Appendix 6

BORDER TO COAST STERLING INVESTMENT GRADE CREDIT FUND

ESG & CARBON REPORT

Q3 2024

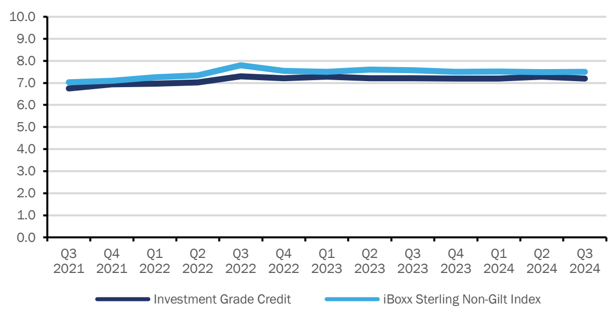
MSCI ESG RATING

AA

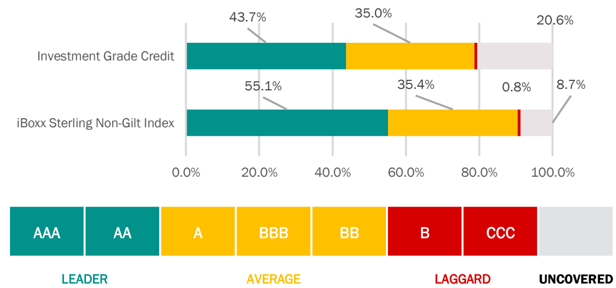
BORDER TO COAST PENSIONS PARTNERSHIP

	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]



Highest ESG Rated Issuers [1]				Lowest ESG Rated Issuers [1]			
	% Portfolio Weight	**% Relative Weight**	**MSCI Rating**		**% Portfolio Weight**	**% Relative Weight**	**MSCI Rating**
European Investment Bank	1.5%	-2.1%	AAA [1]	Volkswagen Group	0.4%	-0.2%	B [1]
KFW	0.9%	-3.4%	AAA [1]	Akelius Residential Property	0.3%	+0.3%	B [1]
Land Securities	0.8%	+0.4%	AAA [1]	GB Social Housing	0.1%	+0.1%	B [1]
Yorkshire Building Society	0.7%	+0.4%	AAA [1]	Eversholt	0.4%	+0.2%	BB [1]
Aviva	0.7%	+0.3%	AAA [1]	Realty Income Corportation	0.4%	+ <0.1%	BB [1]

Quarterly ESG Commentary

- The overall ESG rating of the Fund decreased marginally in the quarter, remaining slightly below the benchmark.
- The Fund continues to have a large overweight position (5%) in UK Government Bonds. UK Bonds have an ESG rating of ‘A’ which negatively influences the Fund’s ESG scoring relative to benchmark.

Feature Stock: Eversholt Funding plc

Eversholt is a provider of UK passenger and freight railway vehicles (rolling stock). The company currently leases trains to 10 train operators and 2 freight operators within the UK providing essential infrastructure. The company is well suited for Buy & Maintain portfolios thanks to stable cash flows from its long-term contracts. The attractiveness of Eversholt bonds is enhanced by security over the rolling stock and strong covenants that cement lending position.

Eversholt does not perform particularly well in third-party metrics. From an ESG perspective this is driven by the company’s governance structure. The chair of Eversholt UK Rails’ board, the company’s parent, is a representative of the founding family. This raises governance risks for minority shareholders. This risk is less relevant for bond holders.

With an implied temperature rise (ITR) of 2.9°C and a lack of science-based targets validated by SBTi, the company also scores less favourably from a climate perspective. However, with 81% of the fleet being electrified or bi-modal and action to find alternatives to diesel-powered trains, therefore the company's net zero risks are manageable. As the UK energy grid decarbonises, the relatively high electrified portion of Eversholt’s fleet will lead to a natural decrease in emissions. The company was engaged in 2023 to discuss the actions being taken to improve energy efficiency and reduce emissions from its fleet.

[1]Source: MSCI ESG Research 30/09/2024

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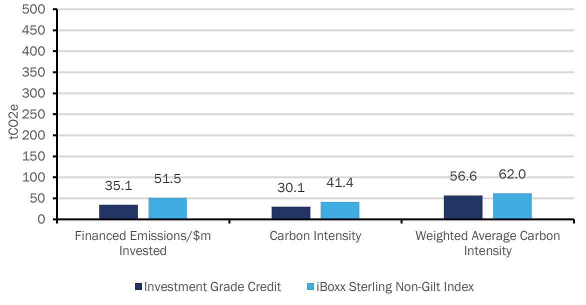
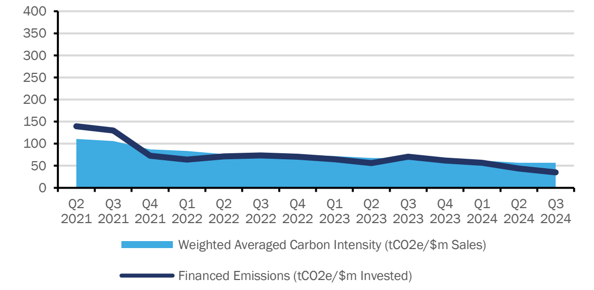
AA

PENSIONS PARTNERSHIP

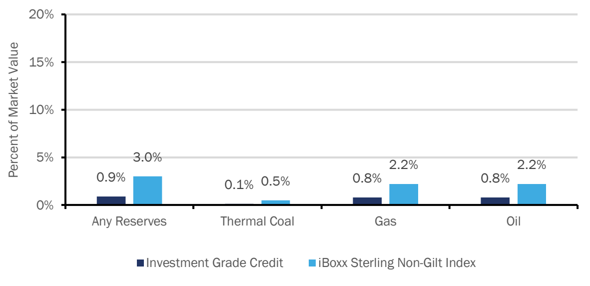
Carbon Emissions and Intensity[1]



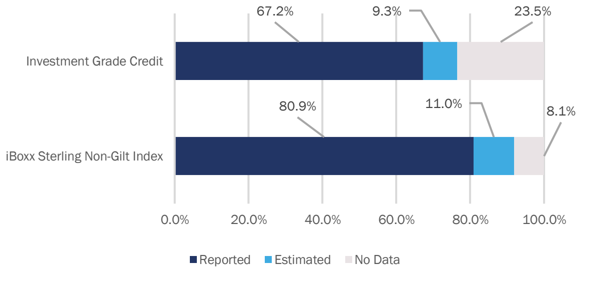
Carbon Trends[1]



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	0.5%	-0.1%	14.9% [1]	Yes	4
Mobico	0.1%	+<0.1%	7.7% [1]	No	N/A
Air Canada	<0.1%	+<0.1%	7.2% [1]	No	4
Engie	0.1%	-0.3%	6.2% [1]	Yes	4
Fedex	0.3%	+0.3%	5.0% [1]	No	3

Quarterly Carbon Commentary

- The Fund's financed emissions decreased by 20%. This was driven by a decrease in emissions from the Fund's top emitters last quarter, Enel and Mobico, which accounting for 23% and 18.8% of financed emissions at end Q2, respectively. Enel saw a 33% decrease in reported emissions. Mobico saw a significant increase in market cap. Both factors materially reduced the Fund's financed emissions.
- The Fund's underweight positions in high emitting sectors, materials, industrials, energy and utilities, continues to drive its relative position versus benchmark across all emissions metrics.

Feature Stock: Air Canada

Air Canada is Canada's largest Airline company. The company operates across more than 180 airports providing passenger services within Canada, across the Canada-United States transborder market and internationally. The company also has freight lift and vacation tour business segments. The Fund has had long term exposure to Air Canada and the company's credit risk-return profile remaining strong.

Air Canada has a 2050 net zero commitment and an interim 2030 target to reduce emissions by 20% compared to a 2019 baseline. The company is seen to industry peers in emission mitigation efforts to meet this target. Long term decarbonisation of the airline industry depends on the development of sustainable and low carbon aviation fuels. Air Canada has pledged to invest $50 million by 2030 into sustainable aviation fuels, low carbon aviation fuels and carbon capture/reduction technologies. To address near term decarbonisation targets, the company has continued to invest in the modernisation of its fleet deploying Airbus A220 and Boeing 737 MAX that use 20% less fuel consumption per seat, roughly 20% less CO2e, and 50% less nitrogen oxide than older aircraft.

With operations in the U.S. and Canada accounting for 46% of revenue in FY 2023, increasingly stringent emissions regulations and changing customer behaviours in these countries present clear transition risks that need to be managed by the company.

[1]Source: MSCI ESG Research 30/09/2024

Issuers Not Covered		
Reason	ESG (%)[1]	Carbon (%)[1]
Company not covered	10.1%	12.1%
Investment Trust/ Funds	10.5%	11.4%

Important Information

[1]Source: MSCI ESG Research 30/09/2024