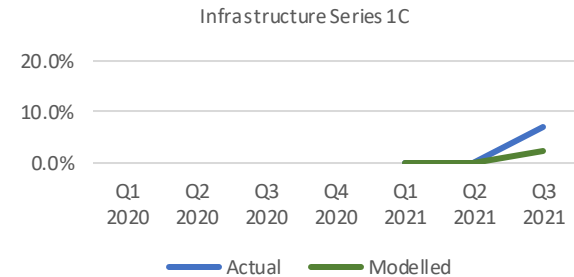
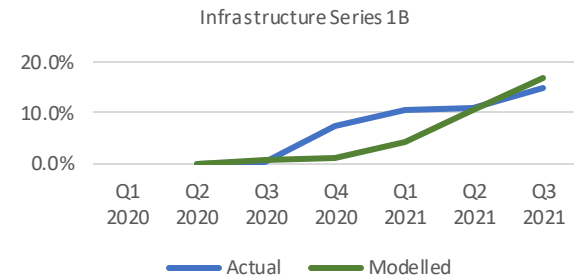
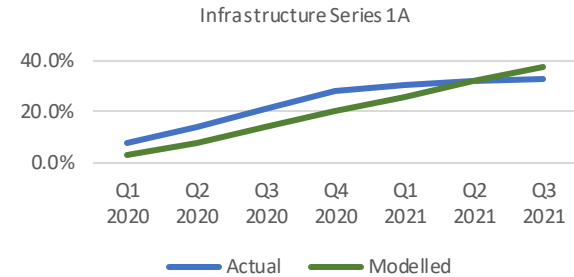
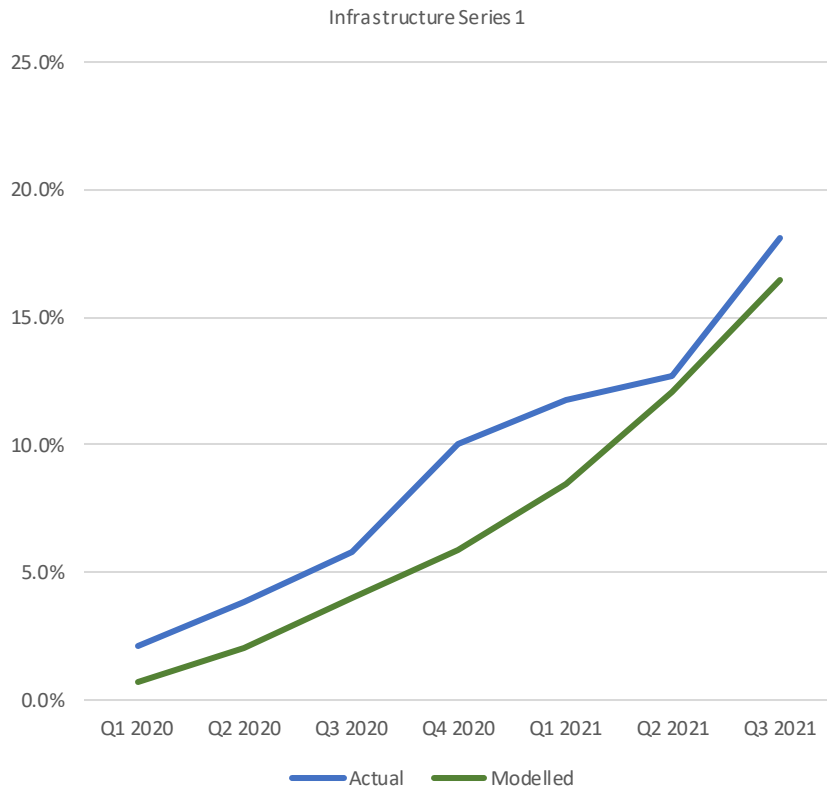


<b>Benchmark</b>	<b>8% p.a. (net)</b>
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<b>Commitments (1A)</b>	<b>£675m</b>
<b>Commitments (1B)</b>	<b>£760m</b>
<b>Commitments (1C)</b>	<b>£1,020m</b>

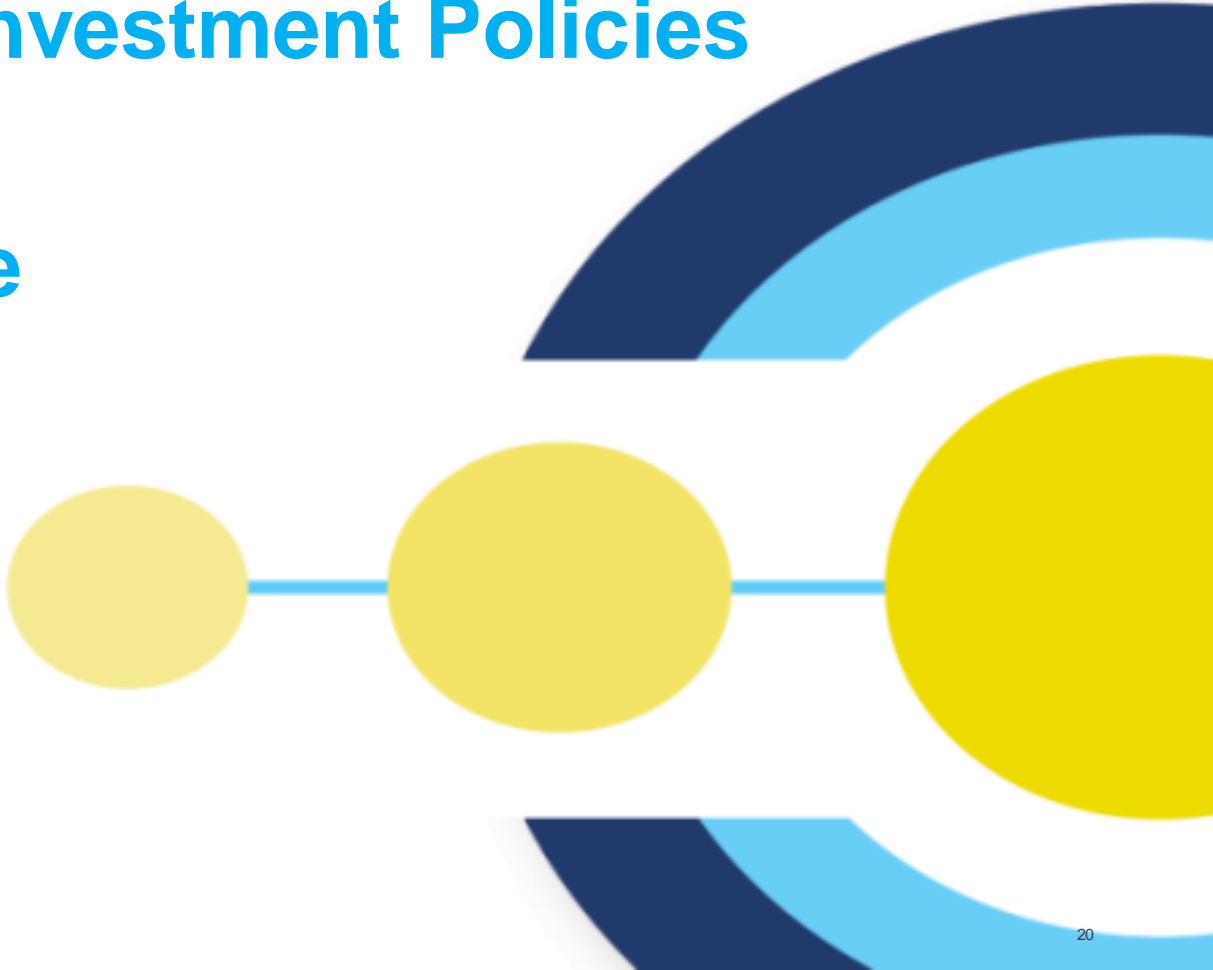
<sup>1</sup> Based on total commitments over a full Series (e.g. 1A, 1B, 1C)

# Infrastructure: Capital Deployment

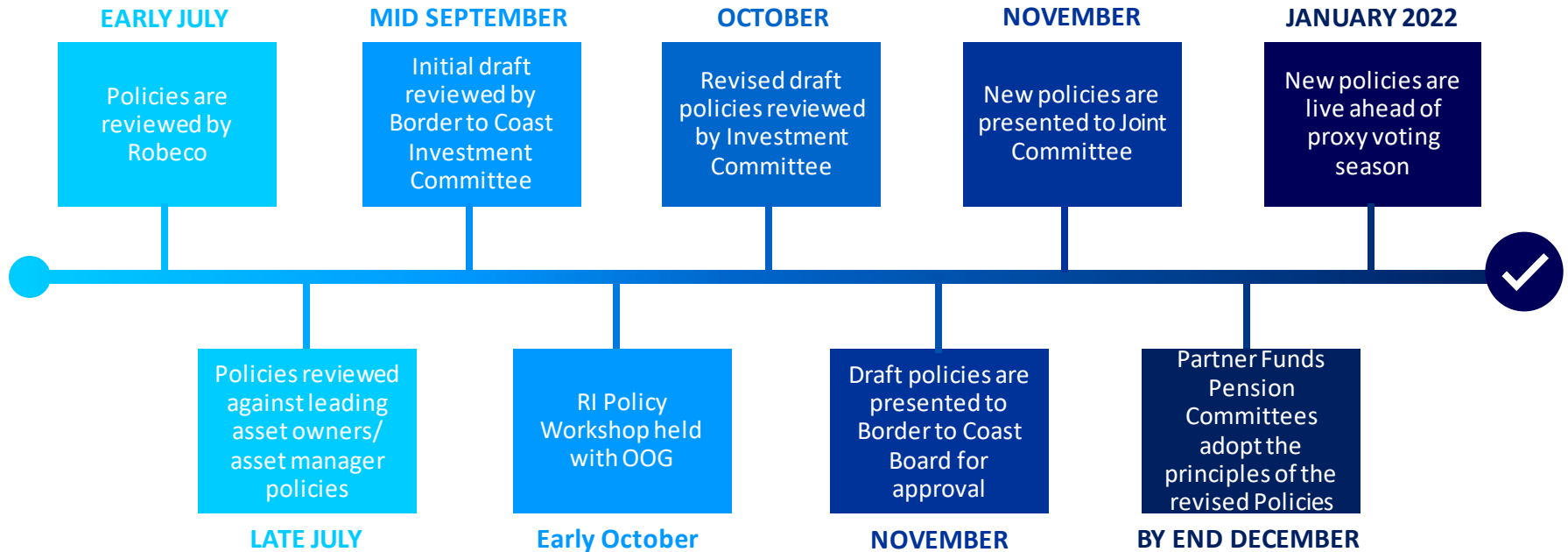


# Responsible Investment Policies

## Annual Update



# RI Policies Annual Review Process



# RI Policy Framework

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## Partner Fund Responsible Investment Policy

Border to Coast  
Corporate Governance  
& Voting Guidelines

Border to Coast  
Responsible Investment  
Policy

Border to Coast  
Climate Change Policy

Partner Fund Additional RI  
Policies - e.g. climate,  
property

# RI Policy Review

Section	Page	Type of change	Rationale
1. Introduction	2	Addition	<ul style="list-style-type: none"><li>• Include wording on diversity and diversity of thought</li></ul>
5.4 Integrating RI into investment decisions – Real estate	5	Addition	<ul style="list-style-type: none"><li>• New asset class</li></ul>
5.6 Climate change	6	Revision	<ul style="list-style-type: none"><li>• Edited as approach detailed in Climate Change Policy</li></ul>
5.6 Climate Change	6	Addition	<ul style="list-style-type: none"><li>• Exclusions wording from Climate Change Policy</li></ul>
6. Stewardship	8	Revision	<ul style="list-style-type: none"><li>• UK Stewardship Code status – to be updated on notification from FRC</li></ul>
6.2.1 Engagement themes	10/11	Addition	<ul style="list-style-type: none"><li>• New section on process for reviewing priority engagement themes</li></ul>

# Voting Guidelines Review

Section	Page	Type of change	Rationale
Diversity	5	Addition/revision	<ul style="list-style-type: none"><li>• Strengthened voting intention on ethnic diversity at FTSE 100 companies.</li><li>• Gender diversity text change for 30% to 1/3.</li></ul>
Long-term incentives	8	Clarification	<ul style="list-style-type: none"><li>• Split out executives from rest of workforce.</li></ul>
Directors' contracts	8	Clarification	<ul style="list-style-type: none"><li>• Clarity on executive pensions.</li></ul>
Lobbying	10	Addition	<ul style="list-style-type: none"><li>• Company stance on climate change lobbying.</li></ul>
Shareholder proposals	12	Clarification	<ul style="list-style-type: none"><li>• Shareholders' best interests.</li></ul>
Climate change	12	Addition	<ul style="list-style-type: none"><li>• Strengthened voting stance using CA100+ net zero benchmark indicators</li></ul>



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