Lincolnshire Pension Fund Stewardship Update
January – March 2025 inclusive

1.0 Introduction

1.1 Lincolnshire Pension Fund interacts with key stakeholders, in its day-to-day operations, to ensure the investments held are being well managed and are performing the way we expect them to. The Fund's approach to stewardship activity is largely through the use of external professionals, as the Fund operates with a small internal team covering all Fund matters from investments to administration, to governance. We believe that the use of external experts in this field provides the best use of resources for the Fund. It also allows us to have a greater impact, working with others, the Fund has a larger profile when approaching the market and individual companies than doing so alone.

1.2 The Fund works with:

- The Local Authority Pension Fund Forum (LAPFF). LAPFF engage directly with company chairs and boards to affect change at these companies. They also engage with wider stakeholders, such as employees and local communities to understand their views of a company's behaviour and risks. Beyond this, LAPPF challenge regulators and policy makers.

  They represent the majority of Local Government Pension Funds in the UK and seven out of the eight pool companies.

- Border to Coast Pensions Partnership (BCPP). As the Fund's chosen pool, Border to Coast represent us Lincolnshire and the other partner funds they practice active ownership by holding companies and asset managers to account on all aspects of stewardship and responsible investment 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.

- Robeco, who are appointed by Border to Coast to provide voting and engagement services for all Border to Coast propositions.

- Other investment managers used by the Fund, including: Legal and General Investment Management and Morgan Stanley Investment Managers carry out their own stewardship activity, at the asset selection stage and through the time an asset is held.

1.3 This report provides a summary of various stewardship 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.

2.0 Local Authority Pension Fund Form (LAPFF)

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 engages directly with companies and sectors, and their current engagement themes include: environmental risk, climate change, supply chain management, human rights, and Board composition. They also act by collaborating with other investors and by responding to government and industry consultations.

Outcomes achieved through LAPFF engagement

2.2 The latest LAPFF engagement report can be found on their website: Q1 2025 Quarterly Engagement Report - LAPFF. Highlights include:

- Engagement with energy suppliers Iberdrola, SSE, Drax, BP and Shell on energy supply and consumption decarbonisation strategies.
- Meetings with housebuilders Persimmon and Barratt Redrow to discuss decarbonisation and their readiness for the Future Homes Standard. LAPFF also engaged with Vistry around governance, specifically that the company has a combined CEO and Chair.
- LAPFF participated in the 2025 Valuing Water Finance Initiative letter and engaged with mining companies on water risk management.
- Following public climate rollbacks from major oil and gas companies, LAPFF started dialogue with banks on shifting capital away from fossil fuel expansion, and towards clean energy investment.
- Through Nature Action 100, LAPFF engaged with Proctor & Gamble and Nestlé, focussing on encouraging improvements in nature-related disclosures.
- Human-rights due diligence was discussed with companies operating in Conflict Affected and High-Risk Areas (CAHRA's), including Bank Leumi, Home Depot, and a series of luxury goods manufacturers.
- LAPFF participated in collaborative initiatives, including: "Votes Against Slavery" (Rathbones), PRI Advance (Vale, Anglo American), and collective investor calls for stronger human rights oversight in Nike's supply chain.

Company Engagement

2.3 LAPFF engaged with 23 companies over the quarter, on issues surrounding Financing the Net Zero transition, Climate Change, Water Stewardship, and Governance. Highlights include:

- Financing the Fossil Fuel sector: there has been continued engagement from LAPFF during the quarter with the banking sector. The financing required as part of a transition to a decarbonised economy means that banks have a key role to play, and LAPFF's engagements with banks aims to accelerate this transition. In this quarter LAPFF engaged with NatWest, focusing on what they define as a "credible transition plan". NatWest have continued to be a major financer to BP, even after BP's public rollback on climate commitments.

NatWest reaffirmed their commitment to aligning their financial decision-making with climate goals but highlighted that the reliance on third party assessments created challenges. It was noted that NatWest have exceeded their 2025 carbon reduction targets, but that continued dialogue and transparency is welcomed.

- LAPFF's expectations of companies operating in Conflict Affected and High-Risk Areas (CAHRA's) are guided by the UN Guiding Principles of Human Rights. LAPFF maintain a focus on engaging with companies with activities linked to CAHRA's, including Bank Leumi (an Israeli-based company). Bank Leumi has issued a public human rights policy since LAPFF's last engagement with them in May 2023, and improvements have been noted in this policy. LAPFF also noted some improvements made in due diligence processes in investment decisions. LAPFF noted there was no evidence of Bank Leumi undertaking Heightened Human Rights Due Diligence (hHRDD), which requires companies to examine the dynamics of a conflict and be proactive in their approaches (for example, identifying forced displacement of a population, or silencing of media). Given Bank Leumi's proximity to the Israeli / Palestine conflict, LAPFF pressed the company to conduct hHRDD, though it is not clear that the company is undertaking this at this time.

2.4 Other work by LAPFF during the quarter included:

- Stakeholder Engagement: LAPFF attended a roundtable discussion with Nestlé Chair, Paul Bulcke (this is a meeting LAPFF attend every year). This meeting offers LAPFF the opportunity to engagement with stakeholders across industries and ask questions directly to the worlds largest food and beverage producer. Questioning largely focussed on the succession of Nestlé's CEO in August 2024, and how the new CEO (Laurent Freixe) will use and create regenerative agriculture practices. It was noted that Nestlé's 2025 target of 20% regenerative agriculture has already been surpassed (21.3%), and they were on track to reach 50% by 2030.
- Collaboration: LAPFF has continued to collaborate with Nature Action 100 (NA100), who aim to support greater corporate ambition to reverse nature and biodiversity loss. LAPFF met with Proctor & Gamble prior to the publishing on the NA100 benchmark, but have since joined the NA100 collaboration, with the aim of ensuring Proctor & Gamble act on gaps it has in its biodiversity impact assessment transparency gaps.

2.5 Further details on LAPFF's work can be found on their website: www.lapfforum.org and in their annual report for 2024 which has been published on their website during the quarter (LAPFF Annual Report 2024).

3.0 Border to Coast Pensions Partnership

3.1 Border to Coast is a strong advocate of stewardship and responsible investment 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 report detailing the activity they have undertaken during the quarter, and the latest copy can be found on their website (Quarterly Stewardship Report Q4 2024/25). Highlights from their work during the quarter include:

- Engagement with Regulators: Border to Coast submitted a response to the FRC consultation on proposed revisions to the Stewardship Code. Efforts to streamline the code's requirements were welcomed but ensuring the Code remains a valuable benchmark of effective stewardship practice was raised as a concern. A copy of this response can be found on their website.

  Border to Coast also maintained their signatory status to the Stewardship Code for the fourth consecutive year, reflecting their commitment to the high standards set by the FRC for responsible investors.

- Engagement with Companies: Border to Coast is the Chair of the new Institutional Investors Group on Climate Change (IIGCC) Working Group on Just Transition, which will help support the transition into the Net Zero Investment Framework. This working group has begun a pilot programme with HDFC Bank in India, collaborating with other large investment managers to meet with HDFC Bank and discuss the issue of a Just Transition specifically in an Indian context. The meeting was positive, with engagement ongoing.

- Industry Update: the return of President Donald Trump to the Whitehouse has intensified the politicisation of ESG initiatives, with threats to roll back the Inflation Reduction Act. This act has previously been fundamental in spurring investment into clean energy. The US Securities Exchange Commission have effectively abandoned climate risk and emissions reporting requirements.

- Industry Update: The US Securities and Exchange Commission (US SEC) has also introduced updated guidance making it more costly and onerous for shareholders owning more than 5% of a company to engage with management on ESG issues. There is concern this will make it difficult for shareholders wishing to engage on ESG issues to have their voices heard.

High level information on Border to Coast voting and engagement activity

3.4 This quarter saw Border to Coast voting at 161 meetings, covering 1,547 agenda items. In 11% of meetings, Border to Coast cast at least one vote against the recommendations of management.

3.5 During the quarter, Border to Coast have met with Panoro Energy (an emerging-markets focussed oil and gas company). Panoro Energy have met Border to Coast's expectations around intensity-based emissions targets publications, and as a result of this (and other areas of engagement) Border to Coast have signalled they will vote in favour of the Chair's re-election in 2025.

3.6 Engagement activity included 438 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 Stewardship report also includes a case study on engagement with BP following their strategy reset, weakening its climate targets. Border to Coast voted against the re-election of BP's Chair, as did 24% of shareholders. This is a significant vote against the Chair, and engagement with BP will continue.

4.0 Border to Coast Pensions Partnership – Robeco

4.1 In addition to the direct stewardship 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 Q4 2024/25).

4.2 During the quarter they have engaged with companies on 57 occasions on topics including: Environmental and Sustainable Development Goals. This quarter's report provides details on how Robeco are extending and broadening their engagement around "Diversity and Inclusion" to also addresses "Human Capital Management" (HCM). HCM addresses a wider range of workforce issues, such as employee development and fair wages. There is also discussion around a three-year engagement recently undertaken looking at reducing deforestation due to palm oil plantations.

5.0 Other Managers

Legal and General Investment Management

5.1 Legal and General Investment Management (LGIM) manage approximately 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 LGIM publish an ESG Impact Report detailing their engagement activity during the quarter, across all their investment products, and an ESG report specifically for the Future World Fund. This can be found on their website.

Morgan Stanley

5.3 During the quarter, a number of milestones were achieved by underlying managers within this element of the portfolio:

- A water "treatment and re-use" facility has expanded its pipeline, with agreement reached or very close for two new projects. The facility is far exceeding its minimum water production target of 250,000 gallons per day, currently treating 450,000 gallons per day.
- A separate investment has seen further water treatment improvements, with the advancement on the construction of a water treatment plant which will supply 80% of Fort Lauderdale's fresh water, once finalised in 2026.
- Seven new availability-based EV charging infrastructure projects have been agreed in Hawaii.

Innisfree Investments – PFI Continuation Fund

5.4 Lincolnshire Pension Fund has made a number of investments with Innisfree, who have a focus on PFI investments (Public Finance Initiatives). The Fund is invested in three funds, which aim to create and lease back to public bodies a series of high-quality assets, including: rail infrastructure, hospitals and schools. These assets are located in the UK, Europe and Canada.

5.5 The funds invest in infrastructure projects that have a positive impact in the communities where they are based, providing hospital beds, school places, and high-speed rail track. Key sub-contractors are focussed on ESG, with regular reporting on ESG strategy and the impact of fund assets. The fund's investments inherently further a number of the UN Sustainable Development Goals, including Quality Education; Sustainable Cities and Communities; and Reduced Inequalities.

6.0 Voting

6.1 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.

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

- Global Equity Alpha – 70 meetings were attended, and 542 votes were cast. At 40 meetings one or more votes were cast against management recommendations. This amounted to 77 (14.21%) proposals from management that were voted against.
- Overseas Developed Markets Equity – 40 meetings were attended, and 534 votes were cast. At 31 meetings one or more votes were cast against management recommendations, this amounted to 54 (10.11%) proposals from management that were voted against.
- UK Listed Equity – 10 meetings were attended, and 161 votes were cast. At 5 meetings one or more votes were cast against management recommendations, this amounted to 7 (4.35%) proposals from management that were voted against.

6.3 Full details of the votes cast during the period January – March 2025 can be found on the Border to Coast website: Quarterly Full Details Voting Report Q4 2024/25.

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

7.1 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.

7.2 For the quarter ended 31 March 2025 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.

7.3 *"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.*

7.4 In summary:

- <u>Global Equity Alpha</u> – The sub-fund sits above the benchmark across AAA and AA rated companies. Despite the sub-fund's exit of ESG leaders, S&P Global and Taiwan Semiconductor Manufacturing, the sub-fund remains above the benchmark ESG score, with an A rating.

  The number of CCC rated companies held by the sub-fund is consistent with the previous quarter, with Amber Enterprises upgraded by MSCI and a new position initiated in CCC rated Tata Steel. Tata Steel is this quarter's feature stock.

  The sub-fund saw a 23% reduction in financed emissions and a 29% decrease in weighted average carbon intensity quarter-on-quarter. Compared to 31 March 2024, financed emissions have dropped by 54%. Over that period, the Fund has exited positions in Heidelberg, Holcim, and Linde, which collectively accounted for 47% of financed emissions.

- <u>Overseas Developed Markets Equity</u> – The sub-fund and benchmark saw no change in overall ESG score, and the sub-fund remains above benchmark on this measure, with an AA rating. The number of companies held by the sub-fund with an ESG Rating of CCC also remained consistent quarter on quarter.

  The sub-fund saw small changes across each emissions metric over the quarter. The sub-fund's financed emissions decreased by 8% and carbon intensity by 4% whilst weighted average carbon intensity increased by 6%. The sub-fund remains below benchmark across all emissions metrics.

  Increased positions in the sub-fund's top five emissions contributors drove the increase in the Fund's Weighted Average Carbon Intensity (WACI). Countering this, an increase in those issuers' market capitalisation reduced the sub-fund's relative ownership of each issuer's scope 1 and 2 emissions, leading to a reduction in the Fund's financed emissions and carbon intensity metrics.

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

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

- Sterling Investment Grade Credit – The sub-fund's weighted ESG score has remained constant at a rating of AA. A marginal increase in the benchmark's ESG score from last quarter has seen the gap to benchmark increase. The sub-fund maintains a large overweight position in UK government bonds and underweight positions in European Investment Bank and KfW bonds (the German state-owned investment and development bank) which drives the differential. As UK government bonds have an ESG rating of 'A' this influences the sub-fund's ESG scoring relative to benchmark.

  The Fund remains materially below the benchmark across all emissions metrics.

8.0 Stewardship Code 2023/24

8.1 The Financial Reporting Council (FRC) Stewardship 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.

8.2 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.

8.3 The Fund became one of the first Local Authority Pension Fund signatories to the Code, following submission of a report for 2020/21, and has been successful every year since (a copy of the report can be found on the Pension Fund website: Stewardship Code 2023/24).

8.4 In early summer 2024 the FRC announced a fundamental review of the UK Stewardship Code 2020 to ensure it continues to encourage high quality stewardship outcomes in a proportionate way, and the consultation was published in November 2024. Key proposals in the consultation include:

- A revised definition of stewardship that emphasises creating long-term sustainable value for clients and beneficiaries as a key outcome of good stewardship;
- A streamlined reporting process separating policy and activity disclosures;
- Targeted principles for different types of signatories and service providers such as proxy advisors; and
- New guidance to support effective implementation.

8.5 The consultation ran until 19 February 2025. The Head of Lincolnshire Pension Fund attended a roundtable event hosted by the FRC to ensure our views were put forward. Officers will keep the Committee updated on developments and changes to the new Code once they have been released.

Appendices	
Appendix A	Link: B2C GEA Quarterly Summary Voting Report Q4 2024/25
Appendix B	Link: B2C ODE Quarterly Summary Voting Report Q4 2024/25
Appendix C	Link: B2C UK Listed Quarterly Summary Voting Report Q4 2024/25
Appendix D	Attached: B2C GEA Quarterly RI Report Q4 2024/25
Appendix E	Attached: B2C ODE Quarterly RI Report Q4 2024/25
Appendix F	Attached: B2C UK Listed Quarterly RI Report Q4 2024/25
Appendix G	Attached: B2C IGC Quarterly RI Report Q4 2024/25

APPENDIX D

BORDER TO COAST GLOBAL EQUITY ALPHA FUND

ESG & CARBON REPORT

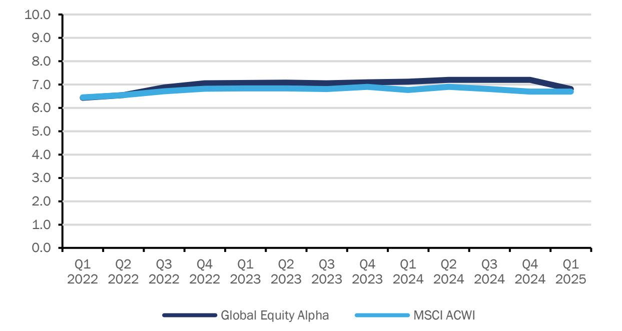
Q1 2025

MSCI ESG RATING
A

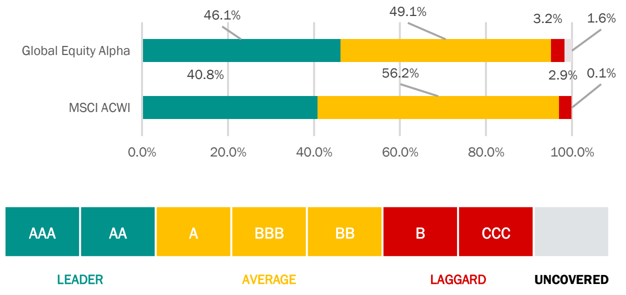
BORDER TO COAST PENSIONS PARTNERSHIP

	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]	6.8 [1]			Fund has a *Weighted ESG Score* within 0.5 of the benchmark.
MSCI ACWI	A [1]	6.7[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
Intuit	1.8%	+1.6%	AAA [1]	PDD Holdings	0.5%	+0.4%	CCC [1]
ASML	1.7%	+1.4%	AAA [1]	Jiangsu Hengli Hydraulic	0.1%	+0.1%	CCC [1]
RELX	1.1%	+1.0%	AAA [1]	Tata Steel	<0.1%	+<0.1%	CCC [1]
Nvidia	1.0%	-2.5%	AAA [1]	Meta Platforms	1.6%	-0.1%	B [1]
Autodesk Inc	0.8%	+0.7%	AAA [1]	SEA Limited	0.7%	+0.7%	B [1]

Quarterly ESG Commentary

- With the change in manager composition the proportion of the Fund that is rated as an ESG laggard has increased, namely Meta Platforms Inc. and PDD Holdings. The Fund has also reduced positions in ESG leaders including S&P Global and Taiwan Semiconductor Manufacturing.. This has resulted in a drop in the Fund's ESG score from 7.2 to 6.8, resulting in a downgrade from AA to A. Despite this, the Fund remains above the benchmark on its ESG score.
- The number of CCC rated companies held by the Fund is consistent with the previous quarter, with Amber Enterprises upgraded by MSCI and a new position initiated in CCC rated Tata Steel. Tata Steel is this quarter's feature stock.

Feature Stock: Tata Steel

Tata Steel is a vertically integrated steel manufacturer operating in India and Europe. In India, the current crude steel capacity is 130-140 million tons per annum (MTPA), and is expected to reach 240 MTPA by FY30, with demand increasing at a healthy pace of 7-8% per annum. Tata Steel aspires to be a 40 MTPA steel manufacturer by FY30, compared to the current capacity of approximately 21 MTPA, indicating a sizeable growth opportunity. In India, the company benefits from captive iron ore mines, making it one of the lowest-cost producers compared to peers. The strong demand forecast, combined with a competitive cost base, supports the investment thesis for the company. The company's UK steel business has faced challenges due to high operational costs from aging assets. However, the decision to shut down Blast Furnace (BF) capacity and replace it with Electric Arc Furnace (EAF) capacity over the next 3-4 years presents a potential turnaround opportunity. The Netherlands steel business has consistently been profitable and is aiming to reduce carbon emissions, with partial funding from government support.

Despite the high carbon intensity of the business, Tata Steel's plans to reduce emissions are credible and positive. The company targets reducing carbon intensity from approximately 2.4 tons CO2 per ton of metal produced to less than 1.8 tons CO2 per ton by 2030, aiming for net zero by 2045 through initiatives like increasing EAF capacity, setting up carbon capture units, using natural gas instead of coal, and eventually green hydrogen.

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

BORDER TO COAST GLOBAL EQUITY ALPHA FUND

ESG & CARBON REPORT

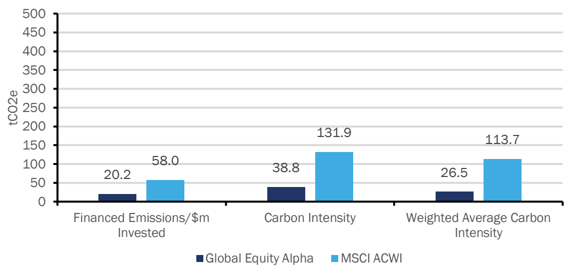
Q1 2025

MSCI ESG RATING

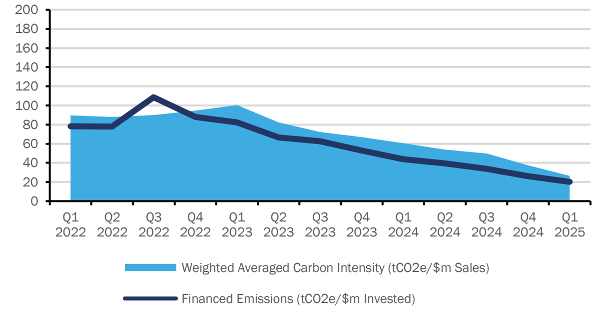
A

PENSIONS PARTNERSHIP

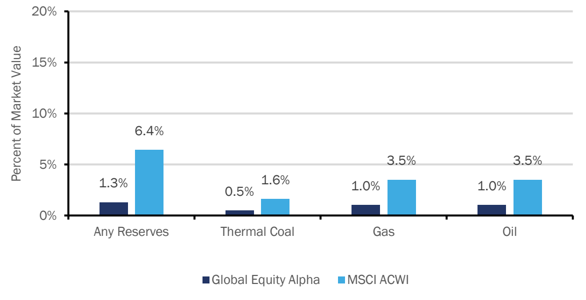
Carbon Emissions and Intensity[1]



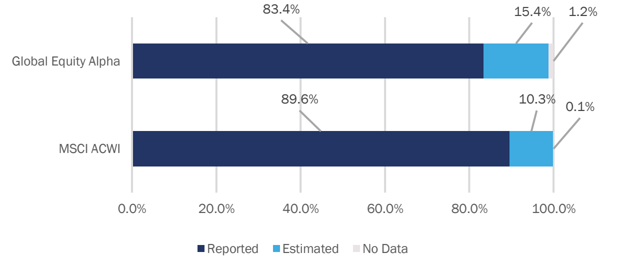
Carbon Trends[1]



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[2]
Phillips 66	0.5%	+0.4%	17.9% [1]	Yes	3
Glencore	0.5%	+0.4%	13.4% [1]	Yes	4
Jet2	0.3%	+0.3%	11.2% [1]	No	N/A
Bayer	0.7%	+0.7%	5.4% [1]	Yes	5
ConocoPhillps	0.5%	+0.3%	3.5% [1]	Yes	4

Quarterly Carbon Commentary

- The Fund saw a 23% reduction in financed emissions and a 29% decrease in weighted average carbon intensity quarter-on-quarter. Compared to 31 March 2024, financed emissions have dropped by 54%. Over that period, the Fund has exited positions in Heidelberg, Holcim, and Linde, which collectively accounted for 47% of financed emissions.
- This quarter, Jennison and Baillie Gifford have been added as managers to the Fund, replacing Loomis. Both of the new portfolios are less carbon-intensive, further reducing the Fund's financed emissions and weighted average carbon intensity.

Feature Stock: ConocoPhillips

ConocoPhillips stands out as one of the higher quality independent oil producers globally. The company has decades of low-cost drilling inventory in attractive oil basins, minimal leverage, and industry-leading returns on invested capital.

As an oil and gas exploration and production company, ConocoPhillips faces certain risks associated with reduced demand for fossil fuels amid a low-carbon transition. The stock demonstrates awareness and management of these risks, along with a consideration for its role in the transition. ConocoPhillips has made progress in reducing operational emissions, particularly methane, achieving a 65% reduction in intensity from 2015-2019, with an additional 10% reduction target set for 2025.

The company's future growth trajectory appears robust, even considering potential changes in demand linked to a low-carbon transition. Current earnings are significantly bolstered by liquefied natural gas (LNG), a transition fuel perceived as less vulnerable to demand declines compared to oil. Growth investments also prioritize LNG, underscoring the company's strategic positioning for the future

[1]Source: MSCI ESG Research 31/03/2025
[2] Company TPI scores have been updated to reflect their latest assessment under the v5 framework. V5.0 of TPI's assessment methodology introduces a new level (level 5) focused on transition planning and implementation, sets higher standards for companies and aims to provide greater differentiation amonghigh-performing companies.

Issuers Not Covered [1]		
Reason	ESG (%)[1]	Carbon (%)[1]
Company not covered	1.6%	1.1%
Investment Trust/ Funds	0.0%	0.1%

Important Information

APPENDIX E

BORDER TO COAST OVERSEAS DEVELOPED MARKETS EQUITY FUND

ESG & CARBON REPORT

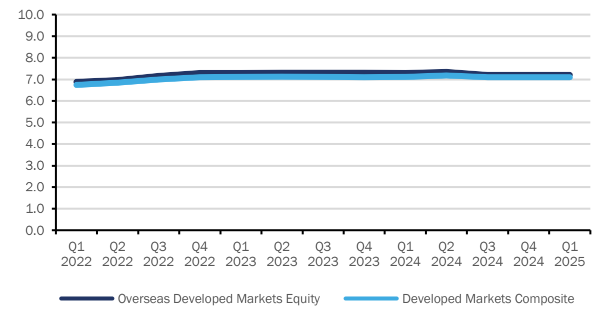
Q1 2025

MSCI ESG RATING
AA

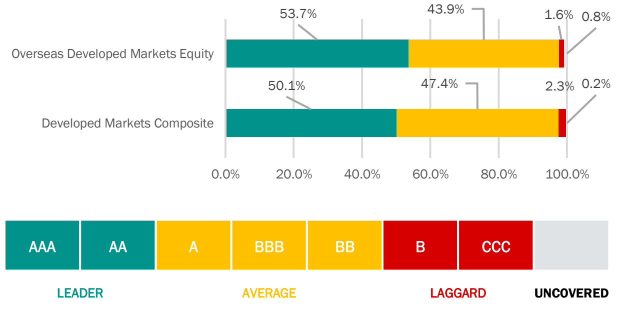
PENSIONS PARTNERSHIP

	End of Quarter Position [1]			Key	
	MSCI ESG Rating	**Weighted ESG Score**	**vs. Benchmark**	(green)	Fund has an equal or better *Weighted ESG Score* than the benchmark.
Overseas Developed Markets Equity	AA [1]	7.2 [1]	(green)	(amber)	Fund has a *Weighted ESG Score* within 0.5 of the benchmark.
Developed Markets Composite	A [1]	7.1 [1]		(red)	Fund has a *Weighted ESG Score* more than 0.5 below the benchmark.

MSCI Weighted Score Trend[1]



MSCI ESG Weightings Distribution[1]



Highest ESG Rated Issuers [1]	% Portfolio Weight	% Relative Weight	MSCI Rating
NVIDIA	2.6%	+0.4%	AAA [1]
SAP	1.3%	+0.3%	AAA [1]
ASML	1.2%	+0.3%	AAA [1]
Novo Nordisk	1.0%	+0.3%	AAA [1]
Schneider Electric	0.9%	+0.5%	AAA [1]

Lowest ESG Rated Issuers [1]	% Portfolio Weight	% Relative Weight	MSCI Rating
Hyundai Motor	0.3%	+0.1%	CCC [1]
Hyundai Mobis	0.2%	+0.1%	CCC [1]
HPSP	0.1%	+0.1%	CCC [1]
Park Systems Corp	0.1%	+0.1%	CCC [1]
Meta Platforms	0.9%	-0.2%	B [1]

Quarterly ESG Commentary

- The Fund and benchmark saw no change in overall ESG score, and the Fund remains above benchmark on this measure.
- The number of companies held by the Fund with an ESG Rating of CCC also remained consistent quarter on quarter. The Fund had initiated a position in Park System Corp in Q4 2024, this quarter's feature stock.

Feature Stock: Park Systems Corp

Park Systems Corp, a leading Korean manufacturer of atomic force microscopes (AFM), excels in non-contact measurement and nanometrology, pioneering semiconductor inspections. With an impressive 80% market share in specialist measurement and 20% in the overall AFM market, Park Systems has established a strong foothold in the industry. The company has delivered strong shareholder value in recent years, driven by its unique intellectual property and technical expertise.

MSCI rates Park Systems as "CCC" due to its ESG practices lagging peers. Many small Korean companies, including Park Systems, have rapidly developed without dedicated ESG teams, resulting in lower scores from MSCI's systematic evaluations. The company is seen to trail global peers in business ethics practices and most notably staff management practices. This poses a challenge for Park Systems as it relies heavily on a highly skilled workforce to design and manufacture its leading microscopes.

Park Systems is committed to enhancing its ESG policies and improving disclosure as it grows. While MSCI's criticisms are valid and some issues can be easily addressed, it is noteworthy that Park Systems is free from any form of controversy according to the same ratings provider.

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

BORDER TO COAST OVERSEAS DEVELOPED MARKETS EQUITY FUND

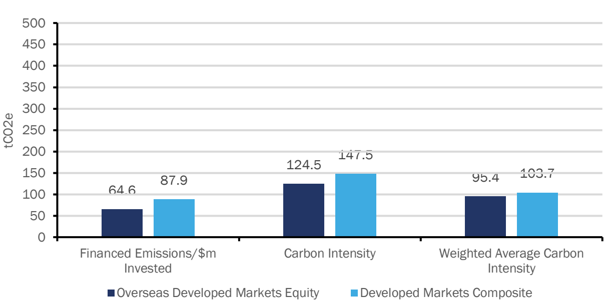
ESG & CARBON REPORT

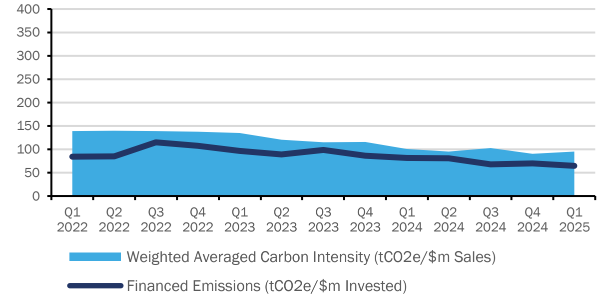
Q1 2025

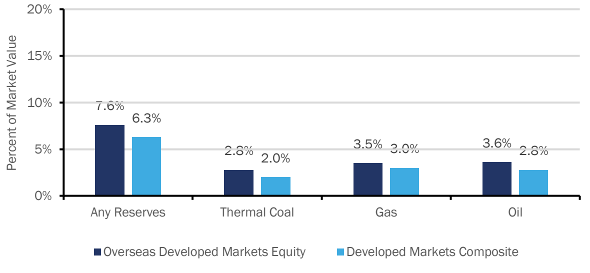
MSCI ESG RATING

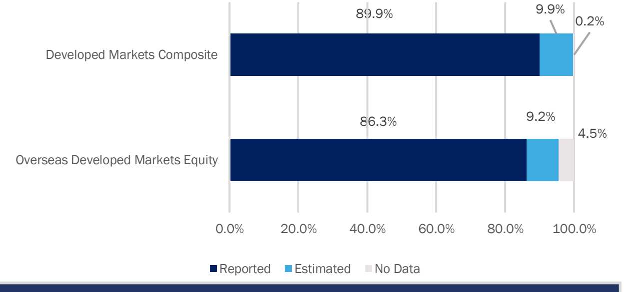
AA

Carbon Emissions and Intensity[1]









	% Portfolio Weight	% Relative Weight	Contribution	CA100+	TPI Level[2]
RWE	0.3%	+0.2%	10.8% [1]	Yes	4
POSCO	0.1%	+<0.1%	9.8% [1]	Yes	5
Holcim	0.5%	+0.3%	9.5% [1]	Yes	5
L'Air Liquide	0.8%	+0.4%	4.3% [1]	Yes	3
Rio Tinto	0.2%	+<0.1%	4.2% [1]	Yes	5

Quarterly Carbon Commentary

- The Fund saw small changes across each emissions metric over the quarter. The Fund's financed emissions decreased by 8% and carbon intensity by 4% whilst weighted average carbon intensity increased by 6%. The Fund remains below benchmark across all emissions metrics.
- Increased positions in the Fund's top five emissions contributors drove the increase in the Fund's WACI. Countering this, an increase in those issuers' market capitalisation reduced the Fund's relative ownership of each issuer's scope 1 and 2 emissions, leading to a reduction in the Fund's financed emissions and carbon intensity metrics.

Feature Stock: L'Air Liquide

L'Air Liquide is a French company that provides industrial and medical gases to global industries. The company has defensive qualities and is attractive for its conservative management team focussed on the implementation of efficiency and cost reduction measures that are expected to yield higher earnings.

Air Liquide, announced its climate strategy, ADVANCE, in 2022. The company committed to achieving carbon neutrality by 2050, with key milestones set for 2025 and 2035. Notably, Air Liquide's target to reduce Scope 1 & 2 CO_2 emissions by 2035 has been validated by the Science Based Targets initiative (SBTi), making it the first in its industry to receive this endorsement. Air Liquide is actively supporting decarbonization efforts with innovative solutions such as CO_2 capture, low-carbon hydrogen, and air gases. In 2024, the company increased its low-carbon electricity sourcing, with over 40% of its power derived from renewable or nuclear sources. It also secured a record volume of power purchase agreements (PPAs), totalling 2,500 GWh. In 2024, Air Liquide achieved an 11% reduction in Scope 1 & 2 CO_2 emissions compared to 2020, surpassing its 2025 target. The company's carbon intensity has decreased by 41% since 2015, exceeding the 2025 reduction goal of 30%. Air Liquide's first climate transition plan outlines its strategy, and the steps needed to reach carbon neutrality by 2050.

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

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

Issuers Not Covered [1]		
Reason	ESG (%)[1]	Carbon (%)[1]
Company not covered	0.0%	0.0%
Investment Trust/ Funds	0.8%	0.1%

Important Information

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

BORDER TO COAST UK LISTED EQUITY FUND

ESG & CARBON REPORT

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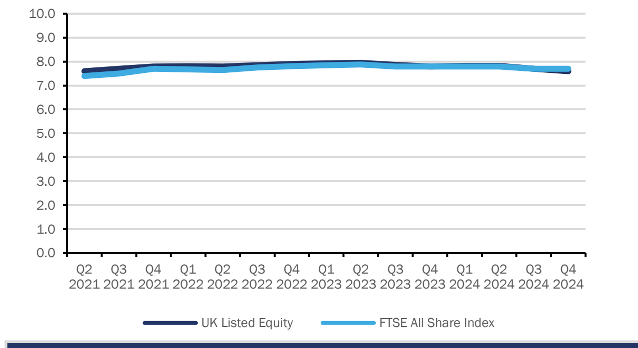
MSCI ESG RATING

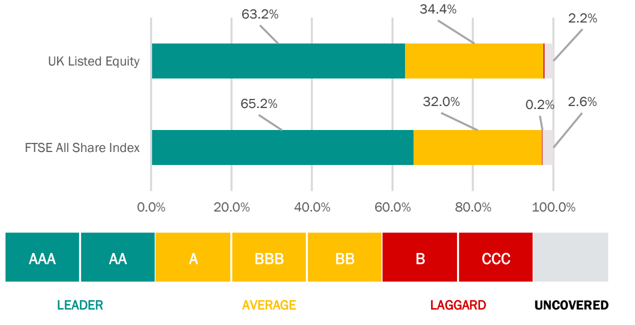
AA

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

MSCI Weighted Score Trend[1]



MSCI ESG Weightings Distribution[1]



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

Quarterly ESG Commentary

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

Feature Stock: Rolls Royce

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

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

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

BORDER TO COAST UK LISTED EQUITY FUND

ESG & CARBON REPORT

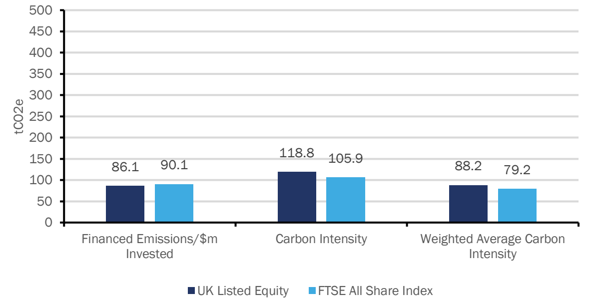
Q1 2025

MSCI ESG RATING

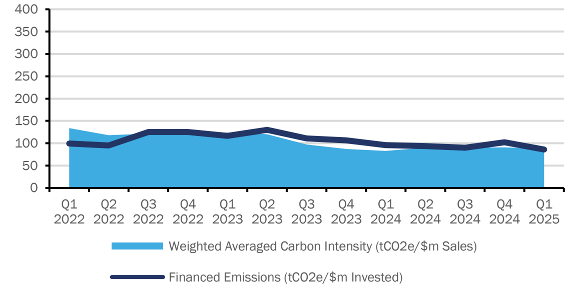
AA

BORDER TO COAST PENSIONS PARTNERSHIP

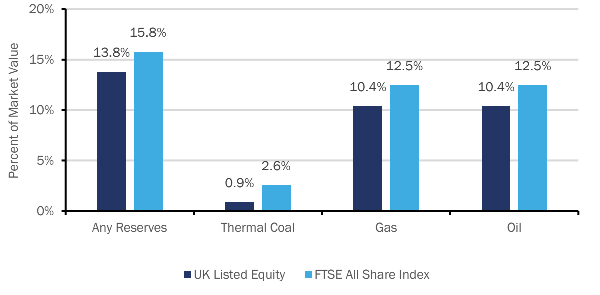
Carbon Emissions and Intensity[1]



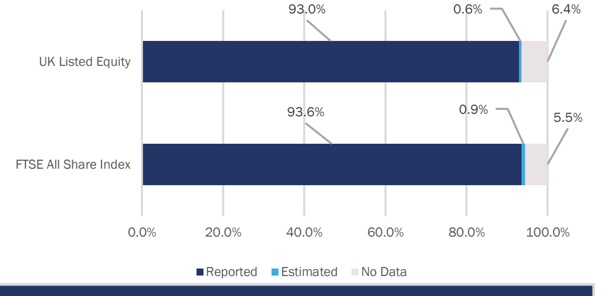
Carbon Trends[1]



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[2]
Shell	7.8%	+0.8%	39.2% [1]	Yes	5
Carnival	0.5%	+0.4%	15.5% [1]	No	3
Rio Tinto	2.9%	+0.9%	14.4% [1]	Yes	5
BP	2.0%	-0.9%	8.8% [1]	Yes	5
National Grid	2.6%	+0.6%	3.5% [1]	Yes	5

Quarterly Carbon Commentary

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

Feature Stock: National Grid

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

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

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

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

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

Important Information

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

BORDER TO COAST STERLING INVESTMENT GRADE CREDIT FUND

ESG & CARBON REPORT

Q1 2025

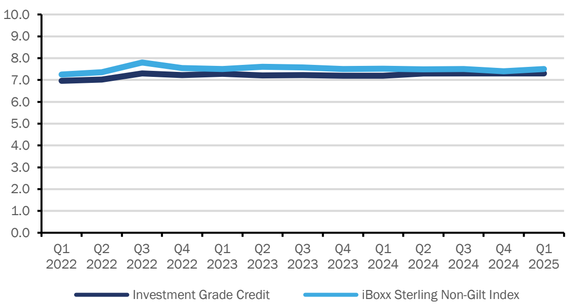
MSCI ESG RATING

AA

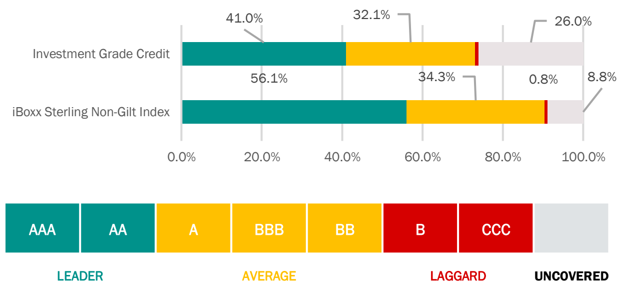
PENSIONS PARTNERSHIP

	MSCI ESG Rating	Weighted ESG Score	vs. Benchmark	
Sterling Investment Grade Credit	AA [1]	7.3 [1]		Fund has an equal or better *Weighted ESG Score* than the benchmark.
iBoxx Sterling Non-Gilt Index	AA [1]	7.5 [1]		Fund has a *Weighted ESG Score* within 0.5 of the benchmark.
				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]	% Portfolio Weight	% Relative Weight	MSCI Rating
European Investment Bank	1.9%	-2.1%	AAA [1]
KFW	0.9%	-3.2%	AAA [1]
Legal and General	0.8%	+0.3%	AAA [1]
International Bank for Reconstruction and Development	0.7%	-1.6%	AAA [1]
Land Securities	0.7%	+0.3%	AAA [1]

Lowest ESG Rated Issuers [1]	% Portfolio Weight	% Relative Weight	MSCI Rating
Akelius Residential Property	<0.1%	+<0.1%	CCC [1]
Volkswagen Group	0.4%	-0.2%	B [1]
Eversholt	0.4%	+0.2%	B [1]
GB Social Housing	0.1%	+<0.1%	B [1]
Wells Fargo	0.1%	-0.5%	BB [1]

Quarterly ESG Commentary

- The Fund's weighted ESG Score has remained constant at 7.3. A marginal increase in the benchmark's ESG score from last quarter has seen the gap to benchmark increase. The Fund maintains a large overweight position in UK government bonds and underweight positions in European Investment Bank and KFW bonds which drives the differential. As UK government bonds have an ESG rating of 'A' this influences the Fund's ESG scoring relative to benchmark.
- An increase in the position in Eversholt is the driver for the marginal increase in ESG laggards held by the Fund. The number of CCC companies held by the Fund has remained consistent at one, this is a small position in an Akelius bond.

Feature Stock: Akelius

Akelius is a well-diversified real estate company focusing on residential properties in major metropolitan areas. Despite some risks in the global real estate market, Akelius has performed well operationally and strengthened its balance sheet through successful disposals over the past year. The portfolio includes a small exposure to a senior unsecured note maturing in August 2025. Akelius' parent company has guaranteed repayment of all near-term loans, bonds, and other interest-bearing securities following a special dividend in 2024. Although governance structures and practices remain a concern, the notes continue to yield around 5%, giving comfort to hold the small exposure until maturity.

From an ESG perspective, Akelius is rated CCC by MSCI, primarily due to governance and disclosure issues common in its sector. MSCI has noted the lack of a majority-independent board and concerns over executive pay alignment. However, the remuneration policy for non-executive directors largely aligns with best practices. Environmentally, Akelius engages in activities eligible under the EU taxonomy for sustainable activities, focusing on climate change mitigation, adaptation, and circular economy transitions. The company prioritizes sustainable projects involving building acquisition, renovation, and the installation of energy-efficient and renewable energy technologies. Despite not participating in major industry green building initiatives, Akelius maintains a customer eco-efficiency program, though it lacks definitive targets or deadlines, limiting its impact.

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

BORDER TO COAST STERLING INVESTMENT GRADE CREDIT FUND

ESG & CARBON REPORT

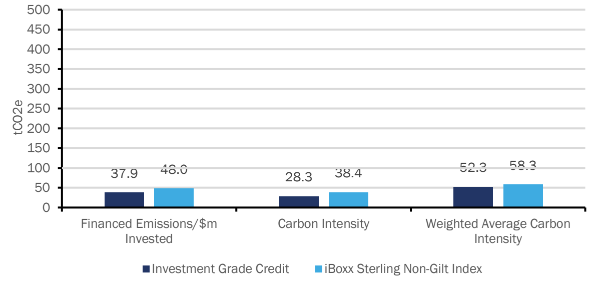
Q1 2025

MSCI ESG RATING

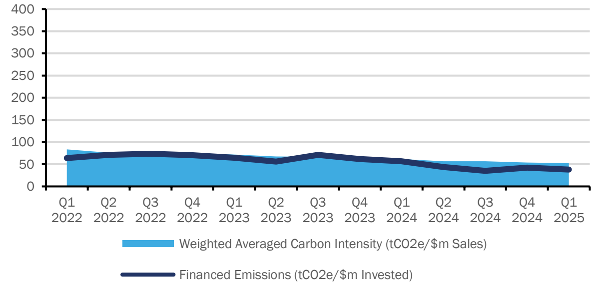
AA

BORDER TO COAST PENSIONS PARTNERSHIP

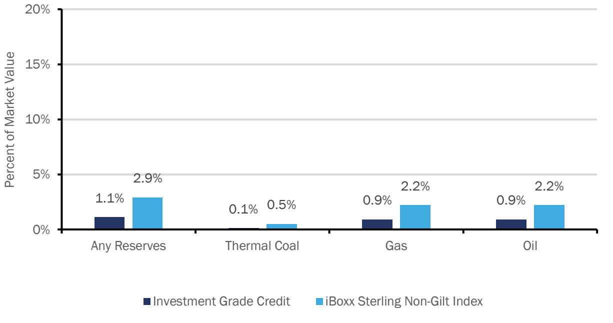
Carbon Emissions and Intensity[1]



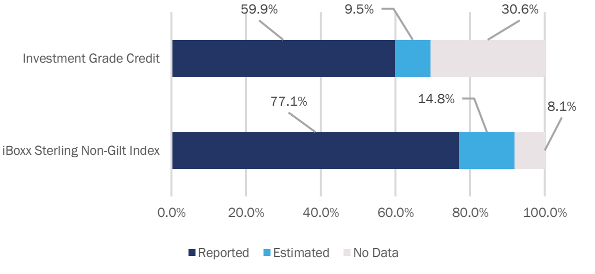
Carbon Trends[1]



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[2]
Enel	0.4%	-0.1%	14.6% [1]	Yes	5
Mobico	0.1%	+0.1%	9.0% [1]	No	N/A
EON	0.7%	-0.2%	7.4% [1]	Yes	5
Engie	0.2%	-0.3%	7.2% [1]	Yes	5
Air Canada	<0.1%	+<0.1%	6.7% [1]	No	4

Quarterly Carbon Commentary

- The Fund's WACI saw a marginal change across the quarter. The Fund’s financed emissions decreased by 10% and carbon intensity 6%. The Fund saw increases in the market capitalization of several issuers including high emitters, Engie, Enel and EON. This change in valuation lead to reduced financed emissions and carbon intensity. WACI is not sensitive to these changes, and so did not see a similar decrease.
- The Fund remains materially below the benchmark across all emissions metrics.

Feature Stock: Engie

Engie SA is a global energy and services group based in France, operating through segments such as Infrastructure, Renewables, Energy Solutions, FlexGen and Retail, Nuclear, and others. The company supports zero-carbon transitions by developing integrated solutions for companies and local authorities. Engie operates across the gas and electricity value chain, including hydrogen, natural gas, and biogas, and covers both generation and marketing of electricity from renewable sources, as well as gas and coal. Engie's fixed income bonds are considered stable investments due to its role as a utilities provider, ensuring consistent demand and stable revenue. The highly regulated sector provides predictable cash flows and reduces business risks, while long-term contracts enhance financial stability.

Engie is targeting net zero by 2045. The company plans to use carbon capture and storage (CCS) technology in its decarbonization efforts but has not yet invested in CCS development. In engagement with the company, Engie confirmed it will not use avoided emissions offsets, focusing solely on carbon sequestration for its net zero target. Engie's climate objectives are defined in terms of gross emissions, and it is finalizing its carbon sequestration strategy, having not used any offsets in 2023.

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

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

Issuers Not Covered		
Reason	ESG (%)[1]	Carbon (%)[1]
Company not covered	17.2%	20.4%
Investment Trust/ Funds	8.8%	10.2%

Important Information

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

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