



DURHAM PENSION FUND COMMITTEE

**Border to Coast Pension Partnership Ltd Update
7 December 2023**

INTRODUCTIONS



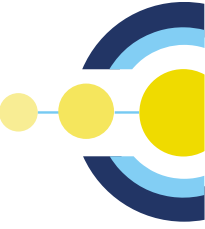
MILO KERR
HEAD OF CUSTOMER RELATIONSHIP
MANAGEMENT



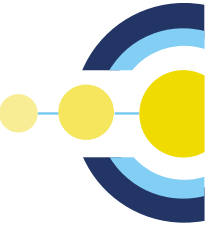


RESPONSIBLE INVESTMENT UPDATE

RESPONSIBLE INVESTMENT – OUR APPROACH



RESPONSIBLE INVESTMENT TEAM OVERVIEW



JANE FIRTH

HEAD OF RESPONSIBLE INVESTMENT



ALEX FAULKNER

RESPONSIBLE INVESTMENT MANAGER



TEJU AKANDE

CLIMATE CHANGE MANAGER



BEN TAYLOR

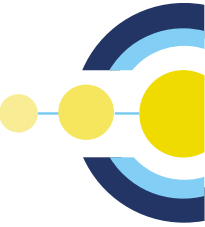
RESPONSIBLE INVESTMENT ANALYST



COLIN BAINES

STEWARDSHIP MANAGER

RESPONSIBLE INVESTMENT POLICIES



RESPONSIBLE INVESTMENT POLICY

Details the approach that Border to Coast follows in fulfilling its commitment to our partner funds in their delegation of the implementation of certain responsible investment (RI) and stewardship responsibilities.

CORPORATE GOVERNANCE AND VOTING GUIDELINES

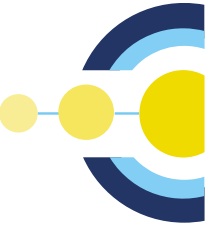
Details the framework within which the voting decisions are administered. These broad guidelines should be read in conjunction with the Responsible Investment Policy.

CLIMATE CHANGE POLICY

Details the approach that Border to Coast will follow in fulfilling its commitment to managing the risks and opportunities associated with climate change across the assets managed on behalf of our Partner Funds.

EXAMPLE OF RI POLICY IN ACTION

2023 ENGAGEMENT ESCALATION

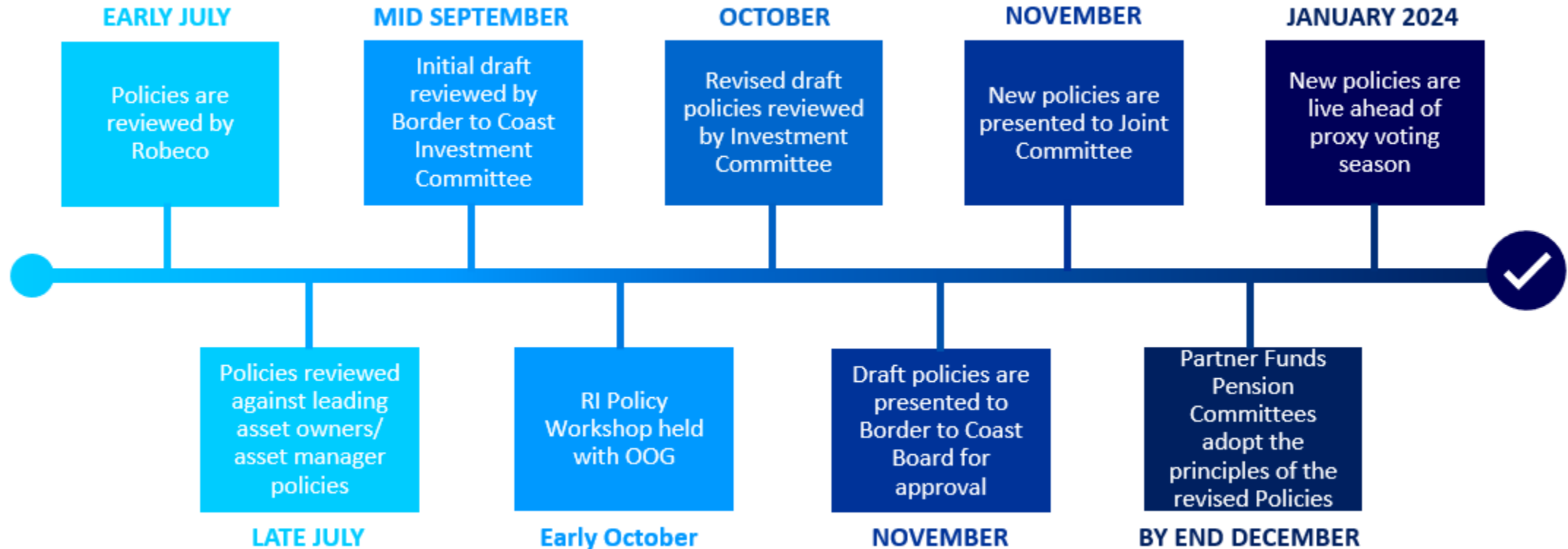
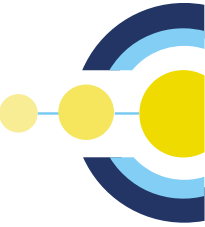


OIL & GAS SECTOR

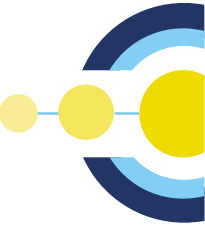
- Strengthened Voting Guidelines on climate change for O&G.
- Informed 23 companies in advance of the AGM of our decision to vote against management and explained rationale.
- Includes companies within the top 30 portfolio emitters, oil and gas, banks, and the subjects of high-profile shareholder resolutions.
- Pre-declared our voting intention at Shell, BP, and Glencore - votes at Shell and BP attracting press coverage.

RI POLICIES ANNUAL REVIEW PROCESS

CURRENT POLICIES AVAILABLE ON THE [BORDER TO COAST WEBSITE](#)



EXCLUSION UPDATES



CHANGES TO THERMAL COAL MINING AND OIL SANDS

- Exclusion thresholds have been lowered to 25% of revenue (from 70%) - aligned with private markets.

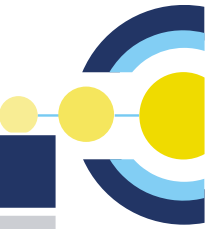
NEW EXCLUSION: THERMAL COAL POWER GENERATION

- Exclusions thresholds have been introduced of:
 - 50% of revenue - for developed markets.
 - 70% of revenue – for emerging markets.

CHANGES TO THE EXCLUSION OF CONTROVERSIAL WEAPONS

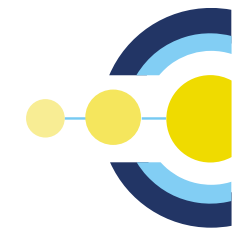
- The exclusion for controversial weapons has been broadened to cover landmines, biological, and chemical weapons.

PROPOSED KEY CHANGES TO RI POLICY



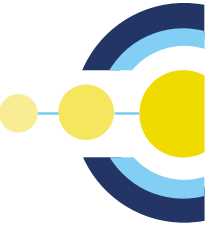
Section	Page	Type of Change	Rationale
2. What is responsible investment	5	Addition	RI approach potential to add value (reflecting our Chair's comments).
5. Integrating RI into investment decisions	6	Addition	Add just transition to the table under social issues.
	6	Addition	Additional text on human rights and engagement
	6	Addition	New text on biodiversity as an investment risk and how we engage.
5.1 Listed equities	7	Addition	More detail on integration process.
5.2 Private markets	7/8	Addition	Additional information on annual questionnaire and involvement in industry initiatives.
5.3 Fixed income	8	Amendment	Moved text on engagement.
5.4 Real estate	8/9	Amendment	Updated for progress made ahead of launch.
5.5 External manager selection	9	Addition	Update on engagement to support net zero; PRI assessment considered in selection and monitoring.
5.6 Climate change	9/10	Amendment and addition	Amendment to wording on a just transition and expectations of companies. Additional wording on Net Zero and stewardship.
6. Stewardship	10	Amendment	Inserted 'where appropriate' regarding litigation.
6.2.2 Escalation	14	Addition	Extra tools as part of escalation.
6.2.3 Exclusions	14/15	Amendments and addition	Revenue thresholds reduced for thermal coal and oil sands.
			Controversial weapons exclusions broadened.
			New exclusion for thermal coal power generation.
9. Training and assistance	16	Addition	Included wider colleagues.

PROPOSED KEY CHANGES TO CORPORATE GOVERNANCE AND VOTING GUIDELINES



Section	Page	Type of Change	Rationale
Diversity	7	Amendment	Expectations of UK companies on board gender diversity.
		Addition	FTSE 250 on racial diversity and US companies.
Audit	11	Addition	Plans to retender.
Shareholder proposals	14	Addition	General stance on proposals aligned with Paris Agreement.
Climate change	15	Amendment	Text to be revised following update from Robeco.
		Addition	Stance on Say on Climate items not aligned with Paris Agreement.

PROPOSED KEY CHANGES TO CLIMATE CHANGE POLICY



Section	Page	Type of Change	Rationale
2.2 Why climate change is important to us	5	Addition	Additional wording taken from the Climate Change Report – importance, our role, and opportunities.
		Amendment	Revision to just transition wording.
3.1 Our ambition – Net zero	8/9	Addition	Inserted reference to our Net Zero targets – wording moved from 5.2
3.3 Division of roles and responsibilities	9	Addition	Wording in line with Climate Change Report.
4.1 How we identify climate-related risks	10	Revision	Wording in line with Climate Change Report.
4.2 How we assess climate-related risks and opportunities	11	Addition	Update on climate change scenario analysis. – in line with Climate Change Report.
5.1 Our approach to investing	11/12	Addition and Amendment	Additional wording on consideration when excluding. Revise exclusion threshold for thermal coal and oil sands.
			New exclusion on thermal coal power generation.
5.2 Acting within different asset classes	12	Amendment	Paragraph moved to 3.1.
6.1 Our approach to engagement	13/14	Amendment and Addition	Inserted ‘where considered to be appropriate’ regarding litigation.
			Reference to engagement and targets.
			Focus areas including voting and engagement.
7. Disclosures and reporting	14	Amendment	Revised wording on transparency and reporting.



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