Public Document Pack

County Offices
Newland
Lincoln
LN1 1YL

3 April 2024

Pensions Committee

A meeting of the Pensions Committee will be held on **Thursday, 11 April 2024** in **Committee Room One, County Offices, Newland, Lincoln Lincs LN1 1YL** at **10.00 am** for the transaction of business set out on the attached Agenda.

Yours sincerely

Debbie Barnes OBE
Chief Executive

Membership of the Pensions Committee
(8 Members of the Council and 4 Co-Opted Members)

Councillors E W Strengiel (Chairman), P E Coupland (Vice-Chairman), M G Allan, P Ashleigh-Morris, A W Briggs, S Bunney, T J N Smith and 1 Vacancy

Co-Opted Members

Steve Larter, Small Scheduled Bodies Representative
P Key, District Councils Representative
Tom Hotchin, Academy Sector Representative
Jo Balchin, Scheme Member Representative

PENSIONS COMMITTEE AGENDA
THURSDAY, 11 APRIL 2024

Democratic Services Officer Contact Details

Name:	**Thomas Crofts**
Direct Dial	**01522 552334**
E Mail Address	thomas.crofts@lincolnshire.gov.uk

Please Note: for more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting

- Business of the meeting
- Any special arrangements

Contact details set out above.

All papers for council meetings are available on:
https://www.lincolnshire.gov.uk/council-business/search-committee-records

Lincolnshire
COUNTY COUNCIL
Working for a better future

PENSIONS COMMITTEE
21 MARCH 2024

PRESENT: COUNCILLOR E W STRENGIEL (CHAIRMAN)

Councillors P Ashleigh-Morris, A W Briggs, S Bunney and T J N Smith

Co-Opted Members: Steve Larter (Small Scheduled Bodies Representative), Councillor P Key (District Councils Representative), Tom Hotchin (Academy Sector Representative) and Jo Balchin (Scheme Member Representative)

Officers in attendance:- Michelle Grady (Assistant Director - Finance), Jo Kempton (Head of Pensions), Claire Machej (Accounting, Investment and Governance Manager) and Thomas Crofts (Democratic Services Officer)

Other in attendance:- David Vickers (Employee Representaitve – LGPS Pensions Board) , Roger Buttery (Independent Chair – LGPS Pensions Board), Matthew Mott (West Yorkshire Pension Fund), Lisa Darvill (West Yorkshire Pension Fund), Jeff Houston (Barnett Waddingham) and Rashpal Khangura (KPMG)

23 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors M Allan and P Coupland.

24 DECLARATIONS OF MEMBERS' INTERESTS

Steve Larter (Small Scheduled Bodies Representative) declared an interest as an active and deferred member of the Pension Fund.

Tom Hotchin (Academy Sector Representative) declared an interest as an active member of the Pension Fund.

Jo Balchin (Scheme Member Representative) declared an interest as an active member of the Pension Fund.

25 MINUTES OF THE PREVIOUS MEETING HELD ON 11 JANUARY 2024

RESOLVED

That the minutes of the meeting held on 11 January 2024 be approved as a correct record and signed by Chairman.

26 REPORT BY THE INDEPENDENT CHAIR OF THE LINCOLNSHIRE LOCAL PENSION BOARD

Consideration was given to a report by the Independent Chair of the Lincolnshire Local Pension Board which updated the Pensions Committee on the work of the Board during the past few months. The Board's findings were as follows:

- The timeliness of training completed by Committee members was still a concern.
- Staffing and resources continued to present an issue for the pension administrator, but they had nonetheless provided a good service.
- Data scores had progressed; however, full assurance had still not been achieved.
- Considering the size of the fund, payments and contributions were performing well.
- The Board commended the Council on getting all accounts signed off.

The Committee discussed the report, and it was noted that the majority of issues regarding data scores were inherited from the previous pensions administrator and did not affect pension values.

RESOLVED

That the report and comments made be noted.

27 PENSION FUND UPDATE REPORT

Consideration was given to a report which updated the Committee on Fund matters for the quarter ending 31 December 2023 and any other current issues. The Committee was guided through the report and the following key points were highlighted:

- Funding levels had increased from the last quarter to 94.6%.
- Two members were overdue on completing their TPR toolkit training.
- Border to Coast's latest activity was reported, and the Committee was again reminded to submit questions to be relayed to them.
- The Economic Activity of Public Bodies (Overseas Matters) Bill had progressed and was designed to 'prevent public bodies from being influenced by political or moral disapproval of foreign states when taking certain economic decisions'. Noncompliance could result in legal action, and it was important that minutes of meetings included clear references to the grounds on which they were taken and the advice received in connection with them..
- Recent comments from the Local Government Minister suggested that funds would have to comply or be compelled in relation to further pooling, should it be considered that they were not moving fast enough.

The Chairman reported that he had attended the LGC Governance Conference – discussions covered an update from DLUHC, changes to the Pensions Regulator Code, cyber security, responsible investing and derisking, and a knowledge and skills survey.

The Committee discussed the report, and the following comments were raised:

- The Committee expressed concern that they would now be unable to express a view on the impact of international affairs on investments and that such conversations were important in relation to risk. It was clarified that this was still appropriate in terms of considering ESG issues relevant to specific investments.
- The fund was still underweight in property; however, this was due to the closure of the Aviva fund and awaiting the opportunities to invest in the Border to Coast property funds. The timescale and costs of transitioning property investments was discussed.

RESOLVED

That the report and comments made be noted.

28 <u>PENSIONS ADMINISTRATION REPORT</u>

Consideration was given to a report prepared by the Fund's pension administrator, West Yorkshire Pension Fund (WYPF). The Committee was guided through the report, and the following matters were highlighted:

- Overall, KPIs had been successful.
- Regarding the payment of deferred benefits, statutory requirements had always been met. However, other high priority tasks sometimes overtook this aspect of administration.
- There had been an increase in the number of retirement estimate requests from employers, which had impacted other areas of work, as a high priority task.
- Eight staff vacancies had been filled, with five vacancies outstanding.
- The deadline for the Pensions Dashboard was October 2026. Work had progressed and delivery was on target for Spring 2025.
- Further guidance from the LGA was being sought in relation to lifetime allowances.

The Committee discussed the report, and the following comments were made:

- KPIs that had underperformed had not resulted in any complaints.
- It was clarified that there may be multiple Pensions Dashboards from different providers.

RESOLVED

That the report and comments made be noted.

29 LINCOLNSHIRE PENSION FUND POLICIES REVIEW

Consideration was given to a report which brought to the Committee the main policies of the Pension Fund for review. It was reported that the only policy to be updated was the Investment Strategy Statement, which incorporated an updated table of investment allocations, additional information on assets pooled with Border to Coast and a transition plan for the remaining assets. The key policies detailed in the report were as follows:

- Investment Strategy Statement
- Funding Strategy Statement
- Communications Policy
- Governance Compliance Statement
- Pensions Administration Strategy
- Breaches Reporting Policy
- Pension Fund Code of Conduct and Conflicts of Interest
- Stewardship Code Statement

The Committee noted the report and agreed the changes to the Investment Strategy Statement.

RESOLVED

1. That the policies set out in the report be approved.
2. That the updates to the Investment Strategy Statement be approved.
3. That the report be noted.

30 LINCOLNSHIRE PENSION FUND – BUSINESS PLAN 2024/25

Consideration was given to a report which presented the Lincolnshire Pension Fund Business Plan 2024/25 to the Committee for approval. It set out the overall objectives, Pension Fund Statistics, resources and budget, key tasks, key risks and the Forward Plan, including the need to recruit and support a new independent chair for the LGPS Pensions Board.

The Committee considered the report and it was clarified on the team's resources that it was a medium term ambition to fill both positions of Principal Accounting, Investment and Governance Officer, and that the first recruit would be settled into the team and progressing their CIPFA qualification before recruiting to the second post..

RESOLVED:

That the Lincolnshire Pension Fund Business Plan 2024/25 be approved.

31 ANNUAL REPORT AND ACCOUNTS 2023-24: REVIEW OF ACCOUNTING ARRANGEMENTS AND ACCOUNTING POLICIES

Consideration was given to a report which brought the accounting arrangements and accounting policies for 2023/24, the audit plan from the external auditor and associated key dates to the Committee for consideration.

Rashpal Khangura from the external auditor, KPMG, highlighted the following matters from the audit plan:

- An indicative plan had been produced and would be finalised over the coming month and would be presented to the Committee for comment at the July meeting.
- Materiality levels for audit work were set out in the report and would be considered during the audit.
- The Council's general ledger migration had been identified as an additional key risk this year and has been included in the indicative audit plan.

The Committee was assured that KPMG had allocated sufficient resources to undertake the work.

RESOLVED

1. That the Committee note the changes to the Annual Report and Accounts and Statement of Accounts for 2023/24.
2. That the Committee approve the Statement of Accounting Policies for use in preparing the Local Government Pension Scheme (LGPS) Pension Fund accounts for the financial year ending 31 March 2024.
3. That the update from the External Auditor and indicative audit plan be noted.

32 CONSIDERATION OF EXEMPT INFORMATION

RESOLVED

That in accordance with section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that if they were present there could be a disclosure of exempt information as defined in Paragraph 3 of Part 1 of Section 12A of the Local Government Act 1972, as amended.

33 THE PENSION REGULATORS NEW GENERAL CODE OF PRACTICE

Consideration was given to a report and presentation for training on the Pension Regulators new General Code of Practice. A number of questions were asked and answered.

RESOLVED

That the exempt report and presentation be noted.

The meeting closed at 11.45 am

Open Report on behalf of Andrew Crookham, Deputy Chief Executive and Executive Director - Resources

Report to:	**Pensions Committee**
Date:	**11 April 2024**
Subject:	**Responsible Investment Update Report**

Summary:

This paper provides the Committee with an update on Responsible Investment activity during the third quarter of the financial year 2023/24 (October to December inclusive).

Recommendation(s):

The Committee consider the report and discuss the Responsible Investment activity undertaken during the quarter.

Background

1.1 This report provides a summary of various Responsible Investment (RI) activities that have been undertaken on behalf of the Fund during the quarter and updates the Committee on any new initiatives relating to good stewardship. This includes work by Local Authority Pension Fund Forum (LAPFF), Border to Coast Pensions Partnership (BCPP), Robeco, who are appointed by Border to Coast to provide voting and engagement services, and Legal and General Investment Management.

2.0 Local Authority Pension Fund Forum – RI Activity

2.1 The Fund participates in the Local Authority Pension Fund Forum. LAPFF acts to promote the highest standards of corporate governance to protect the long-term value of local authority pension fund assets. The Forum's current engagement themes include: climate risk, social risk, governance risk and reliable accounting risk. They also act by collaborating with other investors and by responding to governance and industry consultations.

Outcomes Achieved through LAPFF Engagement

2.2 The latest LAPFF engagement report can be found on their website at www.lapfforum.org. Some highlights from the quarter include:

- Company engagement: LAPFF engaged with 44 companies over the quarter, on issues ranging from environmental risk and climate change to human rights and supply chain management. Including:
    - Climate and Insurance: LAPFF has re-started its 2020 engagement with insurance companies on their climate strategies and practices. LAPFF met with AIA, AXA, Legal & General, Lloyds Banking Group, and Ping An to discuss their progress on assessing its impact on climate change and integrating climate considerations into corporate strategy and operations. Given the interest of LAPFF members in natural resources – and specifically biodiversity – LAPFF also asked these insurers how they are addressing natural resources within their climate strategies. While there has been some progress in insurers' understanding of the need to assess their impacts on climate change in order to understand their climate-related business risks (otherwise known as double materiality), in LAPFF's view there has not been enough progress on this front. LAPFF would like to see greater consideration given to the role the insurance products can play in mitigating climate change through setting societal expectations of risk.
    - UN Forum and Working Group on Business and Human Rights: On the policy front, LAPFF was again invited to present its work at the UN Forum on Business and Human Rights in Geneva on 27 November. LAPFF's video about its visit to Brazil to see communities affected by tailings dams was selected for screening out of, reportedly, a huge number of potential options. The video was well-received, with attendees stating that they would share it with colleagues, clients, and law students to drive home the on-the-ground impact that mining companies can have on people in host communities. L APFF also submitted a response to a UN Working Group on Business and Human Rights consultation on investors, ESG, and human rights. The goal of this consultation is exactly to push alignment between law and practice on human rights. One of the main points LAPFF made is that corporate and commercial legal frameworks must align with international human rights law principles, for example of joint ventures, to facilitate good corporate practice.
    - Technology Companies and Human Rights: Governance of new technology is well recognised as an investment risk. However, such risks have come to the fore again with significant advances in AI technologies. Alongside the significant potential benefits of AI, it has the potential to adversely impact people's employment and creates human rights risks, not least around discrimination. These risks are often greatest at companies developing and selling AI services and products. As with other human rights risks, LAPFF expects technology companies to have due diligence policies in

place to prevent negative impacts. LAPFF executive member Heather Johnson met with the German tech company SAP, as the company faces specific risks related to AI, including products which support HR functions. The meeting covered how the company was managing the risks of adverse human rights impacts, including discrimination. The discussion covered identification of risks and the company set out the framework and processes it has in place for preventing negative impacts. The meeting also covered how the company had responded to the German Supply Chain Due Diligence Act.

- Other work by LAPFF during the quarter included:
  - Collaborative engagement – Human Rights: LAPFF was invited to join Investor Alliance for Human Rights (IAHR) conflict-affected and high-risk areas (CAHRA) pilot project. The project has been initiated in part because of the escalation of conflicts globally, including in Ukraine, Nagorno Karabakh, and Israel and Gaza, which reignited this quarter. LAPFF had already been attending a number of IAHR webinars on this topic to understand better how to engage companies on CAHRA issues, so the opportunity to participate in this pilot is welcome, especially given LAPFF's engagements with companies operating in Russia, Myanmar, and the Occupied Palestinian Territories.
  - Collaborative engagement – Taskforce on Social Factors: LAPFF's chair is a member of the Taskforce on Social Factors, which was established by the DWP with cross departmental and multi-regulator involvement. The taskforce was established to outline how trustees could and should address social risks and opportunities. Specifically, the group has looked at the materiality of such issues, data on social factors, and the actions pensions funds can take. During the quarter, the group's initial findings were published for consultation. Within the report a series of recommendations were set out to pension trustees, the investment industry, regulators, government, civil society and businesses.

2.3 Further details on their work during the quarter can be found in the quarterly engagement report. Members of the Committee should contact the author of this report if they would like further information on the Forum's activities.

3.0 Border to Coast Pensions Partnership – RI Activity

3.1 Border to Coast is the pooling company chosen by Lincolnshire Pension Fund. Border to Coast is a strong advocate of RI and believes that businesses that are governed well and run in a sustainable way are more resilient, able to survive shocks and have the potential to provide better financial returns for investors. As a representative of asset owners, they practice active ownership by holding companies and asset managers to account on Environmental, Social and Governance (ESG) issues that have the potential to impact corporate value. They also use shareholder rights by voting at company meetings, monitoring companies, carrying out engagement, and litigation.

3.2 Their approach to RI and stewardship is set out in their Responsible Investment Policy, Corporate Governance and Voting Guidelines and Climate Change Policy. These documents can be viewed on the Border to Coast website. They also publish a quarterly stewardship newsletter detailing the activity they have undertaken during the quarter, and the latest copy can be found on their website (Quarterly Stewardship Report Q3 2023/24). Highlights from their work during the quarter include:

- An overview of the quarter's RI activity which included: voting and engagement activity; industry collaboration and recognition; and information on the Global Real Estate Funds launch.

- The industry update providing details of:

  - The United Nations annual climate change conference, COP 28 and the notable progress. Imraan Mohammed, the portfolio manager for Border to Coast's Climate Opportunities proposition, wrote a piece for Net Zero Investor outlining five key areas of long -term investment opportunity to support the COP28 ambitions.

  - The Transition Plan Taskforce (TPT) published its final disclosure framework in October along with implementation guidance for sub-sectors including for asset owners and asset managers. The guidance was open for consultation with final standards expected to be published in February.

  - The FCA published its long -awaited policy statement on sustainability disclosure requirements (SDR) and fund labelling. This followed a consultation in October 2022. The proposed measures include the introduction of an anti-greenwashing rule, product labelling (adding a fourth fund label), and requirements on naming and marketing.

- High level information on voting activity for the quarter across all Border to Coast funds. Border to Coast voted at 126 meetings during the quarter, covering 909 agenda items. In 38% of meetings Border to Coast cast at least one vote against the recommendations of management. The report also includes voting case studies relating to: Westpac Banking Corp and Oracle Corporation.

- Engagement activity, which included 457 engagements, carried out by: external managers appointed by Border to Coast; Robeco, as the Pool's engagement and voting manager; internal portfolio managers; and by LAPFF. The report also includes case studies on engagement with water utility companies and with EasyJet.

4.0 Robeco – RI Activity

4.1 In addition to the direct RI work undertaken by Border to Coast, they have appointed Robeco to provide voting and engagement services. A copy of their quarterly activity report can be found on the Border to Coast website (Robeco Quarterly Active Ownership Report Q3 2023/24).

4.2 During the quarter they have engaged with companies on 112 occasions on topics including: environment, social, and corporate governance matters. This quarter's report provides details on modern slavery in supply chains, nature action 100, net zero carbon emissions, responsible executive remuneration, and a market insight into proxy voting.

5.0 Legal and General Investment Management – RI Activity

5.1 Legal and General Investment Management (LGIM) manage 15% of the Fund's portfolio, which is invested in the Future World Fund (global equities). The Future World Fund invests systematically in a globally diversified portfolio of quoted company shares. The index is designed to favour investment in companies which exhibit characteristics that have historically led to higher returns or lower risk than the market as a whole, and companies which are less carbon-intensive or earn green revenues. LGIM also builds ESG factors and responsible investing into all its investment activity. More information on this can be found on their website: LGIM Responsible Investing.

5.2 On a quarterly basis they publish an ESG Impact Report detailing their engagement activity during the quarter, across all their investment products. The report covers the key activity from their Investment Stewardship team, details of significant engagement activity and voting during the quarter, and policy update. During the quarter LGIM engaged 481 times with 421 companies on topics including: deforestation, climate change, remuneration, ethnic diversity and diversity. 136 of their engagements were in North America, 126 in Asia Pacific (ex-Japan), 35 in Europe (ex-UK), and 90 in the UK.

5.3 LGIM also produce an ESG Report specifically for the Future World Fund. This details key ESG metrics including carbon footprint and weighted average carbon intensity data, as well as voting and engagements statistics for the last 12 months. This report is available on the LGIM website. The latest report available covers Q3 2023 (Future World Fund ESG Report Q3 2023).

6.0 Morgan Stanley – RI Update

6.1 During 2023, the portfolio's investments in renewable energy achieved significant milestones in the build-out of additional installed capacity. For example, the portfolio is invested in a solar power generation developer and operator fund that is developing and constructing solar and battery projects that are supporting the decarbonization of the global power grid. The company completed the construction of 2.2 GWh of solar and 1.4 GWh of co-located storage, with projects totalling another 1 GWh expected to be completed in 2024.

6.2 During the fourth quarter, the portfolio invested in a wastewater treatment, water reuse and energy recovery-as-a-service company as a co-investment. The company supports customers in reducing water use and generating green energy, with approximately 2 bn gallons of water treated by the company's technology to date. Progress of this investment will be reported in upcoming quarters.

7.0 Voting

7.1 To enable the Fund to fulfil its stewardship responsibilities as an active shareholder, the active equity managers are required to report on their voting on a quarterly basis.

7.2 Border to Coast has produced summary proxy voting reports, which are attached at appendix A for Global Equity Alpha, appendix B Overseas Developed Markets Equity and appendix C for UK Listed Equities. During the quarter:

- Global Equity Alpha – 243 votes were cast, with 39 votes against management, and 45 meetings were attended. In 39% of meetings one or more votes were cast against management recommendations.
- Overseas Developed Markets Equity – 298 votes were cast, with 41 votes against management, and 35 meetings were attended. In 46% of meetings one or more votes were cast against management recommendations.
- UK Listed Equity – 158 votes were cast, with 7 votes against management, and 11 meetings were attended. In 45% of meetings one or more votes were cast against management recommendations.

7.3 Full details of the votes cast during the period October to December 2023 can be found on the Border to Coast website: Integrated Full Details Voting Report Q3 2023/24.

8.0 Border to Coast Environmental, Social and Governance (ESG) Reporting

8.1 Border to Coast have worked with MSCI, the investment research company, to provide quarterly ESG and carbon reports. The reports include an ESG rating, weighted score for the quarter and the direction of travel, as well as information on the best and worst companies in the sub-fund. The report also includes details on carbon emissions and intensity.

8.2 For the quarter ended 31 December 2023 the ESG reports can be found at:

- Appendix D: Global Equity Alpha Sub-fund;
- Appendix E: Overseas Developed Markets Equity Sub-fund;
- Appendix F: UK Listed Equity Sub-fund; and

- Appendix G: Sterling Investment Grade Credit Sub-fund.

8.3 *"This disclosure was developed using information from MSCI ESG Research LLC or its affiliates or information providers. Although Lincolnshire County Council Pension Fund information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or re-disseminated in any form* and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages."*

**In accordance with the Licence Agreement between Border to Coast Pensions Partnership Limited and MSCI ESG Research (UK) Limited.*

8.4 In summary:

- <u>Global Equity Alpha</u> – the fund's weighted ESG score was stable over the period (remaining at 'A') and is above the benchmark.

  There were a large number of upgrades in the quarter, including: Jollibee Foods and Meta Platforms which were both upgraded from 'CCC'.

  In terms of its carbon emissions and carbon intensity the Fund remains materially below the wider index on all metrics, owing to the underweight allocations to some high emitting sectors including oil and gas. Heidelberg Materials and Holcim account for around 45% of portfolio financed emissions, down from 62% in Q1 2023. Emissions fell during the period, owing primarily to an increased market cap and slightly reduced portfolio weight.

- <u>Overseas Developed Markets Equity</u> – the fund's weighted ESG score remained consistent over the quarter (remaining at 'AA') and remains above the benchmark. This is due to the Fund holding a higher weighting of companies considered to be 'leaders' and a lower weighting to 'laggards'.

  During the quarter Hyundai Motor was downgraded to 'CCC' while Meta Platforms was upgraded to 'B'. HPSP Co Ltd, a Korean company specialising high pressure heat treatment semiconductor equipment, rated CCC is a new holding in the Fund.

  The Fund is currently below the benchmark for financed emissions and carbon intensity, but slightly above for Weighted Average Carbon Intensity (WACI).

Financed emissions decreased in the quarter. This was largely driven by strong performance in some of the higher emitting companies such as RWE, the German multi-national energy company; Holcim, the Swiss global building materials and aggregates company; and ArcelorMittal, the Luxembourg-based multinational steel manufacturer. The slight increase in WACI was driven by a net increase in portfolio weight of the top five contributors.

- UK Listed Equity – the fund's weighted ESG score remained consistent over the quarter at 'AA' and remains in-line with the benchmark. The Fund holds a higher weighting of companies considered to be 'leaders', furthermore, the Fund does not hold any companies considered to be 'laggards' (CCC or B rated companies).

  Several companies were upgraded in the quarter including Beazley, the British insurance company, which has featured previously as one of the bottom five rated issuers.

  The Fund is currently below, or in-line with, the benchmark for all carbon metrics. Weighted Average Carbon Intensity (WACI) and financed emissions decreased in the quarter. This was largely due to exiting CRH, a building materials company after switching its main listing to the US and reduced weightings in Shell and BP.

- Sterling Investment Grade Credit – the fund's overall ESG score was stable at 'AA' over the quarter. The fund scores below the benchmark on a weighted ESG score basis, driven primarily by an overweight position in UK Government Bonds (rated A) of ~5%.

  The Fund is currently in line with the benchmark for portfolio financed emissions, carbon intensity and WACI. Financed emissions and WACI decreased in the quarter largely driven by an increase in market cap of the Funds' largest emitters. An increase in market cap results in lower emissions per £M invested.

9.0 Stewardship Code Outcomes

9.1 The Financial Reporting Council (FRC) introduced the new UK Stewardship Code in 2020. The Code sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those who support them. The Code comprises twelve 'apply and explain' principles for asset owners, under the headings:

- Purpose and governance;
- Investment approach;
- Engagement; and
- Exercising rights and responsibilities.

9.2 To become a signatory to the Code, organisations must submit a Stewardship Report demonstrating how they have applied the Code’s Principles in the previous 12 months to the FRC. The FRC will assess the report, and if it meets their reporting expectations, the organisation will be listed as a signatory to the Code. Once listed, organisations must report annually to remain a signatory.

9.3 The Fund became one of the first Local Authority Pension Fund signatories to the Code, following submission of a report for 2020/21, and was successful again with its 2021/22 report. The Fund submitted its third report in October 2023 for the financial year 2022/23 and was notified last month that we have again been accepted as a signatory of the Code. The FRC also provided feedback on the submission and areas to be considered when preparing the submission for 2023/24.

Conclusion

10.1 This report brings to the Committee information on the various Responsible Investment (RI) activities that have been undertaken on behalf of the Fund during the quarter.

Consultation

a) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

Appendices

These are listed below and attached at the back of the report	
Appendix A	Border to Coast Global Equity Alpha Voting Activity
Appendix B	Border to Coast Overseas Developed Markets Equity Alpha Voting Activity
Appendix C	Border to Coast UK Listed Equity Voting Activity
Appendix D	Border to Coast Pensions Partnership - ESG Quarterly Report - Global Equity Alpha
Appendix E	Border to Coast Pensions Partnership - ESG Quarterly Report - Overseas Developed Markets Equity
Appendix F	Border to Coast Pensions Partnership - ESG Quarterly Report - UK Listed Equity
Appendix G	Border to Coast Pensions Partnership - ESG Quarterly Report - Investment Grade Credit

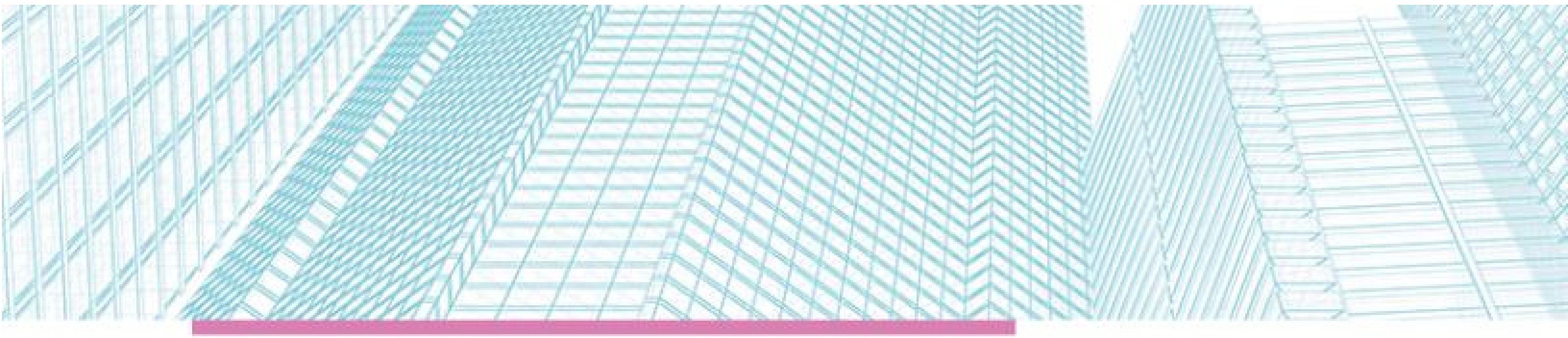
Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Claire Machej, who can be contacted on 01522 553641 or claire.machej@lincolnshire.gov.uk.

Border to Coast Global Equity Alpha

PENSIONS PARTNERSHIP



Proxy Voting Report

Period: October 01, 2023 - December 31, 2023

Votes Cast	243	Number of meetings	45
For	196	With management	204
Withhold	0	Against management	39
Abstain	2		
Against	39		
Other	6		
Total	**243**	**Total**	**243**

In 39% of meetings we have cast one or more votes against management recommendation.

General Highlights

Unlocking value: Corporate governance in state-owned enterprises

Working to improve corporate governance at state-owned enterprises

Many people think that corporate governance is an abstract concept and that its impact on our everyday lives is difficult to grasp. Think again. Only a few months ago, in March 2023, financial stability was tested by a crisis attributed to a large extent to poor corporate governance at US private sector banks. And the crucial importance of good governance becomes even more apparent when we look at State-Owned Enterprises (SOEs).

SOEs are amongst the largest corporations in many countries and account for a growing share of the corporate landscape. The OECD reports a staggering statistic – the ratio of SOEs in the list of top 500 global companies has tripled over the last two decades. The public sector held almost 11% of the listed companies' global market capitalization at the end of 2022. On top of that, in many countries, SOEs are the sole or main providers of essential services such as water or electricity.

Given their size and positioning in high-impact sectors, SOEs play a significant role in achieving the Sustainable Development Goals (SDGs). The consequences of poor corporate governance in SOEs will therefore extend far beyond the boardroom. The figures speak for themselves – the International Monetary Fund highlighted in a 2020 publication that the maximum annual support provided by governments to financial and nonfinancial SOEs reached 18% and 16% of GDP, respectively, with the debt of SOEs exceeding 20% in some countries.

Far from a simple matter

Good governance in SOEs is, however, far from being a simple matter. If an SOE is run well and sufficient checks and balance are in place, state control can provide stability. If not, political involvement may also have downsides. State ownership adds to the known corporate governance challenges faced by listed firms for a number of reasons. For one, as noted by the OECD, "the accountability for an SOE's performance is often dispersed across the public administration and among different state bodies with inherently different policy interests". Secondly, SOEs have the hard task of walking a fine line when balancing different – and sometimes conflicting – objectives.

Listed SOEs have the advantage of being subject to the much stricter requirements applicable to publicly listed firms, as well as monitoring from external investors. However, minority shareholders often have limited rights and therefore little power to hold management to account. Governance challenges are very present – and some argue, even exacerbated – in these firms.
Recent scandals stand testament to this. Telecoms giant Telia, which is partly-owned by the Swedish state, agreed to pay nearly USD 1 billion in 2017 to settle allegations that it paid major bribes in Uzbekistan in a case labeled as "one of the largest criminal corporate bribery and corruption resolutions ever" at the time.

Brazilian oil giant Petrobras was embroiled in the major 'lava jato' (car wash) scandal that triggered an SOE reform in the country. While Petrobras rolled out significant corporate governance improvements following the scandal, the company has recently come under intense scrutiny over proposed bylaw changes that are perceived to increase the risk of undue government interference.

OECD guidelines can help

The growing awareness of the importance of SOEs to our economies and the

governance challenges that they face have prompted many countries around the world to roll out reforms. These initiatives point out the fact that there is no one-size-fits-all recipe for reform. Nonetheless, the OECD Guidelines on Corporate Governance of State-Owned Enterprises, which are currently undergoing a review expected to be completed in 2024, are widely regarded as the golden standard for SOE reform.

The guidelines provide a multitude of tailored recommendations for SOEs, from encouraging governments to evaluate and disclose the policy rationale that motivates state ownership, to clearly identifying which part of the public administration is responsible for exercising the state ownership function. That said, the guidelines also say that:

"The state should strive toward full implementation of the OECD Principles of Corporate Governance when it is not the sole owner of SOEs, and of all relevant sections when it is the sole owner of SOEs."

Concerning shareholder protection this includes:
1. The state and SOEs should ensure that all shareholders are treated equally;
2. SOEs should observe a high degree of transparency, including as a general rule, equal and simultaneous disclosure of information towards all shareholders;
3. SOEs should develop an active policy of communication and consultation with all shareholders;
4. The participation of minority shareholders in shareholder meetings should be facilitated so they can take part in fundamental corporate decisions such as board elections;
5. Transactions between the state and SOEs, and between SOEs themselves, should take place on market-consistent terms.

As an investor, we use our voting rights to push for these companies to adopt good governance and sustainable corporate practices. Our votes are guided by a robust policy which sets out our approach to a wide variety of issues ranging from director elections and remuneration to capital management and shareholder rights.

We expect SOEs to have proper safeguards in place, such as the establishment of committees comprising independent members to oversee conflicts of interest, super-majorities or 'majority of minority' voting provisions, and a transparent process for board nominations. If we see that insufficient safeguards are in place, we will hold companies accountable. For example, we vote against article amendments that would lead to a negative impact on minority shareholder rights or to a deterioration in the process for director nominations. Similarly, we vote against related party transactions that are not subject to an adequate oversight process that ensures minority shareholder rights are protected. Where we conclude that a company has not ensured adequate minority shareholder protections, we will consider escalation via a vote against the most accountable board member or via engagement. Because poor corporate governance does make a difference – even in our day-to-day lives.

Voting Highlights

Cisco Systems, Inc. - 12/06/2023 - United States

Proposals: Advisory Vote on Executive Compensation & Shareholder Proposal Regarding Tax Transparency.

Cisco Systems, Inc. designs, manufactures, and sells Internet Protocol based networking and other products related to the communications and information technology industry in the Americas, Europe, the Middle East, Africa, the Asia Pacific, Japan, and China.

The 2023 Annual General Meeting of Cisco Systems had a similar agenda to the company's 2022 AGM. Besides standard management proposals on board elections, ratification of the auditor and remuneration, there was a repeat of a shareholder proposal requesting the company to publish a tax transparency report in line with the Global Reporting Initiative's (GRI) Tax Standard.

We recognize the disclosures on this matter that the company already provided. However, as the issue of tax avoidance can be highly controversial and is receiving increasing attention from authorities and the wider public, we believe it is the company's responsibility to provide shareholders with complete, correct, and comprehensive information regarding its tax practices. Especially after the scrutiny on the global tax basis of the company. Moreover, given recent legislation in Europe, the company will be required to disclose most of the information requested by the proposal, meaning it's demands do not represent a significant additional burden to the company. For these reasons, and in line with our vote last year, we supported the shareholder proposal.

Our second and final vote Against management recommendations regarded the advisory vote on executive compensation. Besides concerns regarding overall quantum and the short performance period under the long-term incentive plan, the remuneration report for 2022 evidenced significant one-off awards. We are generally wary of awards granted outside of the standard incentive schemes, as such awards have the potential to undermine the integrity of a company's regular incentive plans, the link between pay and performance or both. As a result, we voted Against the company's executive compensation report.

Microsoft Corporation - 12/07/2023 - United States

Proposals: Election of Directors, Advisory Vote on Executive Compensation, Shareholder Proposal Regarding Report on Tax Transparency, Shareholder Proposal Regarding Report on Siting in Countries of Significant Human Rights Concern & Shareholder Proposal Regarding Report on AI Misinformation and Disinformation.

Microsoft Corporation develops and supports software, services, devices and solutions worldwide.

Microsoft's 2023 AGM agenda featured a number of routine resolutions for US firm ballots and several pertinent shareholder proposals.

Similarly to past years, we did not support the Say-on-Pay proposal due to concerns regarding the significant height of the remuneration awarded to the CEO. We expect compensation programs with substantial remuneration outcomes to closely follow best practices, and in the case of Microsoft, we determined that the plan was well formulated though lacked enough mitigating components to earn a vote in favor. More specifically, we identified concerns regarding the short performance measurement periods of one year under the Long-Term Incentive (LTI) plan, the limited downside for underperformance due to the relative TSR modifier under the

LTI, and the absence of targets and clear disclosures surrounding the implementation and evaluation of the Operational Assessment metrics under the STI.

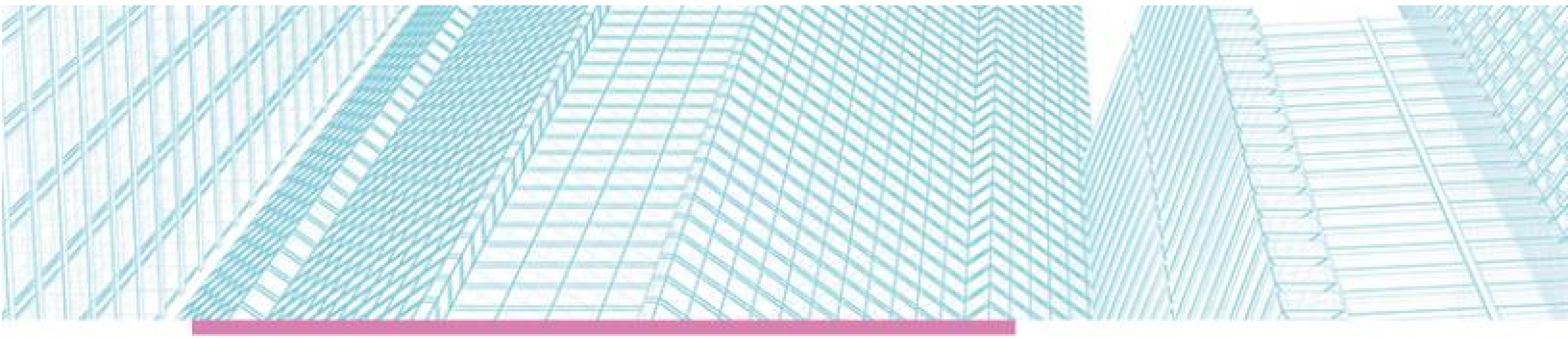
Apart from the management proposal on executive compensation, three shareholder proposals were of particular relevance. The first proposal requested Microsoft to publish a tax transparency report in line with the GRI Tax Standard. We supported this proposal, as we deem it increasingly important for companies to establish a robust approach to taxation that aligns tax treatments with the respective underlying economic activities. We also expect companies to report transparently on their approach to tax across all jurisdictions where they operate. Given Microsoft's ongoing dispute with the IRS over taxation issues, this shareholder proposal is particularly pertinent, and this was reflected in the high shareholder support rate of 21%.

The other two shareholder proposals requested the company to report on data operations in human rights hotspots and on the risks of facilitating AI misinformation and disinformation. We consider the issues addressed by these proposals to be of significant relevance to Microsoft, and we determined that the information requested by these proposals would allow shareholders to gain additional insights into these material risks. Therefore, we supported both proposals, which ultimately received considerable wider support with 34% and 21% of votes For, respectively.

Disclaimer

Robeco Institutional Asset Management B.V. ('Robeco') distributes voting reports as a service to its clients and other interested parties. Robeco also uses these reports to demonstrate its compliance with the principles and best practices of the Tabaksblat Code which are relevant to Robeco. Although Robeco compiles these reports with utmost care on the basis of several internal and external sources which are deemed to be reliable, Robeco cannot guarantee the completeness, correctness or timeliness of this information. Nor can Robeco guarantee that the use of this information will lead to the right analyses, results and/or that this information is suitable for specific purposes. Robeco can therefore never be held responsible for issues such as, but not limited to, possible omissions, inaccuracies and/or changes made at a later stage. Without written prior consent from Robeco you are not allowed to use this report for any purpose other than the specific one for which it was compiled by Robeco.

Border to Coast Overseas Developed Markets Equity Fund



Proxy Voting Report

Period: October 01, 2023 - December 31, 2023

Votes Cast	298	Number of meetings	35
For	255	With management	254
Withhold	0	Against management	41
Abstain	0	N/A	3
Against	38		
Other	5		
Total	**298**	**Total**	**298**

In 46% of meetings we have cast one or more votes against management recommendation.

General Highlights

Unlocking value: Corporate governance in state-owned enterprises

Working to improve corporate governance at state-owned enterprises

Many people think that corporate governance is an abstract concept and that its impact on our everyday lives is difficult to grasp. Think again. Only a few months ago, in March 2023, financial stability was tested by a crisis attributed to a large extent to poor corporate governance at US private sector banks. And the crucial importance of good governance becomes even more apparent when we look at State-Owned Enterprises (SOEs).

SOEs are amongst the largest corporations in many countries and account for a growing share of the corporate landscape. The OECD reports a staggering statistic – the ratio of SOEs in the list of top 500 global companies has tripled over the last two decades. The public sector held almost 11% of the listed companies' global market capitalization at the end of 2022. On top of that, in many countries, SOEs are the sole or main providers of essential services such as water or electricity.

Given their size and positioning in high-impact sectors, SOEs play a significant role in achieving the Sustainable Development Goals (SDGs). The consequences of poor corporate governance in SOEs will therefore extend far beyond the boardroom. The figures speak for themselves – the International Monetary Fund highlighted in a 2020 publication that the maximum annual support provided by governments to financial and nonfinancial SOEs reached 18% and 16% of GDP, respectively, with the debt of SOEs exceeding 20% in some countries.

Far from a simple matter

Good governance in SOEs is, however, far from being a simple matter. If an SOE is run well and sufficient checks and balance are in place, state control can provide stability. If not, political involvement may also have downsides. State ownership adds to the known corporate governance challenges faced by listed firms for a number of reasons. For one, as noted by the OECD, "the accountability for an SOE's performance is often dispersed across the public administration and among different state bodies with inherently different policy interests". Secondly, SOEs have the hard task of walking a fine line when balancing different – and sometimes conflicting – objectives.

Listed SOEs have the advantage of being subject to the much stricter requirements applicable to publicly listed firms, as well as monitoring from external investors. However, minority shareholders often have limited rights and therefore little power to hold management to account. Governance challenges are very present – and some argue, even exacerbated – in these firms.
Recent scandals stand testament to this. Telecoms giant Telia, which is partly-owned by the Swedish state, agreed to pay nearly USD 1 billion in 2017 to settle allegations that it paid major bribes in Uzbekistan in a case labeled as "one of the largest criminal corporate bribery and corruption resolutions ever" at the time.

Brazilian oil giant Petrobras was embroiled in the major 'lava jato' (car wash) scandal that triggered an SOE reform in the country. While Petrobras rolled out significant corporate governance improvements following the scandal, the company has recently come under intense scrutiny over proposed bylaw changes that are perceived to increase the risk of undue government interference.

OECD guidelines can help

The growing awareness of the importance of SOEs to our economies and the

governance challenges that they face have prompted many countries around the world to roll out reforms. These initiatives point out the fact that there is no one-size-fits-all recipe for reform. Nonetheless, the OECD Guidelines on Corporate Governance of State-Owned Enterprises, which are currently undergoing a review expected to be completed in 2024, are widely regarded as the golden standard for SOE reform.

The guidelines provide a multitude of tailored recommendations for SOEs, from encouraging governments to evaluate and disclose the policy rationale that motivates state ownership, to clearly identifying which part of the public administration is responsible for exercising the state ownership function. That said, the guidelines also say that:

"The state should strive toward full implementation of the OECD Principles of Corporate Governance when it is not the sole owner of SOEs, and of all relevant sections when it is the sole owner of SOEs."

Concerning shareholder protection this includes:
1. The state and SOEs should ensure that all shareholders are treated equally;
2. SOEs should observe a high degree of transparency, including as a general rule, equal and simultaneous disclosure of information towards all shareholders;
3. SOEs should develop an active policy of communication and consultation with all shareholders;
4. The participation of minority shareholders in shareholder meetings should be facilitated so they can take part in fundamental corporate decisions such as board elections;
5. Transactions between the state and SOEs, and between SOEs themselves, should take place on market-consistent terms.

As an investor, we use our voting rights to push for these companies to adopt good governance and sustainable corporate practices. Our votes are guided by a robust policy which sets out our approach to a wide variety of issues ranging from director elections and remuneration to capital management and shareholder rights.

We expect SOEs to have proper safeguards in place, such as the establishment of committees comprising independent members to oversee conflicts of interest, super-majorities or 'majority of minority' voting provisions, and a transparent process for board nominations. If we see that insufficient safeguards are in place, we will hold companies accountable. For example, we vote against article amendments that would lead to a negative impact on minority shareholder rights or to a deterioration in the process for director nominations. Similarly, we vote against related party transactions that are not subject to an adequate oversight process that ensures minority shareholder rights are protected. Where we conclude that a company has not ensured adequate minority shareholder protections, we will consider escalation via a vote against the most accountable board member or via engagement. Because poor corporate governance does make a difference – even in our day-to-day lives.

Market Highlights

New remuneration requirements for Australian financial institutions

In August 2021, the Australian Prudential Regulation Authority (APRA) released its final iteration of the Prudential Standard CPS 511 Remuneration (the Standard), which came into effect on January 1 2023. The Standard aims to ensure that APRA-regulated entities, such as banking, insurance, and superannuation funds/schemes, maintain appropriate remuneration incentives. The new regulation represents an important milestone in APRA's objective of improving industry practices in governance, risk culture, remuneration, and accountability.

CPS 511 was also intended to address the findings of the final report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (the Commission), which was initiated following a series of scandals involving several Australian financial institutions. One of the conclusions from the report was that "remuneration incentives which overemphasize short-term financial performance can drive poor customer and beneficiary outcomes and jeopardize financial soundness". The Standard addresses these findings through the implementation of three main elements, including increased oversight, balanced incentives, and appropriate consequences. Below, we highlight some of the most relevant requirements that have been introduced.

Increased oversight

CPS 511 sets out principles governing the role of the Board in overseeing an entity's remuneration incentives. More specifically, the Standard states that the Board is responsible for the remuneration framework and its effective application, consistent with the size, business mix and complexity of the entity. It also requires the establishment of a separate remuneration committee, composed solely of non-executive directors and tasked with the design, operation, and monitoring of the remuneration framework. The Board must regularly review and report on the compliance of its remuneration practices against the Standard, at least once a year.

Balanced incentives

CPS 511 requires APRA-regulated entities to maintain a remuneration framework that promotes the effective management of financial and non-financial risks. As such, the Standard requires that each component of a person's variable remuneration assigns "material weight" to non-financial measures. This is meant to replace the previously-implemented 50% cap on the use of financial performance measures, and represents the biggest change from current practices. Furthermore, entities are expected to incorporate appropriate compensation outcome adjustment tools with clearly identified triggers and the potential to reduce variable compensation to nil, depending on the severity of risk and conduct outcomes.

Appropriate consequences

The Standard states that compensation levels must be aligned with performance and risk outcomes. To achieve this, entities must incorporate clawback and malus provisions in their remuneration arrangements, and CPS 511 sets out five minimum criteria for the application of variable remuneration adjustment tools, including misconduct and significant adverse outcomes for stakeholders, among others. In addition, the Standard sets out deferral requirements for key management personnel (KMPs), to ensure that short-term rewards will not be earned at the cost of long-term outcomes. For CEOs, a minimum of 60% of the total variable remuneration must be deferred over at least six years, while for the remaining KMPs, a minimum of 40% of the total variable remuneration must be deferred over at least five years. For both groups, vesting can only start after four years.

We view the principles outlined above positively, and we believe that they are well aligned with international best practices. Additionally, several requirements go beyond current global standards, such as those surrounding variable compensation deferral and remuneration outcome adjustment provisions. Nevertheless, we also note that the "material weight" requirement for non-financial metrics can be ambiguous, as no guidance is provided on how to determine an appropriate threshold. We will monitor the implementation of this principle by corporates, to determine whether it sufficiently incentivizes the consideration of non-financial measures in performance-based compensation outcomes. We expect companies to implement material ESG metrics in their remuneration programs, and these metrics should be aligned with the company's strategic objectives, have clear targets and disclosures, and amount to a minimum weight of 10% of the relevant variable compensation plan.

During 2023, in response to the implementation of CPS 511, we saw Australian financial institutions improve their executive remuneration programs by, for example, increasing vesting periods and rebalancing the remuneration mix of executives through placing a higher emphasis on long-term incentives. However, in previous years, we already voted in favor of a high proportion of remuneration proposals at the shareholder meetings of these companies, as we determined that most of them had sound and appropriate compensation arrangements in place. Nevertheless, we welcome the improvements introduced by CPS 511, and we expect Australian financial institutions to continue putting together high-quality remuneration plans, which protect the best interests of companies' stakeholders.

Voting Highlights

Procter & Gamble Co. - 10/10/2023 - United States

Proposals: Shareholder Proposal Regarding Civil Rights Audit, Shareholder Proposal Regarding Report on Business with China & Shareholder Proposal Regarding Shareholder Approval of Advance Notice Provisions.

The Procter & Gamble Company provides branded consumer packaged goods worldwide. It operates through five segments: Beauty; Grooming; Health Care; Fabric & Home Care; and Baby, Feminine & Family Care.

The 2023 Annual General Meeting (AGM) of Procter & Gamble included several pertinent shareholder proposals. The first one requested the company to commission an audit to assess the impact of its policies on non-BIPOC and non-Latinx/a/o/e communities. In this case, the proponent mentioned in their supporting statement that the company appears to privilege select groups it considers diverse. After analyzing the merit of the proposal, we determined that the company provides significant disclosure on its community efforts to promote racial and gender equity, as well as on its workforce demographics, commitments, and internal initiatives to promote equity and diversity inside the Company. As a result, we believe that the proponent's objective was to hinder the company's ESG efforts, and therefore we did not support the proposal.

Another proposal, filed by the same proponent, requested that the Company report on the extent to which corporate operations involve or depend on China. While we recognize the inherent risks surrounding the company's operations in China, we decided to not support the proposal for two main reasons. Firstly, because of the language used in the text of the resolution, which we deemed inappropriate and excessively hostile. Secondly, and more importantly, because we determined that the existing disclosures provided by the company on the potential political risks and adverse human rights impacts were satisfactory.

A final shareholder resolution requested that the company require shareholder approval of advance notice provisions. After the SEC adopted rules requiring the use of universal proxy cards in contested director elections, many companies updated their bylaws to ensure compliance with the new rules. However, some companies adopted additional advance notice requirements for nominating shareholders that we consider egregious, such as notice requirements of 120 days before the AGM. The objective of the shareholder proposal is to prevent the company from adopting such requirements without shareholder approval. As we believe shareholders should approve provisions that could potentially limit their rights, we supported the resolution. None of the three shareholder resolutions were adopted during the AGM.

BHP Group Limited - 11/01/2023 - Australia

Proposals: Remuneration Report & Equity Grant to CEO.

BHP Group Limited operates as a resources company in Australia and internationally. The company operates through Copper, Iron Ore, and Coal segments.

At BHP's 2023 AGM, shareholders voted on routine management proposals, including the election of directors, remuneration-related proposals, and the renewal of potential termination benefits. Amidst these proposals, the remuneration report and the associated equity grant to the company's CEO were of particular relevance.

While analyzing the company's remuneration report, we identified concerns regarding their treatment of unvested equity awards in case a change in control occurs. The company's current remuneration program grants executives two types of equity awards, which include deferred shares awarded through their Short-Term Incentive (STI) plan, and performance shares awarded through their Long-Term Incentive (LTI) plan. This is a practice that is common in the Australian market, and we are supportive of it, as we believe that it promotes long-term decision-making by executives. Nevertheless, the two types of equity awards are subject to different change in control (CIC) provisions, which determine the conditions and proportions in which unvested equity awards will vest (or not) whenever a change in ownership of the company takes place. The CIC provisions applicable to the vesting of equity awards from the LTI plan are close to best practice, as they will either be pro-rated based on performance outcomes measured at the time of vesting, or they will be forfeited in case an acceptable alternative equity program is provided. On the other hand, the CIC provisions applicable to the STI equity awards grant the Board of Directors full discretion to determine vesting outcomes. This raises concerns, as there is no indication of the conditions or proportions in which these awards will vest. We consider this a critical matter, because inappropriate CIC provisions can become harmful incentives for executives to pursue change in control transactions that are not in the best interests of shareholders. Furthermore, the proportion of equity awards made under the STI plan represented a significant portion (ca. 28%) of the CEO's total compensation for FY2023, which aggravated our concerns.

Given these issues, and despite observing that the company's executive compensation plan featured good structural elements and disclosures, we decided to vote Against the approval of the remuneration report and the equity grant proposal for the CEO.

Oracle Corp. - 11/15/2023 - United States

Proposals: Election of Directors & Advisory Vote on Executive Compensation.

Oracle Corporation offers products and services that address enterprise information technology environments worldwide.

As in previous years, Oracle's 2023 AGM elicited anticipation from shareholders, particularly surrounding their Say on Pay proposal. The company's remuneration practices have been subject to significant scrutiny in recent years, and the company has faced high dissent from shareholders at their general meetings. Last year, not only did the executive compensation proposal receive approximately 33% of votes Against, but the proposals on the re-election of the remuneration committee members were also met with approximately 27% to 30% of votes Against.

This year, we saw a small improvement, as the company expanded their clawback policy to cover equity awards and cases where certain employees are found to have engaged in, or have been aware of or willfully blind to, significant misconduct. Nevertheless, Oracle's remuneration practices continue to raise significant concerns, and we voted Against the Say on Pay proposal again. More specifically, we continue to hold concerns regarding the fully discretionary nature of the Long-Term Incentive (LTI) awards for certain executives, the poor alignment between pay and performance, and the continued impact of the modification of the performance-based stock option (PSO) awards for the company's CEO and CTO, which were valued at over USD 138 million for both executives in 2022. Finally, despite the small improvement that was noted earlier, we believe that the company continues to fail to sufficiently address the sustained high levels of shareholder dissent in an appropriate manner.

In light of the above, we once again escalated our concerns by voting Against the re-election of all remuneration committee members, who this year received between 20% and 24% of votes Against from shareholders. The executive remuneration proposal saw approximately 27% of votes cast Against.

Cisco Systems, Inc. - 12/06/2023 - United States

Proposals: Advisory Vote on Executive Compensation & Shareholder Proposal Regarding Tax Transparency.

Cisco Systems, Inc. designs, manufactures, and sells Internet Protocol based networking and other products related to the communications and information technology industry in the Americas, Europe, the Middle East, Africa, the Asia Pacific, Japan, and China.

The 2023 Annual General Meeting of Cisco Systems had a similar agenda to the company's 2022 AGM. Besides standard management proposals on board elections, ratification of the auditor and remuneration, there was a repeat of a shareholder proposal requesting the company to publish a tax transparency report in line with the Global Reporting Initiative's (GRI) Tax Standard.

We recognize the disclosures on this matter that the company already provided. However, as the issue of tax avoidance can be highly controversial and is receiving increasing attention from authorities and the wider public, we believe it is the company's responsibility to provide shareholders with complete, correct, and comprehensive information regarding its tax practices. Especially after the scrutiny on the global tax basis of the company. Moreover, given recent legislation in Europe, the company will be required to disclose most of the information requested by the proposal, meaning it's demands do not represent a significant additional burden to the company. For these reasons, and in line with our vote last year, we supported the shareholder proposal.

Our second and final vote Against management recommendations regarded the advisory vote on executive compensation. Besides concerns regarding overall quantum and the short performance period under the long-term incentive plan, the remuneration report for 2022 evidenced significant one-off awards. We are generally wary of awards granted outside of the standard incentive schemes, as such awards have the potential to undermine the integrity of a company's regular incentive plans, the link between pay and performance or both. As a result, we voted Against the company's executive compensation report.

Microsoft Corporation - 12/07/2023 - United States

Proposals: Election of Directors, Advisory Vote on Executive Compensation, Shareholder Proposal Regarding Report on Tax Transparency, Shareholder Proposal Regarding Report on Siting in Countries of Significant Human Rights Concern & Shareholder Proposal Regarding Report on AI Misinformation and Disinformation.

Microsoft Corporation develops and supports software, services, devices and solutions worldwide.

Microsoft's 2023 AGM agenda featured a number of routine resolutions for US firm ballots and several pertinent shareholder proposals.

Similarly to past years, we did not support the Say-on-Pay proposal due to concerns regarding the significant height of the remuneration awarded to the CEO. We expect compensation programs with substantial remuneration outcomes to closely follow best practices, and in the case of Microsoft, we determined that the plan was well formulated though lacked enough mitigating components to earn a vote in favor. More specifically, we identified concerns regarding the short performance measurement periods of one year under the Long-Term Incentive (LTI) plan, the limited downside for underperformance due to the relative TSR modifier under the LTI, and the absence of targets and clear disclosures surrounding the implementation and evaluation of the Operational Assessment metrics under the STI.

Apart from the management proposal on executive compensation, three shareholder proposals were of particular relevance. The first proposal requested Microsoft to publish a tax transparency report in line with the GRI Tax Standard. We supported this proposal, as we deem it increasingly important for companies to establish a robust approach to taxation that aligns tax treatments with the respective underlying economic activities. We also expect companies to report transparently on their approach to tax across all jurisdictions where they operate. Given Microsoft's ongoing dispute with the IRS over taxation issues, this shareholder proposal is particularly pertinent, and this was reflected in the high shareholder support rate of 21%.

The other two shareholder proposals requested the company to report on data operations in human rights hotspots and on the risks of facilitating AI misinformation and disinformation. We consider the issues addressed by these proposals to be of significant relevance to Microsoft, and we determined that the information requested by these proposals would allow shareholders to gain additional insights into these material risks. Therefore, we supported both proposals, which ultimately received considerable wider support with 34% and 21% of votes For, respectively.

Westpac Banking Corp - 12/14/2023 - Australia

Proposals: Say on Climate, Shareholder Proposal Regarding Facilitating Nonbinding Proposals & Shareholder Proposal Regarding Transition Plan Assessments.

Westpac is an Australian provider of a range of consumer, business and institutional banking and wealth management services through a portfolio of financial services brands and businesses.

Westpac held its Annual General Meeting (AGM) on the 14th December, where shareholders voted on two climate related proposals; a say on climate put forth by management, and a shareholder proposal regarding the assessment of client transition plans. Shareholders also submitted a proposal on non-binding resolutions to the agenda.

Regarding the company's management of climate issues, we voted in Favor of the Say-on-Climate as the company's climate transition action plan passed our framework. Nevertheless, we also supported the shareholder proposal asking for further clarifications on the scope and implementation of the company's requirement for all oil and gas companies seeking new lending to have credible transition plans in place. Though the company's exposure to the sector is sufficiently low as to pass our framework, further clarity on this lending requirement would allow shareholders to better assess and understand the company's ability to continue to align with the requirements of the Paris agreement.

Lastly, we voted For a shareholder proposal asking the company to amend its constitution to allow the submission of nonbinding resolutions. As binding proposals require a high level of ownership to be submitted by shareholders, and the company is permitted to exclude non-binding shareholder proposals from the agenda, we considered the proposal to facilitate shareholder resolutions as an improved of shareholder rights, especially those of minority investors.

National Australia Bank Limited - 12/15/2023 - Australia

Proposals: Shareholder Proposal Regarding Transition Plan Assessments, Shareholder Proposal Regarding Facilitating Nonbinding Approvals & Election of Nominee to the Board.

National Australia Bank is a business-focused bank with retail exposure, holding the largest share of business loans and the number-three spot in home loans in the country.

The company held its 2023 AGM on the 15th of December, where the agenda included standard items and two shareholder proposals that focused on climate transitions and shareholder rights.

The proposal put forward by shareholders on climate change asked the company to disclose whether all fossil fuel producers would require a climate transition plan in order to receive new lending from the bank. The proponents noted that while the company had put in place a requirement for transition plans to come into effect for oil and gas companies in 2025, this policy did not appear to apply to sub-sectors such as thermal coal mining, and a comprehensive approach to assessing transition plans had not been made public. Though the company shared that it was developing sector-specific decarbonization targets in line with 1.5C, and would develop a framework to assess transition plans, we decided to vote For the proposal as it aligns with our climate voting policy, and we believe that the existing customer transition policy of the company has room for improvement in terms of its scope and implementation readiness.

We also voted For a shareholder proposal asking the company to amend its constitution to allow the submission of nonbinding resolutions. At present, the company is permitted to exclude non-binding shareholder proposals from the agenda, and binding resolutions require a high ownership level of 5% in order to be included. We decided to support the proposal in the view that it facilitates shareholder proposals, and by extension, the long-term interest of minority shareholders.

Lastly, we voted against the appointment of an self-nominated candidate to the board of directors, on the basis that his skills and expertise do not sufficiently meet the requirements to serve on the company's board and would therefore not serve in the best interests of the company and its shareholders.

Disclaimer

Robeco Institutional Asset Management B.V. ('Robeco') distributes voting reports as a service to its clients and other interested parties. Robeco also uses these reports to demonstrate its compliance with the principles and best practices of the Tabaksblat Code which are relevant to Robeco. Although Robeco compiles these reports with utmost care on the basis of several internal and external sources which are deemed to be reliable, Robeco cannot guarantee the completeness, correctness or timeliness of this information. Nor can Robeco guarantee that the use of this information will lead to the right analyses, results and/or that this information is suitable for specific purposes. Robeco can therefore never be held responsible for issues such as, but not limited to, possible omissions, inaccuracies and/or changes made at a later stage. Without written prior consent from Robeco you are not allowed to use this report for any purpose other than the specific one for which it was compiled by Robeco.

This page is intentionally left blank

Appendix C

Border to Coast UK Listed Equity Fund

Proxy Voting Report

Period: October 01, 2023 - December 31, 2023

Votes Cast	158	Number of meetings	11
For	151	With management	151
Withhold	0	Against management	7
Abstain	0		
Against	7		
Other	0		
Total	**158**	**Total**	**158**

In 45% of meetings we have cast one or more votes against management recommendation.

General Highlights

Unlocking value: Corporate governance in state-owned enterprises
Working to improve corporate governance at state-owned enterprises

Many people think that corporate governance is an abstract concept and that its impact on our everyday lives is difficult to grasp. Think again. Only a few months ago, in March 2023, financial stability was tested by a crisis attributed to a large extent to poor corporate governance at US private sector banks. And the crucial importance of good governance becomes even more apparent when we look at State-Owned Enterprises (SOEs).

SOEs are amongst the largest corporations in many countries and account for a growing share of the corporate landscape. The OECD reports a staggering statistic – the ratio of SOEs in the list of top 500 global companies has tripled over the last two decades. The public sector held almost 11% of the listed companies' global market capitalization at the end of 2022. On top of that, in many countries, SOEs are the sole or main providers of essential services such as water or electricity.

Given their size and positioning in high-impact sectors, SOEs play a significant role in achieving the Sustainable Development Goals (SDGs). The consequences of poor corporate governance in SOEs will therefore extend far beyond the boardroom. The figures speak for themselves – the International Monetary Fund highlighted in a 2020 publication that the maximum annual support provided by governments to financial and nonfinancial SOEs reached 18% and 16% of GDP, respectively, with the debt of SOEs exceeding 20% in some countries.

Far from a simple matter

Good governance in SOEs is, however, far from being a simple matter. If an SOE is run well and sufficient checks and balance are in place, state control can provide stability. If not, political involvement may also have downsides. State ownership adds to the known corporate governance challenges faced by listed firms for a number of reasons. For one, as noted by the OECD, "the accountability for an SOE's performance is often dispersed across the public administration and among different state bodies with inherently different policy interests". Secondly, SOEs have the hard task of walking a fine line when balancing different – and sometimes conflicting – objectives.

Listed SOEs have the advantage of being subject to the much stricter requirements applicable to publicly listed firms, as well as monitoring from external investors. However, minority shareholders often have limited rights and therefore little power to hold management to account. Governance challenges are very present – and some argue, even exacerbated – in these firms.
Recent scandals stand testament to this. Telecoms giant Telia, which is partly-owned by the Swedish state, agreed to pay nearly USD 1 billion in 2017 to settle allegations that it paid major bribes in Uzbekistan in a case labeled as "one of the largest criminal corporate bribery and corruption resolutions ever" at the time.

Brazilian oil giant Petrobras was embroiled in the major 'lava jato' (car wash) scandal that triggered an SOE reform in the country. While Petrobras rolled out significant corporate governance improvements following the scandal, the company has recently come under intense scrutiny over proposed bylaw changes that are perceived to increase the risk of undue government interference.

OECD guidelines can help

The growing awareness of the importance of SOEs to our economies and the

governance challenges that they face have prompted many countries around the world to roll out reforms. These initiatives point out the fact that there is no one-size-fits-all recipe for reform. Nonetheless, the OECD Guidelines on Corporate Governance of State-Owned Enterprises, which are currently undergoing a review expected to be completed in 2024, are widely regarded as the golden standard for SOE reform.

The guidelines provide a multitude of tailored recommendations for SOEs, from encouraging governments to evaluate and disclose the policy rationale that motivates state ownership, to clearly identifying which part of the public administration is responsible for exercising the state ownership function. That said, the guidelines also say that:

"The state should strive toward full implementation of the OECD Principles of Corporate Governance when it is not the sole owner of SOEs, and of all relevant sections when it is the sole owner of SOEs."

Concerning shareholder protection this includes:
1. The state and SOEs should ensure that all shareholders are treated equally;
2. SOEs should observe a high degree of transparency, including as a general rule, equal and simultaneous disclosure of information towards all shareholders;
3. SOEs should develop an active policy of communication and consultation with all shareholders;
4. The participation of minority shareholders in shareholder meetings should be facilitated so they can take part in fundamental corporate decisions such as board elections;
5. Transactions between the state and SOEs, and between SOEs themselves, should take place on market-consistent terms.

As an investor, we use our voting rights to push for these companies to adopt good governance and sustainable corporate practices. Our votes are guided by a robust policy which sets out our approach to a wide variety of issues ranging from director elections and remuneration to capital management and shareholder rights.

We expect SOEs to have proper safeguards in place, such as the establishment of committees comprising independent members to oversee conflicts of interest, super-majorities or 'majority of minority' voting provisions, and a transparent process for board nominations. If we see that insufficient safeguards are in place, we will hold companies accountable. For example, we vote against article amendments that would lead to a negative impact on minority shareholder rights or to a deterioration in the process for director nominations. Similarly, we vote against related party transactions that are not subject to an adequate oversight process that ensures minority shareholder rights are protected. Where we conclude that a company has not ensured adequate minority shareholder protections, we will consider escalation via a vote against the most accountable board member or via engagement. Because poor corporate governance does make a difference – even in our day-to-day lives.

Disclaimer

Robeco Institutional Asset Management B.V. ('Robeco') distributes voting reports as a service to its clients and other interested parties. Robeco also uses these reports to demonstrate its compliance with the principles and best practices of the Tabaksblat Code which are relevant to Robeco. Although Robeco compiles these reports with utmost care on the basis of several internal and external sources which are deemed to be reliable, Robeco cannot guarantee the completeness, correctness or timeliness of this information. Nor can Robeco guarantee that the use of this information will lead to the right analyses, results and/or that this information is suitable for specific purposes. Robeco can therefore never be held responsible for issues such as, but not limited to, possible omissions, inaccuracies and/or changes made at a later stage. Without written prior consent from Robeco you are not allowed to use this report for any purpose other than the specific one for which it was compiled by Robeco.

Appendix D

BORDER TO COAST GLOBAL EQUITY ALPHA FUND

ESG & CARBON REPORT

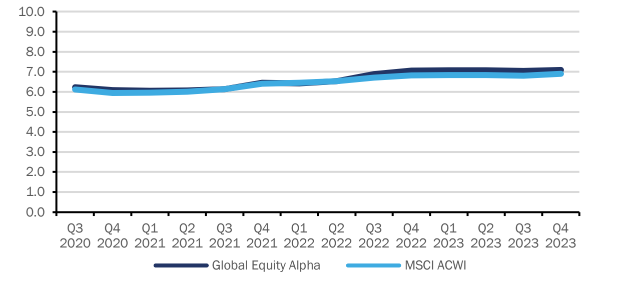
Q4 2023

MSCI ESG RATING
A

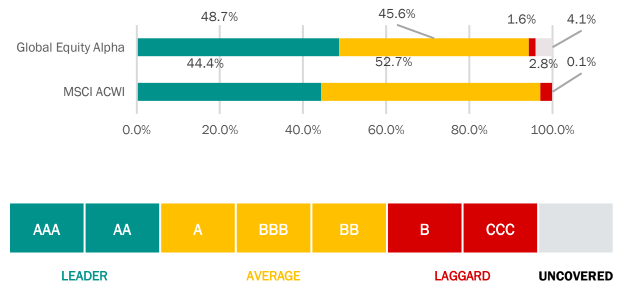
BORDER TO COAST PENSIONS PARTNERSHIP

	End of Quarter Position [1]			Key	
	MSCI ESG Rating	Weighted ESG Score	vs. Benchmark		Fund has an equal or better *Weighted ESG Score* than the benchmark.
Global Equity Alpha	A [1]	7.1 [1]			Fund has a *Weighted ESG Score* within 0.5 of the benchmark.
MSCI ACWI	A [1]	6.9 [1]			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
ASML	2.3%	+1.9%	AAA [1]	Jiangsu Hengli Hydraulic	0.1%	+0.1%	CCC [1]
Intuit	1.8%	+1.5%	AAA [1]	Shanghai Friendess Electronic Technology	0.1%	+0.0%	CCC [1]
Microsoft	1.5%	-2.4%	AAA [1]	Meta Platforms	0.5%	-0.6%	B [1]
Taiwan Semiconductor	1.0%	+0.3%	AAA [1]	Anta Sports Products	0.2%	+0.2%	B [1]
CNH Industrial	0.9%	+0.9%	AAA [1]	Kweichow Moutai	0.1%	+0.1%	B [1]

Quarterly ESG Commentary

- The Fund's weighted ESG score was stable over the period and remains above the benchmark.
- There were a large number of ESG rating upgrades in the quarter including Jollibee Foods and Meta Platforms which were both upgraded from 'CCC'.

Feature Stock: Jiangsu Hengli Hydraulic

Jiangsu Hengli Hydraulic ('Hengli') is a market leader in the manufacture of hydraulic components and systems for excavators and other types of construction machinery and has around 50% market share in hydraulic cylinders for excavators in China. The Company has been successful in diversifying its business and is targeting an increase in sales from non-excavator product lines, including aerial work platforms and agricultural machinery, from ~30% of total sales in 2020 to over 50% in 2023. The Company has also significantly increased its international sales to ~25% in 2023 from ~12% in 2020. In addition, Hengli is in the process of building a factory in Mexico to reduce international trade costs. It is an important strategic partner to construction equipment companies Caterpillar and JLG.

The major ESG concern is the perceived corporate governance risk relative to its global peers. The Company has a controlling shareholder (the Wang family holds c.70% of the Company) which may pose a conflict of interest. These governance concerns can be somewhat typical of companies based in China where it is more common for there to be a controlling shareholder, cross-shareholding and less disclosure than in Developed Markets. Given most of the Company's sales are generated by selling hydraulic components and systems to construction machinery players, the amount of infrastructure spending in China is also one of the key risks to consider. However, the weaker the macroeconomic outlook, the more likely it is that the government will be willing to spend on infrastructure to boost GDP growth, putting Hengli in a strong position in terms of risk mitigation.

Dialogue and engagement with Hengli began in 2022, with the aim to improve its transparency and approach to climate change. Given the relatively small holding in Hengli, this engagement may take several years to reflect in an improvement in the Company's actions

[1]Source: MSCI ESG Research 30/12/2023

BORDER TO COAST GLOBAL EQUITY ALPHA FUND

ESG & CARBON REPORT

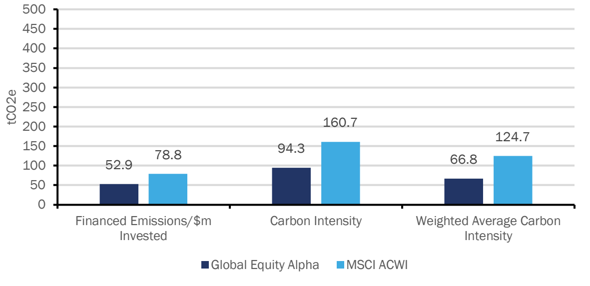
Q4 2023

MSCI ESG RATING

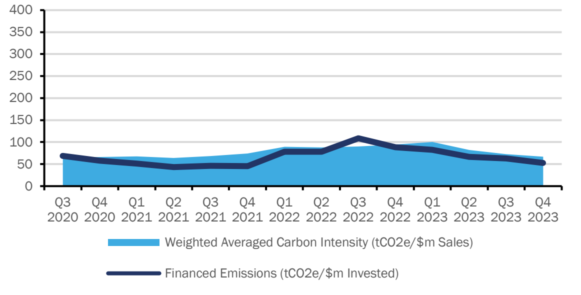
A

PENSIONS PARTNERSHIP

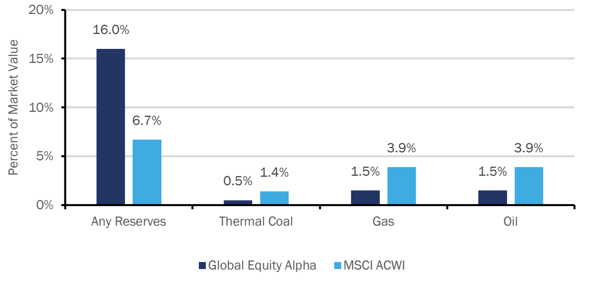
Carbon Emissions and Intensity[1]



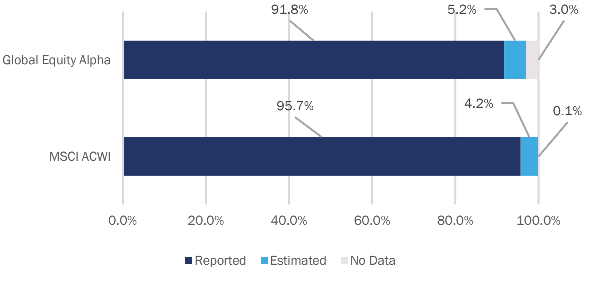
Carbon Trends[1]



Weight of Holdings Owning Fossil Fuel Reserves[1]



Availability of Carbon Emissions Data (% of Market Value)[1]



Largest Contributors to Financed Emissions[1]

	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
Heidelberg Materials	0.5%	+0.4%	37.4% [1]	Yes	4
Holcim	0.2%	+0.2%	8.7% [1]	Yes	4
easyJet	0.3%	+0.3%	6.8% [1]	No	3
Southwest Airlines	0.2%	+0.2%	4.8% [1]	No	4
Linde	1.0%	+0.7%	3.8% [1]	No	4

Quarterly Carbon Commentary

- The Fund remains materially below the wider index on all metrics, owing to the underweight allocations to some high emitting sectors including oil and gas.
- Heidelberg Materials and Holcim account for around 45% of portfolio financed emissions, down from 62% in Q1 2023. Emissions fell during the period, owing primarily to an increased market cap and slightly reduced portfolio weight.

Feature Stock: easyJet

easyJet PLC is a United Kingdom-based holding company engaged in providing flights and package holidays, principally in Europe. Following the disruption to the airline industry from the coronavirus pandemic, easyJet has emerged in a very competitive position. The overall airline seat capacity in Europe has returned to pre-pandemic levels. With demand marching structurally higher, from the pricing perspective this bodes well for incumbent airlines. easyJet has already recorded its highest ever revenues, which are only set to grow further.

easyJet's balance sheet strength is not only instrumental to its ability to grow, but also to its capacity for contribution to cleaner air travel. Short-term actions for the airline industry's transition to lower carbon operations include single-engine taxiing, electrified ground-handling equipment, and aircraft routing for optimised descent profile. The medium-term actions that enable meaningful carbon reduction involves replacement of older, less efficient aircraft with newer models that yield significant improvement in fuel consumption per aircraft. This, in combination with more seats per aircraft, reduces per-passenger carbon emissions by more than 20% for easyJet.

Other medium-term and long-term carbon considerations focus on the use of sustainable aviation fuels, which are presently in the process of sourcing and supply chain establishment, and investment in electric jet engines. easyJet is involved in several programmes to explore the future of cleaner aviation. Extensive engagement has been undertaken with the Company and currently this is in the form of a collaborative engagement with other large institutional investors as part of the IIGCC Net Zero Engagement Initiative. The engagement covers the following areas: i) comprehensive commitment; ii) aligned emission targets; iii) disclosures; iv) credibility of decarbonisation strategy.

[1]Source: MSCI ESG Research 30/12/2023

Issuers Not Covered [1]		
Reason	ESG (%)	Carbon (%)
Company not covered	0.1%	0.5%
Investment Trust/ Funds	4.0%	2.5%

Important Information

The material in this report has been prepared by Border to Coast Pensions Partnership Limited ("Border to Coast") and is designed for the use of professional investors and provides investor information about this fund. The MSCI ESG Fund Ratings and material in this document are for information purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy, or investment product. There is no assurance that any socially responsible investing strategy and techniques employed will be successful. Past performance is not a guarantee or reliable indicator of future results. The value of an investment and any income taken from it is not guaranteed and can go down as well as up; you may not get back the amount you originally invested. Border to Coast accepts no liability for any loss or damage arising from any use of, or reliance on, any information provided in this document. Border to Coast Pensions Partnership Ltd is authorised and regulated by the Financial Conduct Authority (FRN 800511).

Although Border to Coast information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use*, may not be reproduced or re-disseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

* In accordance with the licence agreement between Border to Coast and MSCI

[1]Source: MSCI ESG Research 30/12/2023

BORDER TO COAST OVERSEAS DEVELOPED MARKETS EQUITY FUND

ESG & CARBON REPORT

Q4 2023

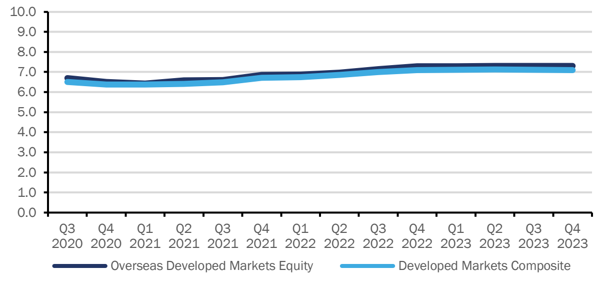
MSCI ESG RATING

AA

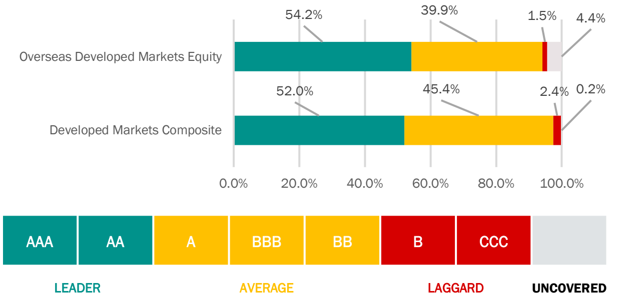
PENSIONS PARTNERSHIP

	End of Quarter Position [1]			Key	
	MSCI ESG Rating	**Weighted ESG Score**	**vs. Benchmark**		Fund has an equal or better *Weighted ESG Score* than the benchmark.
Overseas Developed Markets Equity	AA [1]	7.3 [1]			Fund has a *Weighted ESG Score* within 0.5 of the benchmark.
Developed Markets Composite	A [1]	7.1 [1]			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**
Microsoft	3.3%	+0.5%	AAA [1]	Hyundai Motor	0.3%	+0.2%	CCC [1]
Novo Nordisk	1.8%	+0.6%	AAA [1]	HPSP	0.2%	+0.2%	CCC [1]
NVIDIA	1.7%	+0.5%	AAA [1]	Meta Platforms	0.6%	-0.2%	B [1]
ASML	1.5%	+0.4%	AAA [1]	Koninklijke Philips	0.2%	+0.1%	B [1]
Schneider Electric	0.8%	+0.4%	AAA [1]	Hyundai Mobis	0.1%	+0.0%	B [1]

Quarterly ESG Commentary

- The weighted ESG score remained consistent over the quarter and remains above the benchmark. This is due to the Fund holding a higher weighting of companies considered to be 'Leaders' and a lower weighting to 'Laggards'.
- During the quarter Hyundai Motor was downgraded to 'CCC' while Meta Platforms was upgraded to 'B'. HPSP rated CCC is a new holding in the Fund and is this quarters' Feature Stock.

Feature Stock: HPSP

HPSP Co Ltd is a Korean company which specialises in high pressure heat treatment semiconductor equipment increasingly used in the production of smaller logic nodes and memory chips. HPSP has technology (protected by over 30 patents) and expertise in handling high-density hydrogen in high pressure environments, where the risk of explosion is high and rigorous safety standards are needed. This provides high barriers to entry and makes costs high for HPSP's customers (the largest semiconductor foundries and memory makers) to switch to other suppliers.

MSCI initiated coverage of HPSP in April 2023 with an ESG rating of "CCC", being below peers on Environment and Governance. This can be typical of small Korea companies which are growing rapidly and have not yet made improvements according to their new status. MSCI's "formulaic" approach tends to penalise smaller companies with fewer resources in terms of ESG-dedicated teams and specialists. Expectations are for HPSP to improve some of its labour and governance practises as it develops, sets up better systems and improves disclosure. Whilst the criticism in terms of corporate governance practices is deserved and improvement desirable and to be demanded, in recent years HPSP has delivered great shareholder value and risen to prominence in a very competitive industry with a strong IP prowess led by a professional management team.

[1]Source: MSCI ESG Research 30/12/2023

BORDER TO COAST OVERSEAS DEVELOPED MARKETS EQUITY FUND

ESG & CARBON REPORT

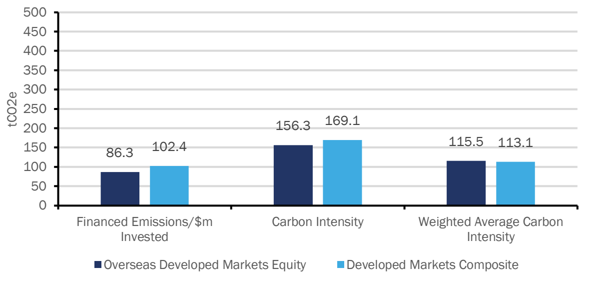
Q4 2023

MSCI ESG RATING

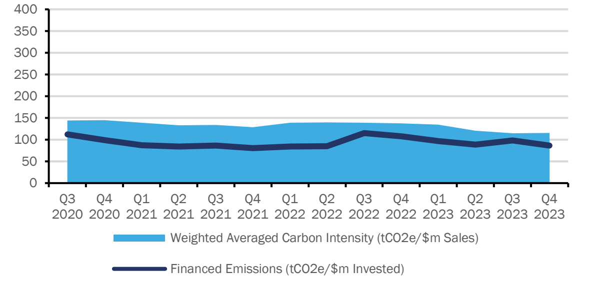
AA

BORDER TO COAST PENSIONS PARTNERSHIP

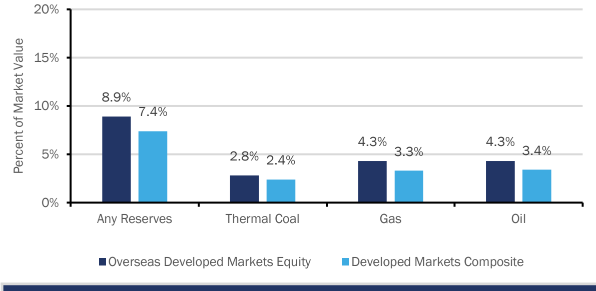
Carbon Emissions and Intensity[1]



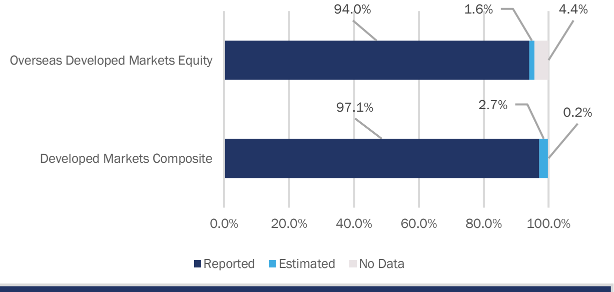
Carbon Trends[1]



Weight of Holdings Owning Fossil Fuel Reserves[1]



Availability of Carbon Emissions Data (% of Market Value)[1]



Largest Contributors to Financed Emissions[1]

	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
RWE	0.4%	+0.2%	12.3% [1]	Yes	4
POSCO	0.3%	+0.1%	8.3% [1]	Yes	4
ArcelorMittal	0.1%	+0.0%	8.0% [1]	Yes	4
Holcim	0.3%	+0.2%	6.9% [1]	Yes	4
Kansai Electric Power Company	0.2%	+0.2%	3.8% [1]	No	3

Quarterly Carbon Commentary

- The Fund is currently below the benchmark for financed emissions and carbon intensity, but slightly above for Weighted Average Carbon Intensity (WACI).
- Financed emissions decreased in the quarter. This was largely driven by strong performance in some of the higher emitting companies such as RWE, Holcim and ArcelorMittal. The slight increase in WACI was driven by a net increase in portfolio weight of the top 5 contributors. RWE is covered below as this quarter's Feature Stock.

Feature Stock: RWE

In November 2023, RWE outlined a €55bn investment plan to 2030 to expand its green portfolio to more than 65 gigawatts (GW) by 2030, adding net capacity of >30GW between 2024-30. RWE's goal is to be carbon neutral by 2040 and to achieve this it is increasing the pace of its transformation and aiming to reduce its emissions in line with the 1.5°C reduction path across all corporate activities and all greenhouse gases. This includes the construction of renewable energy plants based on offshore and onshore wind power, solar energy, and battery storage as well as investments in hydrogen-ready gas-fired power plants. RWE has a goal to phase out the use of coal as an energy source by 2030 and is decommissioning coal power plants as soon as their utilisation is no longer required. To achieve the goal of net zero by 2040, the decarbonisation of fossil-fueled power plants is another key element. The Company is converting its Dutch power plants to run on biomass and is currently developing carbon capture and storage projects in the UK and the Netherlands.

The investment thesis for owning RWE remains; it has one of the strongest balance sheets in the sector and will be looking at the renewable space to grow its earnings. It is at a valuation discount to its peers, which is mainly due to coal-fired power generation exposure. As the exposure to coal/lignite reduces, RWE should rerate to be in line with its peers.

[1]Source: MSCI ESG Research 30/12/2023

Issuers Not Covered [1]		
Reason	ESG (%)	Carbon (%)
Company not covered	0.3%	0.3%
Investment Trust/ Funds	4.1%	4.1%

Important Information

The material in this report has been prepared by Border to Coast Pensions Partnership Limited ("Border to Coast") and is designed for the use of professional investors and provides investor information about this fund. The MSCI ESG Fund Ratings and material in this document are for information purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy, or investment product. There is no assurance that any socially responsible investing strategy and techniques employed will be successful. Past performance is not a guarantee or reliable indicator of future results. The value of an investment and any income taken from it is not guaranteed and can go down as well as up; you may not get back the amount you originally invested. Border to Coast accepts no liability for any loss or damage arising from any use of, or reliance on, any information provided in this document. Border to Coast Pensions Partnership Ltd is authorised and regulated by the Financial Conduct Authority (FRN 800511).

Although Border to Coast information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use*, may not be reproduced or re-disseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

* In accordance with the licence agreement between Border to Coast and MSCI

[1]Source: MSCI ESG Research 30/12/2023

This page is intentionally left blank

Appendix F

BORDER TO COAST
UK LISTED EQUITY FUND

ESG & CARBON REPORT

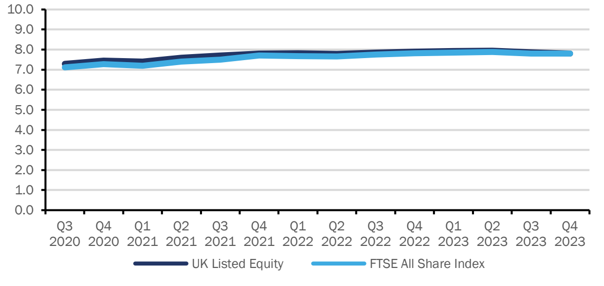
Q4 2023

MSCI ESG RATING **AA**

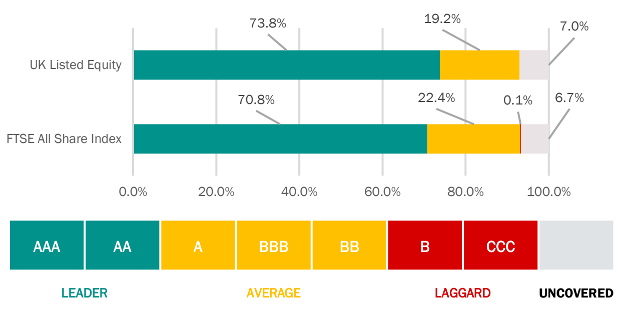
BORDER TO COAST PENSIONS PARTNERSHIP

	End of Quarter Position [1]			Key	
	MSCI ESG Rating	**Weighted ESG Score**	**vs. Benchmark**		Fund has an equal or better *Weighted ESG Score* than the benchmark.
UK Listed Equity	AA [1]	7.8 [1]			Fund has a *Weighted ESG Score* within 0.5 of the benchmark.
FTSE All Share Index	AA [1]	7.8 [1]			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	4.6%	+0.5%	AAA [1]	Glencore	2.2%	-0.3%	BBB [1]
Diageo	3.2%	+0.4%	AAA [1]	Haleon	1.2%	+0.4%	BBB [1]
Relx	3.1%	+0.4%	AAA [1]	BP	3.2%	-0.2%	A [1]
National Grid	2.0%	+0.3%	AAA [1]	Rio Tinto	2.5%	-0.2%	A [1]
SSE	0.9%	+0.3%	AAA [1]	British American Tobacco	2.0%	-0.2%	A [1]

Quarterly ESG Commentary

- The weighted ESG score remained consistent over the quarter and remains in-line with the benchmark. This Fund holds a higher weighting of companies considered to be ‘Leaders’. Furthermore, the Fund does not hold any companies considered to be ‘Laggards’ (CCC or B rated companies).
- Several companies were upgraded in the quarter including Beazley, which has featured previously as one of the Bottom 5 Rated Issuers.

Feature Stock: Haleon

Haleon formed from a combination of the consumer healthcare divisions of GlaxoSmithKline, Novartis and Pfizer, and was spun out from GSK in 2022. The Company is one of the largest global consumer healthcare businesses with leading global market positions in pain relief, respiratory health and digestive health, and number three in oral health. Its brands include Sensodyne, Panadol and Centrum. The consumer healthcare market continues to see attractive growth despite shorter term pressures on consumer spending. The business continues to grow ahead of its peer group and the wider Consumer Staples universe.

MSCI initiated coverage on Haleon in October 2022 with an ESG rating of BB and was upgraded to BBB in the latest assessment. This recognises the Company’s increased disclosure and targets around its carbon footprint and the work done with suppliers to increase use of low carbon energy and the setting of rigorous targets. It leads most global peers on corporate governance, but the Company still needs to develop further adoption of best practice on several issues including ethics, raw material sourcing and single source packaging. The Company continues to be penalised for historic product safety issues surrounding the now discontinued Zantac product. The litigation risk has eased albeit there are still court cases outstanding in the US whilst some have been settled by GSK or dismissed.

[1]Source: MSCI ESG Research 30/12/2023

BORDER TO COAST
UK LISTED EQUITY FUND

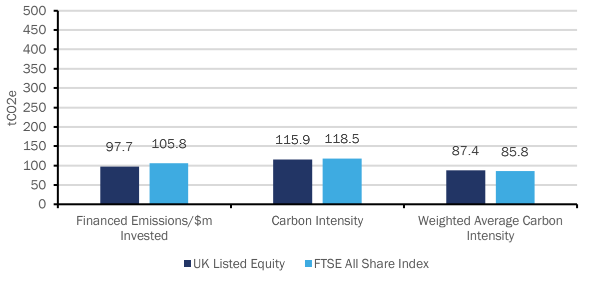
ESG & CARBON REPORT

Q4 2023

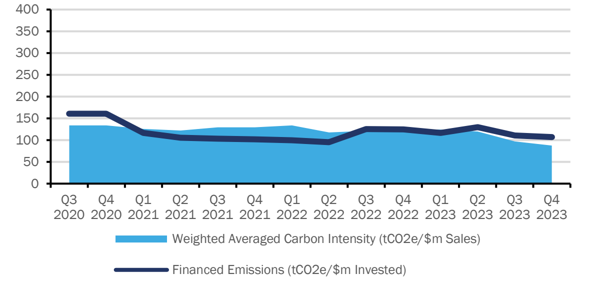
MSCI ESG RATING
AA

BORDER TO COAST PENSIONS PARTNERSHIP

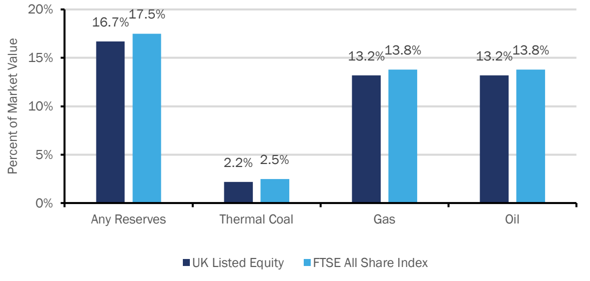
Carbon Emissions and Intensity[1]



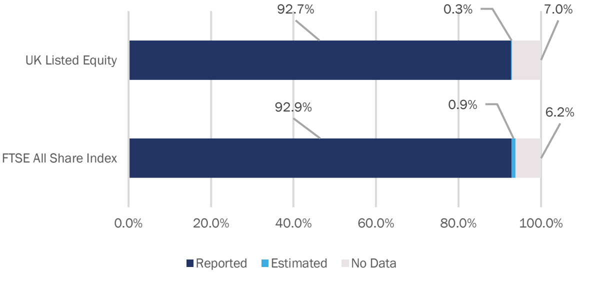
Carbon Trends[1]



Weight of Holdings Owning Fossil Fuel Reserves[1]



Availability of Carbon Emissions Data (% of Market Value)[1]



Largest Contributors to Financed Emissions[1]

	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
Shell	7.8%	+0.5%	35.9% [1]	Yes	4
BP	3.2%	-0.2%	12.2% [1]	Yes	4*
Glencore	2.2%	-0.3%	9.3% [1]	Yes	4
Rio Tinto	2.5%	-0.2%	9.0% [1]	Yes	4
easyJet	0.5%	+0.3%	6.7% [1]	No	3

Quarterly Carbon Commentary

- The Fund is currently below, or in-line with, the benchmark for all carbon metrics.
- Weighted Average Carbon Intensity (WACI) and financed emissions decreased in the quarter. This was largely due to exiting CRH after switching its main listing to the US and reduced weightings in Shell and BP.

Feature Stock: BP

BP is a multinational integrated oil and gas company, operating through three key segments: Gas and Low Carbon Energy, Oil Production and Operations, and Customers and Products. Higher energy prices have seen BP deliver strong cashflows and have provided a strong basis for it to meet its target of allocating 50% of its capital expenditure to the strategic 'energy transition growth engines' by 2030. Recently, BP has made some substantial changes to its short-term emissions targets and the mix of its investments. The company has reduced its ambition with its short-term emissions target for 2025 being reset to a 10-15% reduction (from 20%), and the 2030 target to a 20-30% reduction (from 35-40%). A 40% reduction in oil and gas production by 2030 is now set at a 25% reduction. Furthermore, its investment mix has adapted in line with the market as investment in hydrogen has been delayed. Despite these changes, BP continues to target net zero scope 1,2 and 3 emissions by 2050. BP indicates these changes reflect stronger shorter term energy prices and the desire to remain flexible and pragmatic given heightened geopolitical uncertainty.

The unexpected departure of the CEO in September saw short-term management passed to the FD (Murray Auchincloss) whilst a replacement was found. Recent engagement with the Chairman indicated the board are the custodians of the low carbon strategy and that the new appointee will not be able to reverse the current plans. The Company has since announced that Murray Auchincloss has been appointed as the new CEO. We continue to actively engage with BP seeking more disclosure around targets and capex plans. Recent engagement with the Chairman indicated the board are the custodians of the low carbon strategy and that the new appointee will not be able to reverse their current commitments.

[1]Source: MSCI ESG Research 30/12/2023

Issuers Not Covered [1]		
Reason	ESG (%)	Carbon (%)
Company not covered	0.1%	0.1%
Investment Trust / Funds	6.9%	6.9%

Important Information

[1]Source: MSCI ESG Research 30/12/2023

Appendix G

BORDER TO COAST STERLING INVESTMENT GRADE CREDIT FUND

ESG & CARBON REPORT

Q4 2023

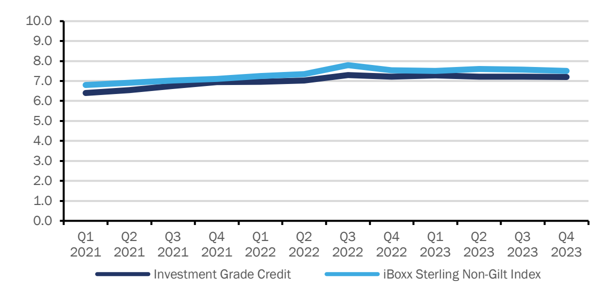
MSCI ESG RATING

AA

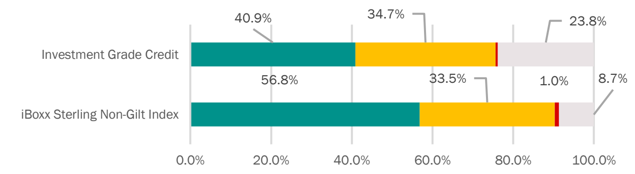
BORDER TO COAST PENSIONS PARTNERSHIP

	End of Quarter Position [1]			Key	
	MSCI ESG Rating	**Weighted ESG Score**	**vs. Benchmark**		Fund has an equal or better *Weighted ESG Score* than the benchmark.
Sterling Investment Grade Credit	AA [1]	7.2 [1]			Fund has a *Weighted ESG Score* within 0.5 of the benchmark.
iBoxx Sterling Non-Gilt Index	AA [1]	7.5 [1]			Fund has a *Weighted ESG Score* more than 0.5 below the benchmark.

MSCI Weighted Score Trend[1]



MSCI ESG Weightings Distribution[1]



AAA | AA | A | BBB | BB | B | CCC

LEADER — AVERAGE — LAGGARD — UNCOVERED

Highest ESG Rated Issuers [1]	% Portfolio Weight	% Relative Weight	MSCI Rating	Lowest ESG Rated Issuers [1]	% Portfolio Weight	% Relative Weight	MSCI Rating
European Investment Bank	1.5%	-0.2%	AAA [1]	Volkswagen Financial Services	0.4%	+0.1%	B [1]
Aviva	0.8%	+0.3%	AAA [1]	GB Social Housing	0.1%	+0.1%	B [1]
Legal & General	0.8%	+0.3%	AAA [1]	Akelius Residential Property	0.1%	+0.0%	B [1]
Enel Finance International	0.8%	+0.3%	AAA [1]	Wells Fargo	0.4%	-0.3%	B [1]
Yorkshire Building Society	0.7%	+0.4%	AAA [1]	The Great Rolling Stock Company	0.4%	+0.3%	BB [1]

Quarterly ESG Commentary

- The weighted ESG Score was stable over the quarter.
- The Fund scores below the benchmark on a Weighted ESG score basis, driven primarily by an overweight position in UK Government Bonds (rated A) of approximately 5%.

Feature Stock: Volkswagen Group

The Volkswagen Group (VW), headquartered in Germany is one of the world's leading automobile and commercial vehicle manufacturers. The Fund raised its holding in VW from underweight to neutral at the start of 2023. The company's credit spreads had been widening for much of 2022 but began to recover as almost all cyclical industrial issuers benefited from strong demand for industrial corporate bonds. VW issued further bonds in the primary market later in the year, enabling the underweight position to be fully closed.

Volkswagen has been involved in two significant ESG-related controversies in recent years, beginning in 2015 with the diesel emissions scandal ("Dieselgate") and more recently with allegations of forced labour at its joint venture (JV) plant in Xinjiang, China. VW has made significant progress since the "Dieselgate" scandal, which included putting in place an entire new senior management team, shifting the strategy towards electrification at a faster pace than peers and completely overhauling company culture (something that ESG data providers were slow to recognise). Concerns around forced labour have since been allayed after an external audit of VW's JV plant in Urumqi found no evidence of forced labour among the existing 197 workers (23.8% of which are minorities, including Uyghurs). Over the years engagement has been held with management on these and other issues highlighting concerns and seeking greater clarity on each issue to appropriately assess their impacts and potential effects on the underlying credit view. Management can be credited with a strong response to the emissions crisis and there is reassurance following the investigation into forced labour.

[1]Source: MSCI ESG Research 30/12/2023

BORDER TO COAST STERLING INVESTMENT GRADE CREDIT FUND

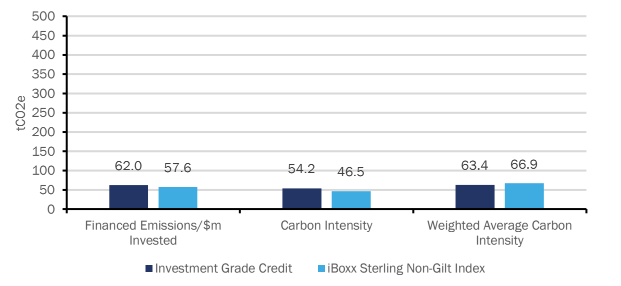
ESG & CARBON REPORT

Q4 2023

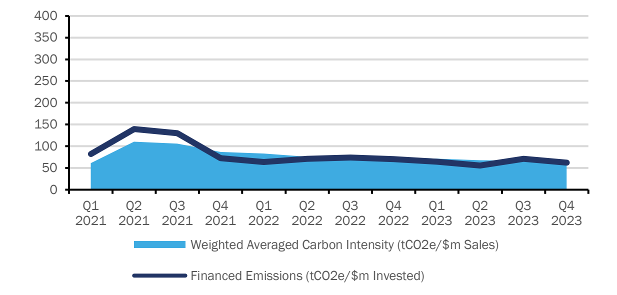
MSCI ESG RATING **AA**

PENSIONS PARTNERSHIP

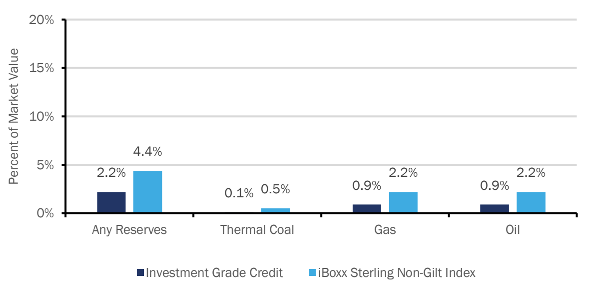
Carbon Emissions and Intensity[1]



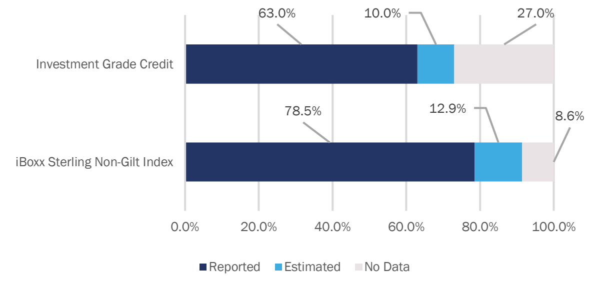
Carbon Trends[1]



Weight of Holdings Owning Fossil Fuel Reserves[1]



Availability of Carbon Emissions Data (% of Market Value)[1]



Largest Contributors to Financed Emissions[1]

	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level
Enel	0.8%	+0.3%	22.8% [1]	Yes	4
American Airlines	0.2%	+0.2%	22.3% [1]	Yes	4
E.ON	0.9%	-0.1%	5.8% [1]	Yes	4
Engie	0.2%	-0.3%	3.8% [1]	Yes	4
Mobico	0.1%	+0.0%	3.8% [1]	No	N/A

Quarterly Carbon Commentary

- The Fund is currently in line with the benchmark for portfolio financed emissions, carbon intensity and Weighted Average Carbon Intensity (WACI).
- Financed emissions and WACI decreased in the quarter largely driven by an increase in market cap of the Funds' largest emitters. An increase in market cap results in lower emissions per £M invested.

Feature Stock: Enel S.p.A.

Enel S.p.A. is a multinational energy producer and distributor. Its energy portfolio includes hydro, wind, thermal, solar, nuclear and Italy remains its biggest market. Enel has ambitious plans to exit coal by 2027 and gas generation by 2040, replacing thermal generation with new renewables capacity and storage solutions. By 2040, Enel expects 100% of the electricity it sells will be generated from renewables, facilitating its exit from retail gas.

There are expectations that Enel may miss its sustainability-linked bond (SLB) targets and face a coupon step up. Regardless, Enel is considered to be underrated by credit rating agencies. Enel is still on track to meet its longer-term net-zero targets and if targets were to be missed, that should not be by a significant amount. Competition has been extremely intense for the sector; however, Enel has been able to maintain its incumbent position, preserved market share, reduced customer turnover and is maintaining healthier margins. Consequently, investors should continue to benefit from maintaining exposure to Enel SLBs given its longer-term contributions to reducing portfolio carbon intensity, whilst keeping credit and default risk minimal. Engagement is being undertaken with Enel with the most recent being in January 2024.

[1]Source: MSCI ESG Research 30/12/2023

Issuers Not Covered [1]		
Reason	ESG (%)	Carbon (%)
Company not covered	17.7%	20.9%
Investment Trust/ Funds	6.1%	6.1%

Important Information

The material in this report has been prepared by Border to Coast Pensions Partnership Limited ("Border to Coast") and is designed for the use of professional investors and provides investor information about this fund. The MSCI ESG Fund Ratings and material in this document are for information purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy, or investment product. There is no assurance that any socially responsible investing strategy and techniques employed will be successful. Past performance is not a guarantee or reliable indicator of future results. The value of an investment and any income taken from it is not guaranteed and can go down as well as up; you may not get back the amount you originally invested. Border to Coast accepts no liability for any loss or damage arising from any use of, or reliance on, any information provided in this document. Border to Coast Pensions Partnership Ltd is authorised and regulated by the Financial Conduct Authority (FRN 800511).

Although Border to Coast information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use*, may not be reproduced or re-disseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

* In accordance with the licence agreement between Border to Coast and MSCI

[1]Source: MSCI ESG Research 30/12/2023

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Appendix B

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Appendix A

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Appendix B

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Appendix C

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 8

Document is Restricted

This page is intentionally left blank

Appendix A

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank