

Lincolnshire Pension Fund Stewardship Update

July - September 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. These include 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 service), and other external managers including Morgan Stanley who manage the Fund's private market portfolio. The Fund believes that the use of external experts in this field provides the best use of resources. Working with others enables the Fund to have a greater impact when approaching the market than it would have alone.
- 1.2 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 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: human rights, remuneration policies and practices, and climate change. 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: [Q2 2025/26 Quarterly Engagement Report - LAPFF](#). Highlights include:
- Meetings with Heidelberg and CRH, both large companies in the cement sector, focussing on the credibility of decarbonisation strategies.
 - Engaging with Pennon and Severn Trent Water, exploring the company's responses to rising sewage spill scrutiny, PFAS ("forever chemicals") contamination, and sustainable water usage.
 - Continuing its engagement with the Nature Action 100 initiative, LAPFF led it's first investor meeting with Pfizer, and wrote to major agricultural businesses to highlight TNFD-aligned nature disclosures.
 - Expanded engagements with Eni, TotalEnergies, and a series of Australian banks, on heightened human rights due diligence in conflict zones.

- Meetings with multiple companies who have seen high levels of shareholder dissent over the need for stronger pay-performance alignment and transparency.
- Responding to the UK Sustainability Reporting Standards consultation.

Company Engagement

2.3 LAPFF engaged with 25 companies over the quarter, on issues surrounding environmental risk, human rights, climate change, and remuneration. Highlights include:

- LAPFF met with two large cement suppliers – Heidelberg and CRH. The credibility of the company’s decarbonisation strategies was the focus of the meetings, including the deployment of carbon capture and storage and “clinker factors” (clinker is a main cement ingredient and is the main source of carbon emissions in its production).

The engagement with CRH found that they have reduced their clinker factor to 75.9%, and they are prioritising the substitution of clinker in their European and North American operations. ESG topics receive a lot of Board attention, with long- and short-term remuneration incentives being ESG-linked. LAPFF were content with CRH’s commitment to sustainability but noted CRH’s concerns around political headwinds and structural challenges which may slow progress, particularly in the American market. LAPFF continue to press CRH for specific short-, medium- and long-term targets.

- The Forum continues to be strongly involved with the Asia Research and Engagement collaboration. This engages major Asian financial institutions to improve alignment with a 1.5°C pathway. LAPFF met with Bank Mandiri, an Indonesian bank, who confirmed coal remains 4-5% of its loan book. This exposure is expected to move in step with coal demand which is expected to peak in 2033. LAPFF will continue to engage with financial institutions to best understand how they can align with a 1.5°C pathway, despite structural challenges around Asian government regulation.
- Water risk and water stewardship is global issue across production and consumption. LAPFF is engaging companies on two main indicators: the risks of water resource scarcity, and the human rights impacts when access to clean water is compromised. The food and beverage industry are key players in the water stewardship discussion.

LAPFF engaged with Coca-Cola to understand the basis for recent changes to their 2035 Water Strategy. Coca-Cola reiterated that water remains its top priority. However, this commitment does not address mounting concerns about weakening ESG practices. Coca-Cola’s targets for sustainable agriculture are no longer time bound, and they have also extended other targets from 2030 to 2035. LAPFF were very concerned that this was a dilution of ambition, with Coca-Cola stating a willingness to engage in

ongoing dialogue on water strategy, supply chain management, and governance.

2.4 Other work by LAPFF during the quarter included:

- **Collaboration:** as part of continued engagement with Nature Action 100 (“NA100”), LAPFF led a meeting with Pfizer. The meeting built on a wider set of initiatives that LAPFF currently have in place with the pharmaceutical industry. NA100 emphasised the importance of transparency around nature-related issues, with Pfizer acknowledging the link between biodiversity and climate change. Pfizer also noted its current resource prioritisation was on net zero, water stewardship and longstanding commitments to antimicrobial resistances.
- **Policy Engagement:** during the quarter, LAPFF also submitted a response to “UK Sustainability Reporting Standards” consultation. The premise in the consultation was that only “decision-useful” information should be published. LAPFF’s concern is that “decision-useful” is problematic, because different users of the information will have differing views on what is useful. A long investor (i.e. someone who’s interest is in the stock price increasing) will require comprehensive information, whereas a short seller (i.e. someone who’s interest is in the stock price falling) would prefer poor quality information and less transparency with the data provided. Systemic risk may therefore not be reported, as the focus on company reporting could become idiosyncratic, and the combined impact of this could present market-wide risks.

2.5 Further details on LAPFF’s work can be found on their website www.lapffforum.org.

3.0 Border to Coast Pensions Partnership

3.1 Border to Coast is a strong advocate of stewardship and responsible investment (RI) and believes that businesses which 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 stewardship and long-term sustainability 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 and are brought to Committee for review. A stewardship report is published quarterly detailing the recent activity they have undertaken. The latest copy can be found on their website ([Quarterly Stewardship Report Q2 2025/26](#)). Highlights from their work during the quarter include:

- Border to Coast's Stewardship Manager chairs the IIGCC Just Transition Working Group, during the quarter he presented to mining companies on the importance of integrating a just transition and to global banks on investor expectations of the banking sector.
- Industry Update: In July, the International Court of Justice affirmed that under international law, states have binding obligations to protect the climate system from greenhouse gas emissions and to support adaptation efforts. They also stated there could be legal consequences for those causing significant harm, potentially opening the door to compensation claims from small-island developing nations.
- Voting Activity: This quarter saw Border to Coast voting at 220 meetings, covering 2,182 agenda items. In 11% of meetings, Border to Coast cast at least one vote against the recommendations of management.

Some company AGMs continued into Q2 2025/26 but broadly Border to Coast spent the quarter reflecting on the peak voting season (Q1 2025/26). Border to Coast issued post-AGM vote notifications to companies, which has led to a number of positive interactions and meetings being organised.

Border to Coast supported a shareholder proposal requesting quantified reporting on the pesticide use reductions at General Mill (an American multi-national food company). 28% of shareholders, including Border to Coast, voted in support of a proposal for General Mill to provide quantitative data around pesticide use, reinforcing evidence that shareholders want to see action in this area.

- Engagement Activity: Engagement activity included 404 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.

Border to Coast met with Standard Chartered as part of the ShareAction led investor group. A joint AGM statement calling for a strategy for financing more renewable power in emerging and developing economies was made. It was pleasing to see that this meeting was well attended by senior management and conversations were positive. Standard Chartered shared that they are committed to their existing transition plan and targets, and would take the request away to consider.

As a member of the Good Work Coalition, Border to Coast met Kingfisher and Tesco to encourage steps towards becoming an accredited real wage employer

4.0 Border to Coast – 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 Q2 2025/26](#)).

4.2 During the quarter, Robeco have engaged with companies on 58 occasions on topics including: governance; environmental; and UN Sustainable Development Goals (“SDG”) Engagement. This quarter’s report provided commentary on:

- The materials required for a transition to a low carbon economy, and how looking at individual processes within the value chain of electric vehicles can help to address environmental and human rights concerns.
- This risks of using PFAS (“forever chemicals”) in the manufacturing process, and what progress Robeco has made one year into a three-year engagement with companies who use them.
- How aggressive tax planning strategies used by companies impact society, and pushing for further accountability and disclosures surrounding taxation and what information is made publicly available.

5.0 Other Managers

Morgan Stanley

5.1 During the quarter, a number of milestones were achieved within the Morgan Stanley portfolio:

- A turnkey school bus safety programme in the US, that uses external cameras to capture stop arm violations, has installed approximately 1,500 school buses with the technology during the quarter, bringing the total to 35,000 buses.
- A leading decarbonisation partner for Italian businesses is enabling its customers to decarbonise while simultaneously improving energy resilience and reducing costs. The company also provides asbestos removal services, enhancing the sustainability, safety and value of the buildings it serves.

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. During the quarter:

- Global Equity Alpha – 74 meetings were attended, and 667 votes were cast. At 45 meetings one or more votes were cast against management recommendations. This amounted to 80 (11.99%) proposals from management that were voted against. This report can be found at Appendix A.
- Overseas Developed Markets Equity – 9 meetings were attended, and 79 votes were cast. At 4 meetings one or more votes were cast against management recommendations, this amounted to 9 (11.39%) proposals from management that were voted against. This report can be found at Appendix B.
- UK Listed Equity – 12 meetings were attended, and 207 votes were cast. At 5 meetings one or more votes were cast against management recommendations, this amounted to 8 (3.86%) proposals from management that were voted against. This report can be found at Appendix C.

6.3 Q2 2025/26 was the first quarter in which a summary proxy voting report has been produced for the Multi-Factor Equity sub-fund.

- Multi-Factor Equity – 71 meetings were attended, and 672 votes were cast. At 41 meetings one or more votes were cast against management recommendations, which amounted to 100 (14.88%) proposals from management that were voted against. This report can be found at Appendix D.

6.4 Full details of the votes cast during the period July - September 2025 can be found on the Border to Coast website: [Quarterly Full Details Voting Report Q2 2025/26](#). If you would like more information about sub-fund specific voting activity, please contact the author of this paper.

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. There is also information on carbon emissions and intensity, as well as the best and worst rated companies in each sub-fund.

7.2 For the quarter end 30 September 2025 the full reports can be found at:

- Appendix E: Global Equity Alpha sub-fund;
- Appendix F: Overseas Developed Markets Equity sub-fund;
- Appendix G: UK Listed Equity sub-fund;
- Appendix H: Sterling Investment Grade Credit sub-fund; and

The quarter end report for the Multi-Asset Credit sub-fund was not available at time of publishing. Relevant and available reporting will be made available on future stewardship updates.

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.”*

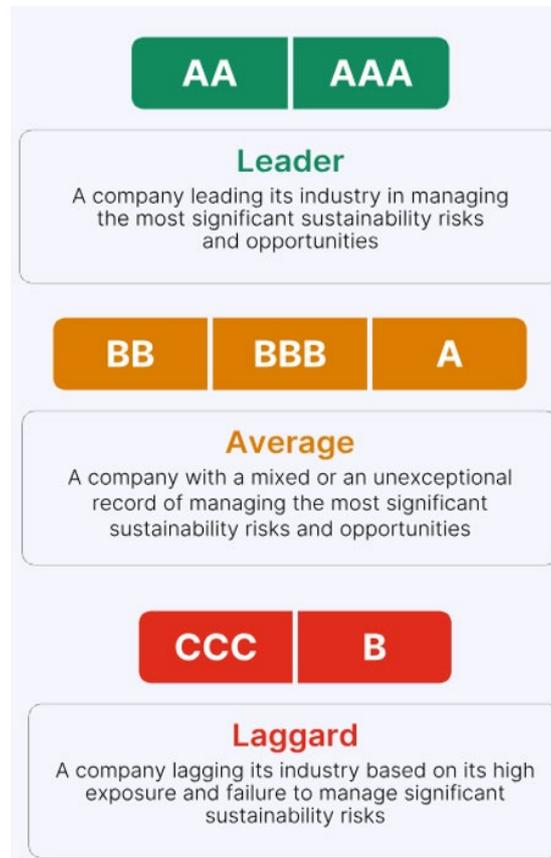
**In accordance with the Licence Agreement between Border to Coast Pensions Partnership Limited and MSCI ESG Research (UK) Limited.*

7.4 The below table summarises the development of each sub-fund over the last quarter. If you would like more information about sub-fund specific ESG reporting, please contact the author of this paper.

	Q1 2025/26 MSCI ESG rating	Q2 2025/26 MSCI ESG rating	ESG rating movement	Comparison vs Q2 2025/26 benchmark
Overseas Developed Equity	A	A	Neutral	Neutral
Global Equity Alpha	A	A	Neutral	Neutral
UK Listed Equity	AA	AA	Neutral	Neutral
Sterling Investment Grade Credit	AA	AA	Neutral	Worse than
Multi-Asset Credit	BBB	BBB	Neutral	Neutral

7.5 During the quarter there have not been any changes to the relative scores of the sub-funds.

7.6 The below details what each of the “ESG” ratings means in practice:



Source: [MSCI ESG Ratings](#)

8.0 Stewardship Code 2024/25

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 currently 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 remained a signatory. Attached at Appendix J is the Fund’s Stewardship Code submission for 2024/25. This was submitted to the FRC for the end of October deadline. Feedback from the FRC and notification of whether the Fund has made a successful submission will be received in spring 2026.

Conclusion

9.1 This report brings to the Committee information on the various stewardship activities that have been undertaken on behalf of the Fund during the quarter.

Appendices

These are listed below and attached at the back of the report	
Appendix A	Link: B2C GEA Quarterly Summary Voting Report Q2 2025/26
Appendix B	Link: B2C ODE Quarterly Summary Voting Report Q2 2025/26
Appendix C	Link: B2C UK Listed Quarterly Summary Voting Report Q2 2025/26
Appendix D	Link: B2C MFE Quarterly Summary Voting Report Q2 2025/26
Appendix E	Attached: B2C GEA Quarterly RI Report Q2 2025/26
Appendix F	Attached: B2C ODE Quarterly RI Report Q2 2025/26
Appendix G	Attached: B2C UK Listed Quarterly RI Report Q2 2025/26
Appendix H	Attached: B2C IGC Quarterly RI Report Q2 2025/26
Appendix I	Lincolnshire Pension Fund Stewardship Code submission 2024/25

APPENDIX E

GLOBAL EQUITY ALPHA FUND

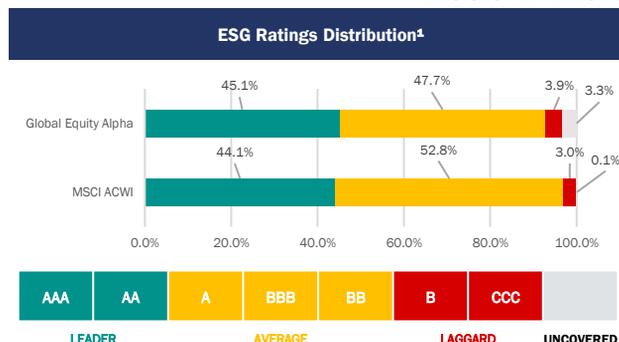
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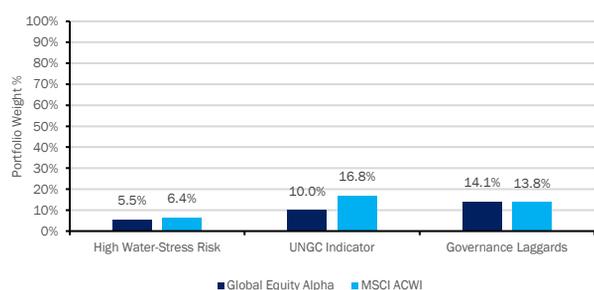


PENSIONS PARTNERSHIP

	MSCI ESG Rating	Weighted ESG Score
Global Equity Alpha	A ¹	6.7 ¹
MSCI ACWI	A ¹	6.6 ¹
vs. Benchmark ²		



Selected E,S and G Indicators¹



Weighted ESG Score Trend¹



Highest ESG Rated Issuers ¹				Lowest ESG Rated Issuers ¹			
Issuer	Portfolio Weight	Relative Weight	MSCI Rating	Issuer	Portfolio Weight	Relative Weight	MSCI Rating
ASML Holding	2.1%	+ 1.7%	AAA ¹	PDD Holdings	0.5%	+ 0.4%	CCC ¹
Intuit inc.	1.4%	+ 1.2%	AAA ¹	Jiangsu Hengli Hydraulic Co	0.1%	+ 0.1%	CCC ¹
Autodesk inc.	0.9%	+ 0.8%	AAA ¹	Olaplex Holdings	0.1%	+ 0.1%	CCC ¹
Relx Public Ltd. Company	0.8%	+ 0.7%	AAA ¹	Tata Steel Ltd	<0.1%	+ <0.1%	CCC ¹
Iqvia Holdings	0.8%	+ 0.7%	AAA ¹	Elm Company SJSC	<0.1%	+ <0.1%	CCC ¹

Quarterly ESG Commentary

- No change in the overall ESG score for either the Fund or its benchmark this quarter. The Fund continues to outperform the benchmark on ESG metrics.
- The Fund maintains significantly lower exposure to companies flagged as either breaching the UN Global Compact or placed on MSCI's watchlist. The number of CCC-rated holdings increased from five to six, following MSCI's downgrade of Olaplex to CCC. Despite this, the Fund continues to hold a substantial proportion of ESG Leaders, with the largest active position being ASML.

Feature Stock: ASML

ASML remains the global leader in semiconductor lithography, driven by its unmatched extreme ultraviolet (EUV) technology and sustained R&D investment. ASML's volatility in year-on-year growth has accompanied a steady rise in absolute earnings over time. The company's recent expansion in Eindhoven and its collaboration with IMEC underscore a continued confidence in long-term innovation and technological leadership.

ASML is viewed as a well managed, mature business with strong long-term orientation and robust ESG credentials. The company has noted some challenges in meeting its 2025 carbon neutrality target for its operations. It is targeting carbon neutrality for Scope 1 and 2 emissions by 2025 and a 10% reduction in Scope 3 intensity, though rising demand for energy-intensive EUV systems is expected to increase absolute emissions. Socially, ASML demonstrates a strong culture of employee engagement and responsible stakeholder management, with high investment in training and fair compensation. It also maintains proactive supply chain oversight, including conflict-mineral due diligence and human rights risk assessments. Governance standards are strong, supported by a diverse, experienced board and well-aligned remuneration structures. Following the 2024 leadership transition to CEO Christophe Fouquet, continued monitoring will focus on maintaining ASML's disciplined governance and sustainability trajectory.

Overall, ASML remains a leader in technological innovation and responsible business practices.

¹Source: MSCI ESG Research 30/09/2025
²Benchmark Relative ESG Scoring Key:

Key	Description
Green	Fund has an equal or better Weighted ESG Score than the benchmark.
Yellow	Fund has a Weighted ESG Score within 0.5 of the benchmark.
Red	Fund has a Weighted ESG Score more than 0.5 below the benchmark.

GLOBAL EQUITY ALPHA FUND

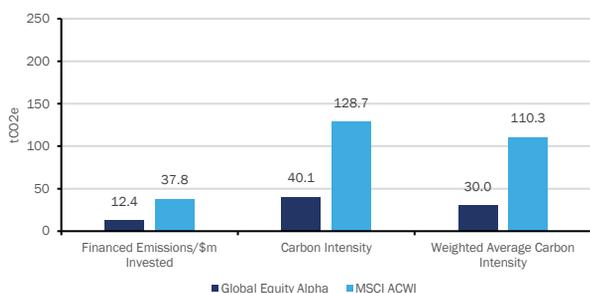
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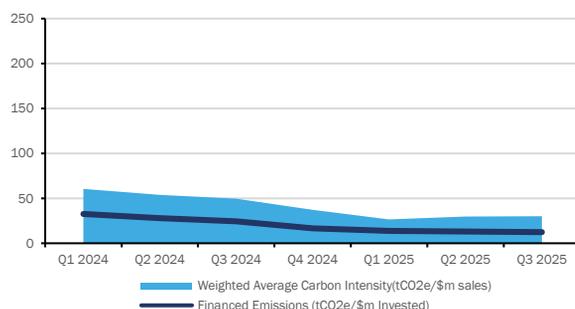


PENSIONS PARTNERSHIP

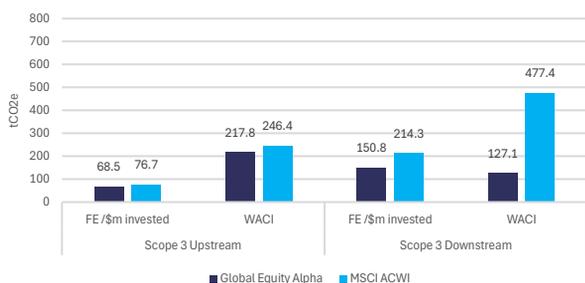
Carbon Emissions and Intensity (Scope 1 and 2)^{1,2}



Carbon Trends^{1,2}



Carbon Emissions and Intensity (Scope 3)^{1,2}



Fossil Fuel Reserves^{1,2}



Largest Contributors to Financed Emissions^{1,2}

Issuer	Portfolio Weight	Relative Weight	Contribution to Financed Emissions	CA100+	TPI Level	NZIF Alignment
Phillips 66	0.4%	+ 0.3%	20.2%	Yes	3	Not aligned
Glencore	0.6%	+ 0.5%	14.4%	Yes	4	Not aligned
Jet2	0.3%	+ 0.3%	13.9%	No	N/A	Committed
ConocoPhillips	0.5%	+ 0.3%	4.0%	Yes	4	Not aligned
Samsung Electronics	0.5%	+ 0.1%	2.9%	Yes	4	Not aligned

Quarterly Carbon Commentary

- The Fund recorded a 6% reduction in financed emissions, a 5% decrease in carbon intensity, and a 1% increase in weighted average carbon intensity. The Fund remains significantly below the benchmark across all emissions indicators.
- The most notable portfolio change this quarter is the substantial reduction in the holding of BYD, previously the Fund's fifth-largest contributor to financed emissions. BYD has been replaced by Samsung Electronics. Additional reductions in financed emissions were driven by smaller positions in Jet2 and Glencore. Among the Fund's top emitters, Jet2 stands out as the only issuer that has not been engaged by Climate Action 100+ and assessed by the Transition Pathway Initiative. Jet2 is this quarter's feature stock.

Feature Stock: Jet2

Jet2 is a UK-based leisure airline and holiday provider with a strong operational track record, supported by a customer-focused, low-cost model and a conservative approach to financial leverage. This strategic positioning enabled the company to place a substantial aircraft order during the pandemic, which is expected to support long-term growth.

Jet2 maintains one of the most efficient emissions profiles in the airline industry. This has been enhanced by the introduction of A321neo aircraft, which are approximately 20% more fuel-efficient per seat. The company has implemented a range of operational improvements, including lightweighting initiatives, winglet adoption, and single-engine taxiing. The establishment of an in-house Retail Operations Centre has enabled more efficient onboard stock management, reducing excess weight and improving overall fuel efficiency.

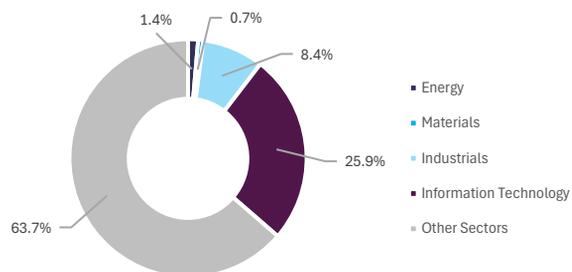
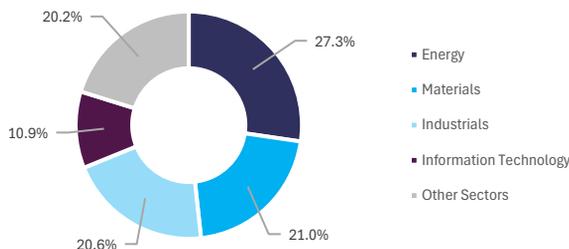
The company offsets all emissions outside of regulatory mechanisms and offers over 1,200 Global Sustainable Tourism Council-accredited hotels within its holiday portfolio. Jet2 has committed to a 35% reduction in carbon intensity by 2035 against a 2019 baseline, with its plan submitted for SBTi validation, and is targeting net zero by 2050. Notably, its decarbonisation strategy does not rely on speculative technological breakthroughs.

The company has signed a long-term Sustainable Aviation Fuel (SAF) supply agreement commencing in 2028 and is actively engaging with government to improve policy clarity around SAF investment incentives. Jet2 is also lobbying for airspace reform, which it estimates could deliver up to 10% emissions reductions in UK aerospace.

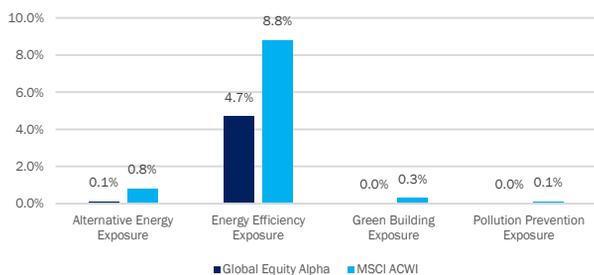
¹Source: MSCI ESG Research 30/09/2025

²All current and historic financed emissions Data calculated on an EVIC basis

Sector Portfolio Exposure¹



Exposure to Green Revenues¹



Availability of Emissions Data (% of Market Value)¹



Issues Not Covered

Reason	ESG ¹	Carbon ¹
Company not covered	2.5%	1.5%
Investment Trust/ Funds	0.8%	1.7%

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).

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

¹Source: MSCI ESG Research 30/09/2025

²All current and historic financed emissions Data calculated on an EVIC basis

APPENDIX F

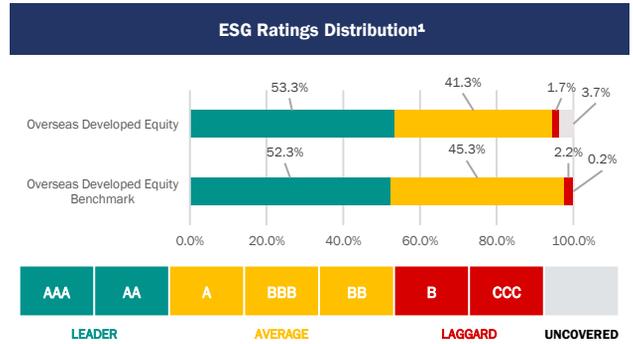
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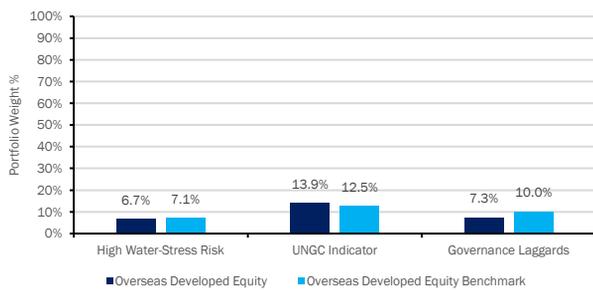
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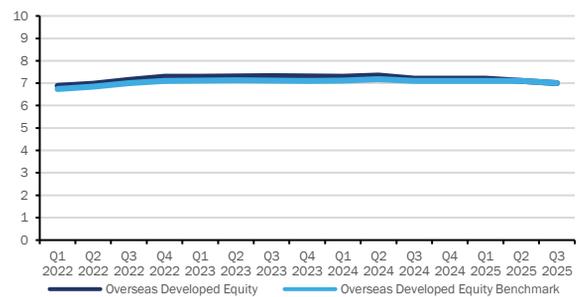
End of Quarter Position ¹		
	MSCI ESG Rating	Weighted ESG Score
Overseas Developed Equity	A ¹	7.0 ¹
Overseas Developed Equity Benchmark	A ¹	7.0 ¹
vs. Benchmark ²		



Selected E,S and G Indicators¹



Weighted ESG Score Trend¹



Highest ESG Rated Issuers ¹				Lowest ESG Rated Issuers ¹			
Issuer	Portfolio Weight	Relative Weight	MSCI Rating	Issuer	Portfolio Weight	Relative Weight	MSCI Rating
ASML Holding N.V	1.2%	+ 0.1%	AAA ¹	Hyundai Motor Company	0.3%	+ 0.2%	CCC ¹
SAP SE	1.1%	+ 0.3%	AAA ¹	Hyundai Mobis Co. Ltd	0.2%	+ 0.1%	CCC ¹
Schneider Electric SE	1.0%	+ 0.5%	AAA ¹	HPSP Co. Ltd	0.1%	+ 0.1%	CCC ¹
Siemens AG	0.9%	+ 0.3%	AAA ¹	Park Systems Corp.	0.1%	+ 0.1%	CCC ¹
Novartis AG	0.8%	+ 0.1%	AAA ¹	Meta Platforms, Inc.	1.0%	- 0.1%	B ¹

Quarterly ESG Commentary

- The Fund's overall ESG score declined by 0.1 to 7.0, in line with the benchmark, which also fell by 0.1. The Fund continues to score narrowly above benchmark.
- The Fund maintains a lower exposure to ESG laggards compared to the benchmark and continues to hold four CCC rated companies. CCC rated Hyundai Motor is this quarter's feature stock.

Feature Stock: Hyundai Motor

Hyundai Motor (HMC) is a Korean auto manufacturer which also owns finance businesses as consolidated affiliates (Hyundai Capital/Card, Hyundai Capital America). It is part of Hyundai Motor Group which includes the sister company Kia, auto parts suppliers, logistics and a raw material supplier. HMC is Korea's largest auto manufacturer with around 4% global market share (4mn units), and combined with Kia, HMG is third largest global automotive group with around 8% market share. With a comprehensive electrification portfolio that encompasses a wide range of vehicle types, from hybrid electric vehicles and battery electric vehicles to fuel cell electric vehicles (EVs), HMC will continue playing a key role in the EV transition with a resilient profit outlook.

There are several ESG concerns associated with the Company. As is the case with many Korean companies, HMC compares poorly against its global peers in terms of governance despite some recent improvements including moving to an independent board, the incorporation of two female directors and adopting pay practices linked to sustainability. Other issues include related party transactions, over-boarded executive directors, combined CEO/Chair roles and a circular ownership structure with cross-shareholdings involving Kia and Hyundai Mobis.

The Company also underperforms its competitors with involvement in controversies including ongoing lawsuits over alleged concealment of engine and airbag defects as well as inaccurate and damaging credit reporting in its financial services subsidiary and labour management issues. The Company has recently been engaged on corporate governance standards and net zero carbon emissions. It has been more proactive in recent meetings in discussing potential developments in terms of the ownership structure conditional to further reforms in Korea.

Post quarter end Hyundai was upgraded from 'CCC' to 'B' with MSCI noting improvements in service quality, labour management, and supply chain risk oversight, though it continues to lag global peers in corporate governance.

¹Source: MSCI ESG Research 30/09/2025
²Benchmark Relative ESG Scoring Key:

Key	Description
Green	Fund has an equal or better Weighted ESG Score than the benchmark.
Yellow	Fund has a Weighted ESG Score within 0.5 of the benchmark.
Red	Fund has a Weighted ESG Score more than 0.5 below the benchmark.

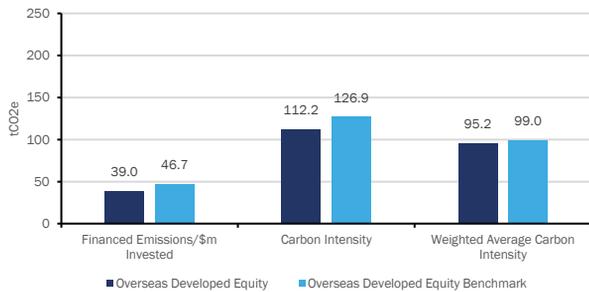
OVERSEAS DEVELOPED EQUITY FUND

ESG & CARBON REPORT

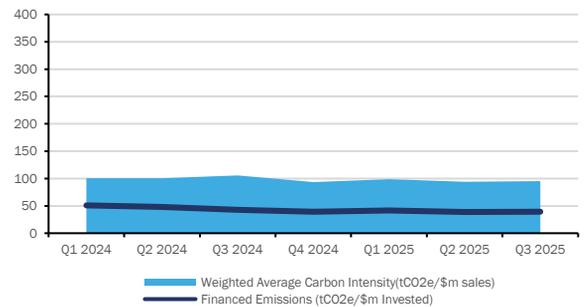
30 September 2025



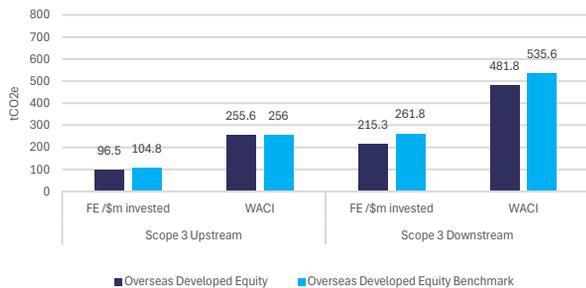
Carbon Emissions and Intensity (Scope 1 and 2)^{1,2}



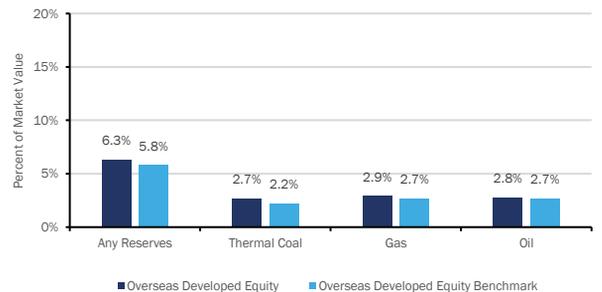
Carbon Trends^{1,2}



Carbon Emissions and Intensity (Scope 3)^{1,2}



Fossil Fuel Reserves⁴



Largest Contributors to Financed Emissions^{1,2}

Issuer	Portfolio Weight	Relative Weight	Contribution to Financed Emissions	CA100+	TPI Level	NZIF Alignment
Holcim Ltd	0.3%	+0.2%	8.9%	Yes	5	Aligned
Posco Holdings	0.1%	+0.1%	7.3%	Yes	5	Not aligning
L'Air Liquide	0.8%	+0.4%	6.3%	Yes	5	Not aligning
NRG Energy	0.2%	+0.2%	4.8%	Yes	4	Not aligning
RWE	0.1%	+0.1%	4.8%	Yes	4	Committed

Quarterly Carbon Commentary

- The Fund saw minimal change in its scope 1 and 2 emissions profile this quarter, with financed emissions and weighted average carbon intensity both increasing by 1% quarter on quarter. In contrast, the benchmark recorded a 7% reduction in financed emissions and a 5% decrease in weighted average carbon intensity. Despite this, the Fund remains below benchmark on both metrics.
- The benchmark's improvement was driven by small reductions in weights across top emitters and turnover that introduced lower-emission issuers. The most notable change in the Fund was the addition of NRG Energy, which has become the fourth largest emitter in the portfolio, replacing Qantas Airways. NRG is this quarter's feature stock.

Feature Stock: NRG

NRG is an independent power producer (IPP) or merchant utility that sells utility in competitive states through the wholesale market. It is also one of the largest retail electricity provider in the US, serving 7m+ customers, primarily in Texas. Historically reliant on coal for generation, NRG has over the years transformed its generation mix to natural gas, now further enhanced through the pending acquisition of LS Power.

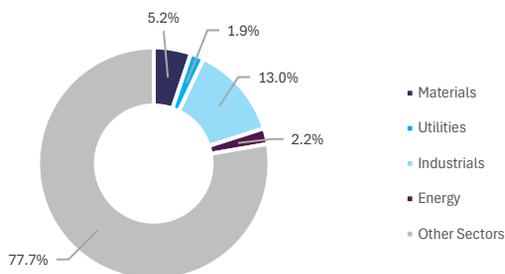
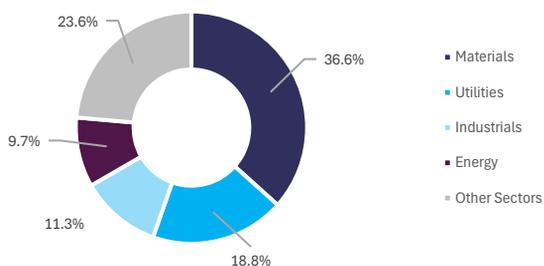
Natural gas is seen as the likely bedrock for US utility generation, now amplified by the uncertainty the One Big Beautiful Bill Act (OBBA) brings to renewable project development. That said, NRG has net zero targets by 2050, and compared to its 2014 base year, the company has achieved a 57% reduction in CO2 emissions. While Utilities and especially NRG are broadly fossil fuel emitters, NRG's Vivint platform offers energy savings and circular economy benefits which we see as a carbon positive feature.

NRG, through its subsidiaries Vivint and CPower, is expanding beyond traditional electricity generation by contributing to grid efficiency via its Virtual Power Plant (VPP) initiatives. VPPs represent a strategic intersection of financial and ESG considerations. While some investor's view VPPs as lower quality compared to core generation assets, they can offer meaningful environmental benefits by enhancing grid flexibility and reducing peak demand. NRG's moderate exposure to smart home technologies positions the company to benefit from this segment without over-reliance. This is a balanced approach: supporting growth in a lower-emission business line while maintaining a core investment case rooted in more established operations.

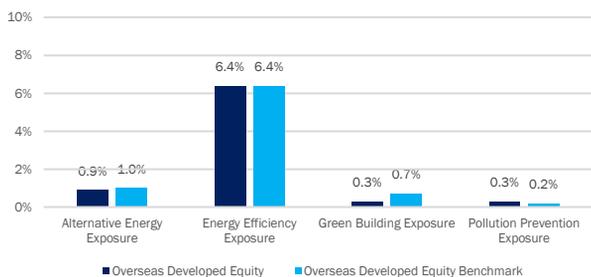
¹Source: MSCI ESG Research 30/09/2025

²All current and historic financed emissions Data calculated on an EVIC basis

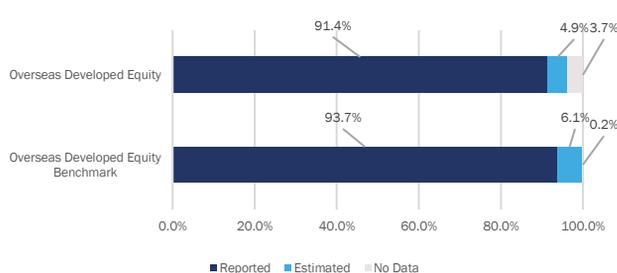
Sectoral Contribution to Financed Emissions (Scope 1 and 2)¹



Exposure to Green Revenues¹



Availability of Emissions Data (% of Market Value)¹



Issues Not Covered

Reason	ESG ¹	Carbon ¹
Company not covered	0.0%	0.0%
Investment Trust/ Funds	3.7%	3.7%

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).

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

¹Source: MSCI ESG Research 30/09/2025

²All current and historic financed emissions Data calculated on an EVIC basis

APPENDIX G UK LISTED EQUITY FUND

ESG & CARBON REPORT

30 September 2025

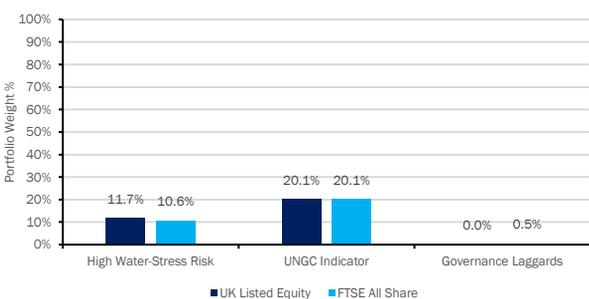


PENSIONS PARTNERSHIP

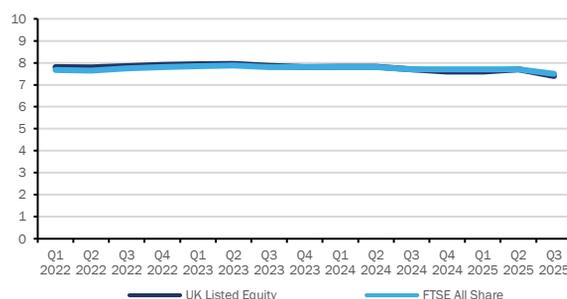
End of Quarter Position ¹		
	MSCI ESG Rating	Weighted ESG Score
UK Listed Equity	AA ¹	7.4 ¹
FTSE All Share	AA ¹	7.5 ¹
vs. Benchmark ²		



Selected E,S and G Indicators¹



Weighted ESG Score Trend¹



Highest ESG Rated Issuers ¹				Lowest ESG Rated Issuers ¹			
Issuer	Portfolio Weight	Relative Weight	MSCI Rating	Issuer	Portfolio Weight	Relative Weight	MSCI Rating
Unilever plc	4.7%	+ 0.7%	AAA ¹	Carnival plc.	0.6%	+ 0.5%	BB ¹
Relx plc	2.8%	+ 0.3%	AAA ¹	Rolls-Royce Holdings	3.8%	+ <0.1%	BBB ¹
National Grid plc	2.6%	+ 0.6%	AAA ¹	Imperial Brands	1.9%	+ 1.0%	BBB ¹
St. James's Place plc	1.4%	+ 1.1%	AAA ¹	Rio Tinto	1.9%	+ <0.1%	BBB ¹
SSE plc	1.2%	+ 0.5%	AAA ¹	BP	1.8%	+ 0.8%	BBB ¹

Quarterly ESG Commentary

- Both the Fund and its benchmark experienced a notable decline in overall ESG scores over the period. The Fund, which previously matched the benchmark, now sits 0.1 points below it. This was driven by a reduction in the proportion of holdings classified as ESG Leaders. The Fund's exposure to ESG Leaders fell from 64% to 51%, driven by downgrades in the ESG ratings of AstraZeneca, Antofagasta, and Melrose Industries, as well as the exit of Intercontinental Hotels Group from the portfolio.
- In terms of environmental risk, the Fund has a higher proportion of holdings exposed to high water stress compared to the benchmark. This is due to positions in mining companies such as Anglo American, Antofagasta, and Rio Tinto. Additional contributors to water stress exposure include Coats Group (a thread manufacturer), Imperial Brands and British American Tobacco (tobacco producers), Coca-Cola, and Cranswick (food producer/supplier). These companies operate in sectors with high water dependency.

Feature Stock: Carnival plc

Carnival Corporation is the world's largest cruise company, operating nine global brands including Carnival Cruise Line, Princess Cruises, Holland America Line, Costa Cruises, AIDA, and P&O Cruises. With a fleet of over 90 ships serving more than 800 destinations, Carnival holds approximately 37 percent of the global cruise market and welcomes over 12 million guests annually. ESG ratings reflect mixed performance across environmental and human capital metrics.

The company has made notable progress on its environmental goals. It is on track to exceed its 2030 target of a 20 percent reduction in carbon intensity by 2026. Carnival has committed to achieving net zero emissions from ship operations by 2050, supported by investments in LNG powered vessels, shore power infrastructure, and energy efficiency upgrades. Since 2019, Carnival has reduced carbon emissions by 15 percent, with a goal of achieving a 40 percent reduction by 2030. Despite these efforts, Carnival continues to face several ESG challenges. The company has strengthened its governance framework to align with NYSE and LSE standards, including enhancements to board independence and restrictions on over-boarding. However, historical environmental compliance issues such as pollution violations and falsified training records remain a concern. Carnival has also faced criticism over culturally insensitive onboard policies and labour practices including allegations of circumventing US labour laws through offshore registrations. In response, the company has reaffirmed its commitment to human rights and diversity, earning recognition from Forbes as one of America's Best Employers for Diversity in 2024.

¹Source: MSCI ESG Research 30/09/2025
²Benchmark Relative ESG Scoring Key:

Key	Description
Green	Fund has an equal or better Weighted ESG Score than the benchmark.
Yellow	Fund has a Weighted ESG Score within 0.5 of the benchmark.
Red	Fund has a Weighted ESG Score more than 0.5 below the benchmark.

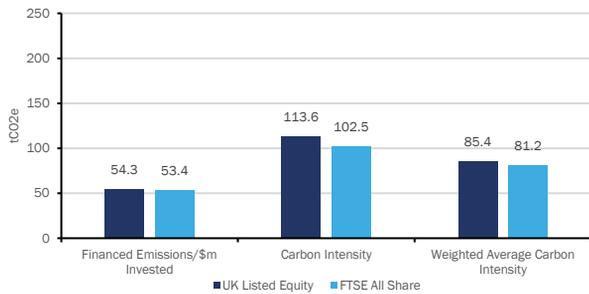
UK LISTED EQUITY FUND

ESG & CARBON REPORT

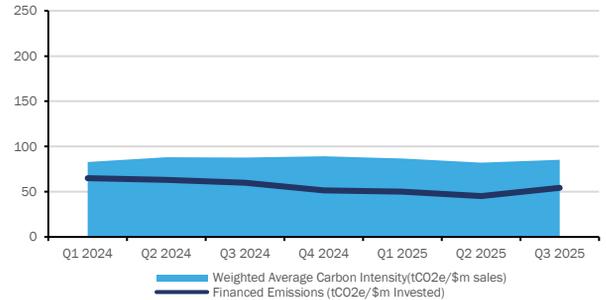
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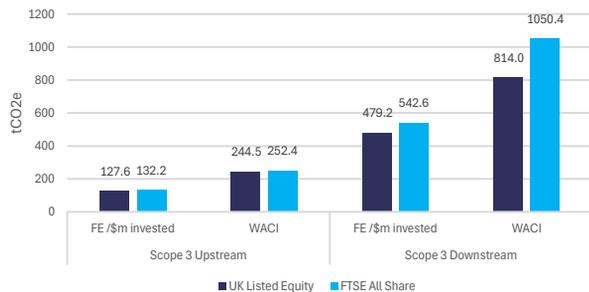
Carbon Emissions and Intensity (Scope 1 and 2)^{1,2}



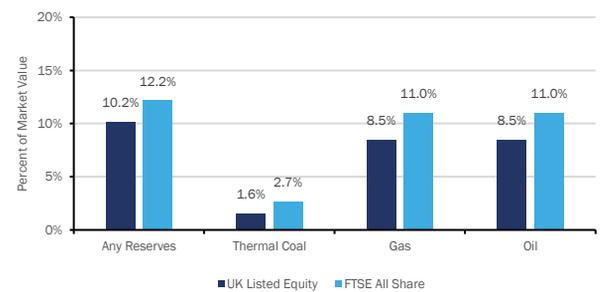
Carbon Trends^{1,2}



Carbon Emissions and Intensity (Scope 3)^{1,2}



Fossil Fuel Reserves⁴



Largest Contributors to Financed Emissions^{1,2}

Issuer	Portfolio Weight	Relative Weight	Contribution to Financed Emissions	CA100+	TPI Level	NZIF Alignment
Shell	6.6%	+ 0.7%	38%	Yes	5	Committed
International Airlines Group	1.4%	+ 0.9%	19%	Yes	5	Committed
Rio Tinto	1.9%	- <0.1%	10%	Yes	5	Not aligning
BP	1.8%	- 0.8%	7%	Yes	5	Not aligning
Anglo American	1.6%	+ 0.5%	5%	Yes	4	Not aligning

Quarterly Carbon Commentary

- The Fund recorded a 20% increase in scope 1 and 2 financed emissions, 14% increase in carbon intensity and a 4% rise in weighted average carbon intensity over the quarter. The Fund now sits above benchmark across all emissions metrics.
- The increase in financed emissions occurred despite notable reductions in the portfolio weights of Shell and Rio Tinto. The primary driver for the increase was the introduction of a new active position in International Airlines Group, which is now the Fund's second largest contributor to financed emissions, this quarters feature stock.

Feature Stock: International Airlines Group (IAG)

IAG is one of the world's largest airline holding companies, comprising British Airways, Iberia, Aer Lingus, Vueling, and LEVEL. Operating across Europe, North America, Latin America, and Asia, IAG maintains a strong presence in long-haul and premium travel markets.

The group has a clear roadmap to achieve net zero carbon emissions by 2050 across its operations and supply chain. IAG is ahead of schedule on its climate goals, having already met its 2025 target of reducing emissions intensity to 78.1g CO₂ per passenger kilometre, beating its 80g target. It has committed to using 10% Sustainable Aviation Fuel (SAF) by 2030 and has secured one-third of the required supply. To meet its targets, IAG is pursuing a multi-pronged strategy:

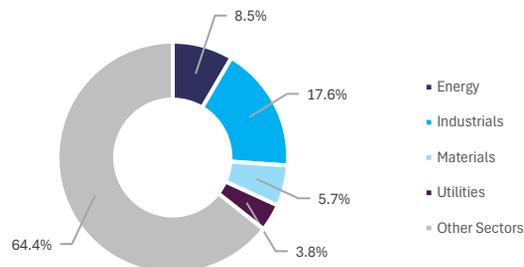
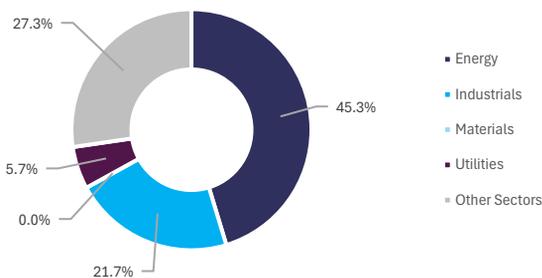
- Fleet Modernization: €3.7 billion invested in fuel-efficient aircraft, including 53 widebody orders in 2025;
- SAF Agreements: Long-term deals include 785,000 tonnes of e-SAF from Twelve, a 10-year supply from Infinium, and 28,000 tonnes from Repsol for Spanish operations;
- SAF Innovation: Backing Alcohol-to-Jet technology via LanzaJet for scalable SAF production;
- Carbon Removals: Continued investment in verified offset schemes and carbon removal technologies;
- Climate Governance: All senior leaders now have climate-linked pay incentives;
- Operational Efficiency: Advanced analytics and planning help optimise routes and reduce fuel burn.

Despite challenges in scaling SAF and transitioning from fossil fuels, IAG remains a sector leader in aviation decarbonization, advocating for supportive policy and investing in innovation to meet long-term climate commitments.

¹Source: MSCI ESG Research 30/09/2025

²All current and historic financed emissions Data calculated on an EVIC basis

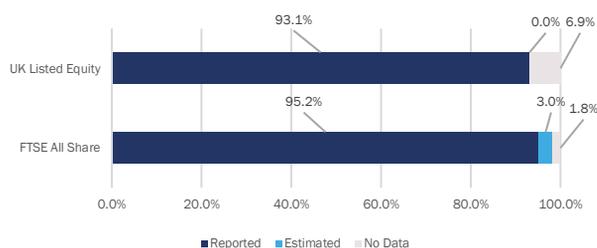
Sectoral Contribution to Financed Emissions (Scope 1 and 2)¹²



Exposure to Green Revenues¹



Availability of Emissions Data (% of Market Value)¹²



Issues Not Covered

Reason	ESG ¹	Carbon ¹
Company not covered	1.8%	0.8%
Investment Trust/ Funds	5.1%	6.1%

Important Information

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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

¹Source: MSCI ESG Research 30/09/2025

²All current and historic financed emissions Data calculated on an EVIC basis

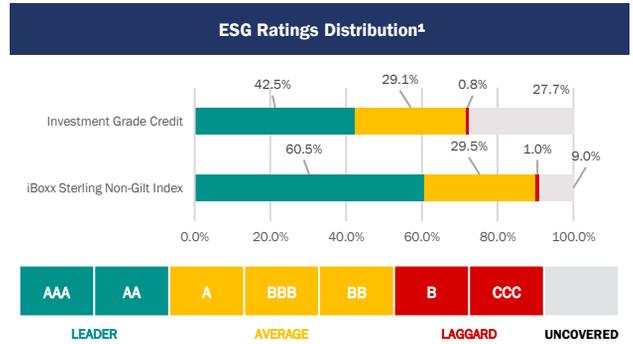
APPENDIX H INVESTMENT GRADE CREDIT FUND

30 September 2025

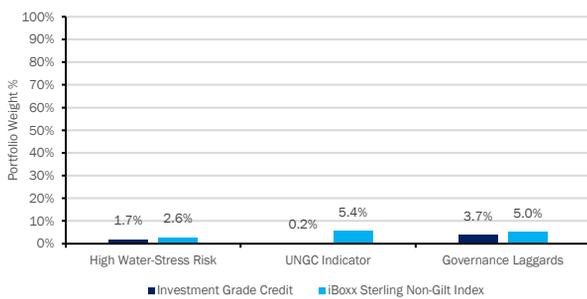
ESG & CARBON REPORT



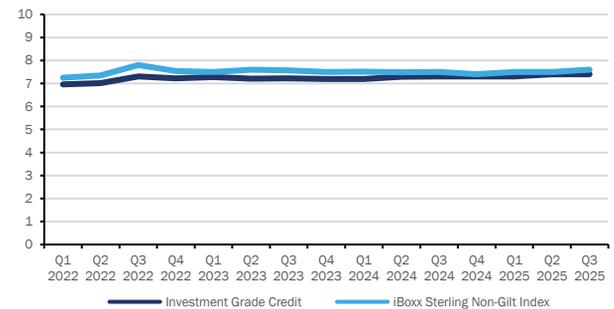
	MSCI ESG Rating	Weighted ESG Score
Investment Grade Credit	AA ¹	7.4 ¹
iBoxx Sterling Non-Gilt Index	AA ¹	7.6 ¹
vs. Benchmark ²		



Selected E,S and G Indicators¹



Weighted ESG Score Trend¹



Highest ESG Rated Issuers ⁴³				Lowest ESG Rated Issuers ⁴³			
Issuer	Portfolio Weight	Relative Weight	MSCI Rating	Issuer	Portfolio Weight	Relative Weight	MSCI Rating
European Investment Bank	2.0%	- 2.0%	AAA ¹	GB Social Housing plc	0.1%	+ <0.1%	CCC ¹
KfW	0.9%	- 3.4%	AAA ¹	Eversholt Funding plc	0.4%	+ 0.2%	B ¹
Aviva plc	0.7%	+ 0.1%	AAA ¹	Volkswagen Financial Services	0.3%	- 0.3%	B ¹
International Bank for Reconstruction and Development	0.7%	- 1.8%	AAA ¹	New York Life Global Funding	0.5%	+ 0.1%	BB ¹
Nationwide Building Society	0.6%	+ 0.1%	AAA ¹	SNCF Reseau SA	0.5%	- 0.1%	BB ¹

Quarterly ESG Commentary

- The Fund's ESG score remained stable at 7.4 quarter on quarter. The benchmark's score increased by 0.1 to 7.6, widening the gap above the Fund.
- Following the exit from Akelius, previously the Fund's only CCC rated holding, GB Social Housing was downgraded to CCC during the quarter. As a result, the Fund continues to hold one issuer rated CCC. GB Social Housing is this quarter's feature stock.

Featured Issuer: GB Social Housing plc

GB Social Housing plc is a loan aggregator that raises capital market finance to support the social housing sector, primarily lending to smaller and mid sized housing associations that lack direct market access. Its borrower base includes providers serving diverse communities such as Arawak, Housing for Women, and Tamil Community Housing, as well as rural associations like Caledonia Housing and Shropshire Rural Housing. The Fund holds an overweight position, supported by robust security and bonds offering a higher credit spread relative to the broader housing association sector.

MSCI rates GB Social Housing as CCC, citing weaker performance relative to peers in staff management and corporate governance. This includes limited evidence of employee engagement initiatives and a small board structure, alongside limited disclosure on business ethics policies and oversight mechanisms. However, given its role in financing a socially critical sector, GB Social Housing is considered an important issuer.

¹Source: MSCI ESG Research 30/09/2025

³Note: Restated Q2 reported relative weights for the following issuers: European Investment Bank (-1.8%), KfW (-3.3%), International Bank for Reconstruction and Development (-1.7%), Legal and General Group (+0.1%), Land Securities Capital Markets (+0.3%), Akelius Residential Property (+<0.1%), Eversholt Funding plc (+0.2%), Volkswagen (-0.3%), GB Social Housing (+<0.1%), and New York Life Global Funding (+0.1%)

²Benchmark Relative ESG Scoring Key:

Key	Description
Green	Fund has an equal or better Weighted ESG Score than the benchmark.
Yellow	Fund has a Weighted ESG Score within 0.5 of the benchmark.
Red	Fund has a Weighted ESG Score more than 0.5 below the benchmark.

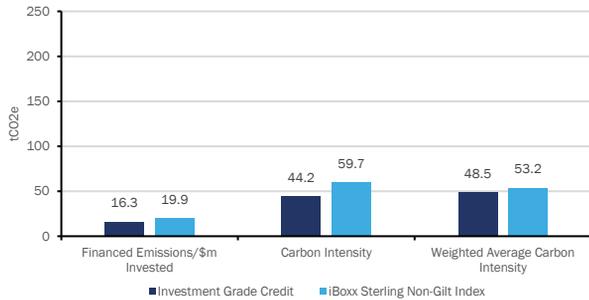
INVESTMENT GRADE CREDIT FUND

30 September 2025

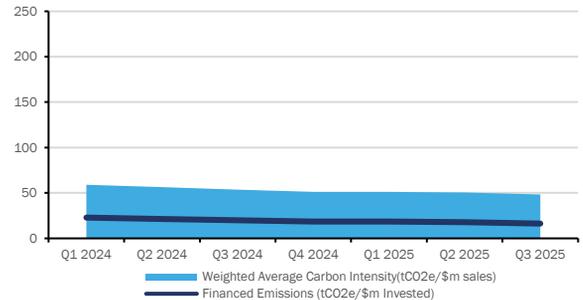
ESG & CARBON REPORT



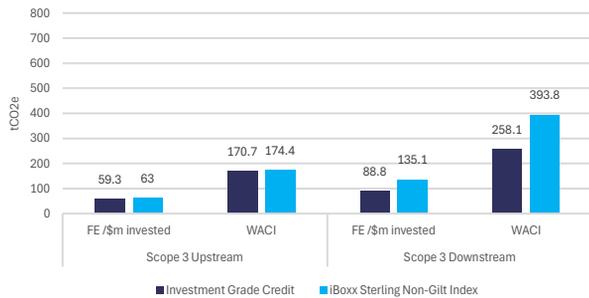
Carbon Emissions and Intensity (Scope 1 and 2)¹²



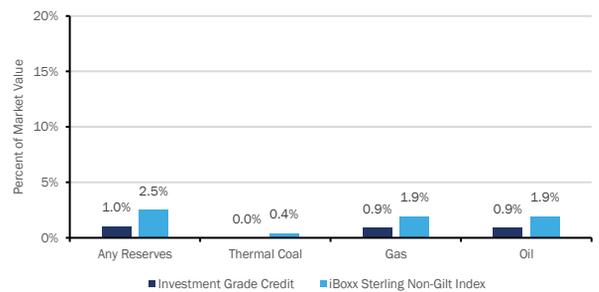
Carbon Trends¹²



Carbon Emissions and Intensity (Scope 3)¹²



Fossil Fuel Reserve⁴



Largest Contributors to Financed Emissions¹²

Issuer	Portfolio Weight	Relative Weight	Contribution to Financed Emissions	CA100+	TPI Level	NZIF Alignment
EDF	1.1%	- 0.3%	11.6%	No	5	Committed
Suez	0.2%	+ 0.1%	6.5%	No	N/A	Not aligning
Enel	0.4%	- 0.2%	4.6%	Yes	5	Aligned
International Airlines Group	0.2%	+ 0.2%	4.6%	No	N/A	Not aligning
E ON	0.6%	- 0.3%	4.3%	Yes	5	Aligned

Quarterly Carbon Commentary

- The Fund saw an 8% reduction in scope 1 and 2 financed emissions, carbon intensity, and 4% reduction in weighted average carbon intensity. However, due to the Fund's already low emissions profile, this translated to a modest absolute reduction of 1.4 tonnes of CO₂ equivalent per million dollars invested.
- There were no changes to the Fund's top five emitters, although each saw a slight decrease in portfolio weight. The most notable shift came from Enel, previously the Fund's second highest emitter, which reported a 38% reduction in emissions. This reflects a significant change in its energy mix and progress in strategic decarbonisation efforts.

Featured Issuer: Suez

Suez is a French company with global operations in water and waste management. In January 2022, Veolia sold the newly restructured Suez to a consortium of private infrastructure investors and French public-sector financial institutions, with a small portion of ownership retained by employees. The company maintains a diversified revenue mix across water and waste services and benefits from long-term concession contracts, positioning it as a resilient player in the utilities sector.

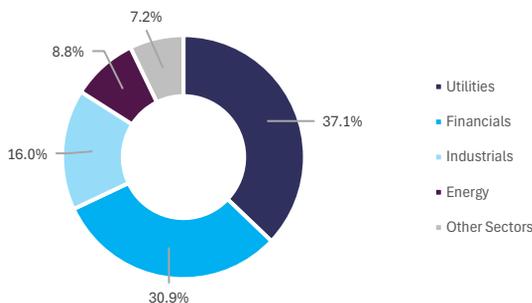
Suez faces industry-typical environmental challenges, particularly around carbon emissions and water stress. MSCI has noted the absence of quantitative leakage reduction targets and highlighted the company's relatively weak performance on water stress metrics. In response to leakage, Suez has invested in metering and monitoring technologies to optimise water distribution. The company is currently considering formal internal targets to address leakage more systematically.

Suez has indicated plans to publish a transition plan in 2026 to outline its pathway to net zero. While progress is being made in carbon management, the absence of formal group-wide targets and the inherent challenges of the sector mean environmental risks remain material. Continued improvements will be necessary to align with evolving best practices.

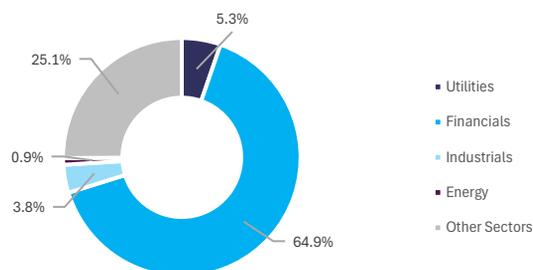
¹Source: MSCI ESG Research 30/09/2025

²All current and historic financed emissions Data calculated on an EVIC basis

Sectoral Contribution to Financed Emissions (Scope 1 and 2)^{1,2}



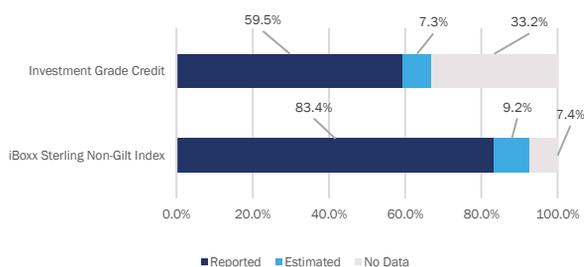
Sector Portfolio Exposure⁴



Exposure to Green Revenues¹



Availability of Emissions Data (% of Market Value)^{1,2}



Issues Not Covered

Reason	ESG ¹	Carbon ¹
Company not covered	17.4%	22.2%
Investment Trust/ Funds	10.2%	11.0%

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).

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

¹Source: MSCI ESG Research 30/09/2025

²All current and historic financed emissions Data calculated on an EVIC basis

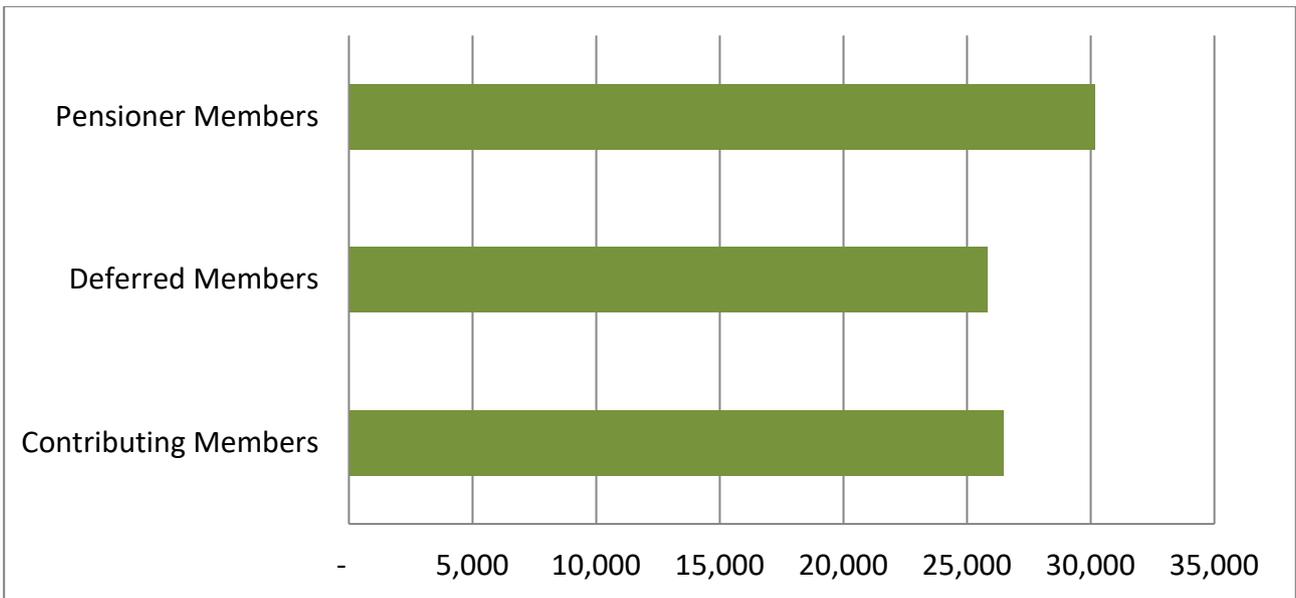
Stewardship Code 2024/25

“Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.”

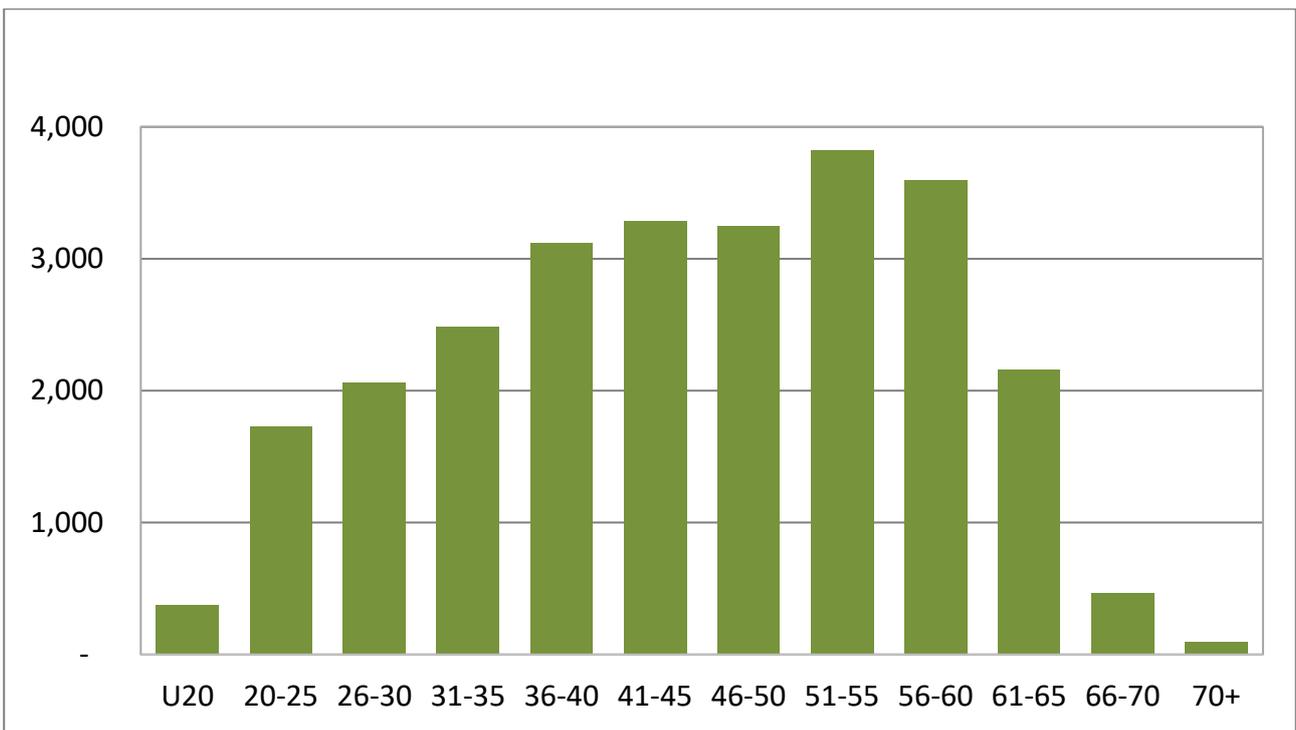
Background and Context

Fund Facts (as at 31 March 2025)

Total Membership: 82,484



Contributing Member Age Profile



Employers: 268

Contributing employers, either in Lincolnshire, or providing services to these employers, include:

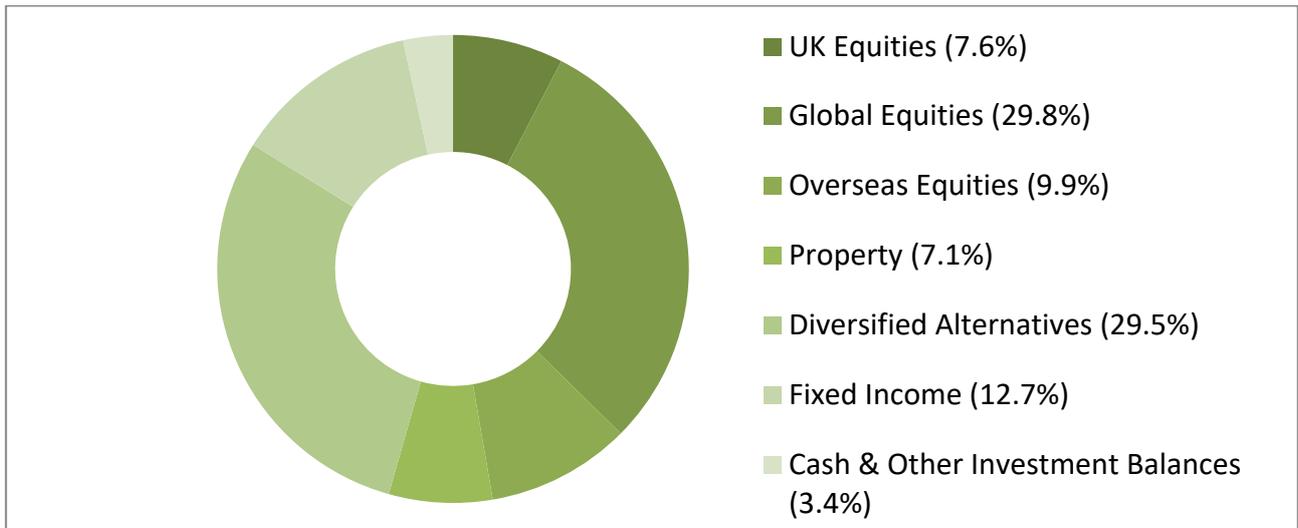
Employer Type	Number
Academies	184
Community Admission Bodies	2
Councils and Police	10
Further Education Bodies	4
Internal Drainage Boards	9
Resolution Bodies	1
Small Scheduled Bodies	29
Transferee Admission Bodies	29

Funding Position

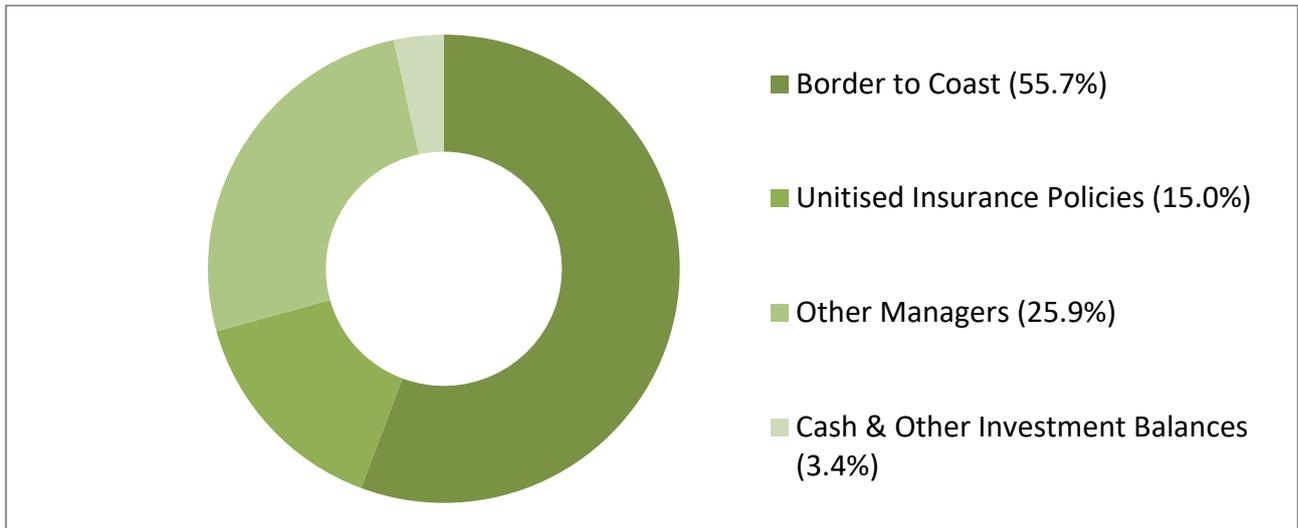


Invested Assets: £3.4bn

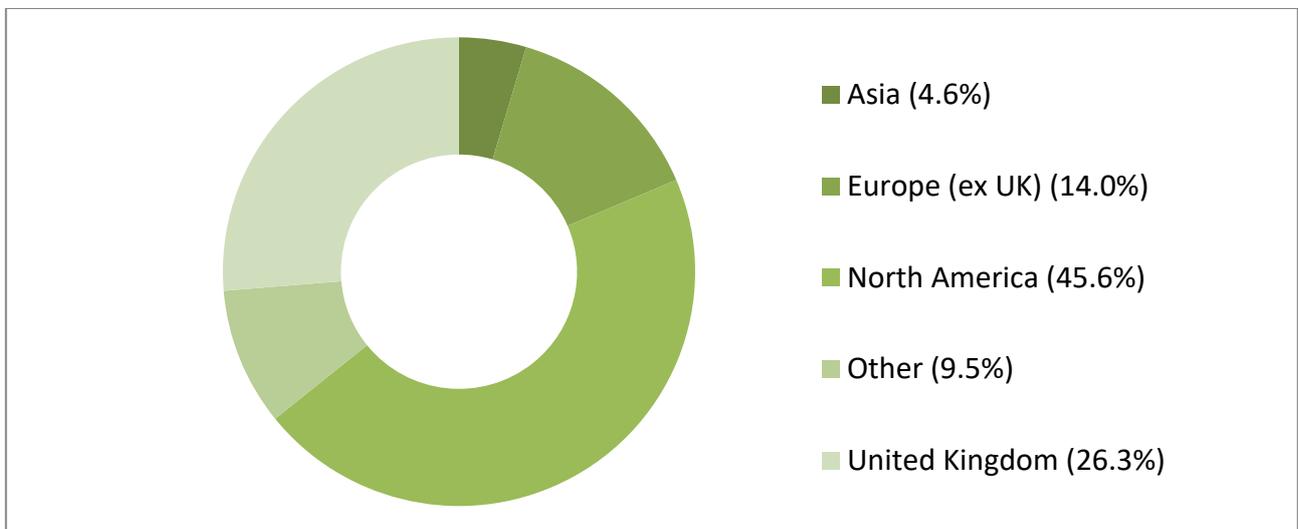
By Asset Class:



By Asset Manager:



By geography:



Lincolnshire Pension Fund

Lincolnshire Pension Fund (the "Fund") is part of the Local Government Pension Scheme (LGPS), which is a statutory scheme established by an Act of Parliament and governed by the Public Services Pensions Act 2013 (PSPA 2013). It is a contributory defined benefit scheme to provide pensions and other related benefits for all eligible employees of local government and other participating employers. The LGPS is a multi-employer scheme which is open to new membership. The LGPS operates on a 'funded' basis, this means that contributions from employees and employers are paid into a fund which is invested, and from which pensions are paid.

As the scheme is well funded and open to new members, with the majority of its employers being secure, tax-backed employers, the Fund is able to take a long-term view on investments and generally looks over a twenty year plus period when assessing its investment strategy. A young scheme member joining today may not be entitled to take their pension for another 50 years, so all investment decisions are made with a long-term focus.

Scheme regulations are set on a national basis, but individual Funds are managed by designated administering authorities at a local level. The LGPS, unlike private pension schemes, does not have Trustees but has a committee made up of elected Councillors and other interested parties, representing other employers in the Fund and scheme members. The Fund's Pensions Committee performs similar duties to Trustees, under the administering authority of Lincolnshire County Council, and is the decision-making body responsible for the investments and the administration of benefits under the scheme.

The Fund has oversight and scrutiny from a Local Pension Board, established under the Public Sector Pensions Act 2013. The Board's role is to assist the Committee in securing good governance and administration of benefits for the scheme members and employers.

The purpose of the Fund is to provide pensions and other associated benefits to Lincolnshire's LGPS members when they fall due. In order to do this, it seeks to achieve sustainable, risk-adjusted investment performance over the long-term. More information on the Fund can be found in the [Annual Report and Accounts](#).

Fund Governance Structure

Lincolnshire County Council, as the Administering Authority for the Fund, has delegated the investment arrangements of the Pension Fund to the Pensions Committee (the "Committee"), which decides on the investment policy most suitable to meet the liabilities of the Fund. Terms of Reference for the Committee are set out in the [Council's Constitution](#).

The Committee is made up of County Councillors, and employer and scheme member representatives, as detailed in the table on page five. This ensures that both employers, who bear the financial risk of the Fund, and scheme members who will be, or are, receiving benefits from the scheme, are involved in the decision-making process. All members of the Committee have full voting rights. All Committee members are required to follow the Fund's Code of Conduct, and in addition, all councillors are required to follow the Council's code of conduct set out within the constitution.

Body/category of bodies represented:	Membership
Lincolnshire County Council (elected Councillors)	8
District Council Representative	1
Small Scheduled Body Representative	1
Academies Sector Representative	1
Scheme Member Representative	1
Total:	12

Committee meetings are split across two areas – Investment and Stewardship, and Administration and Governance. Each area has four quarterly meetings, making a total of eight Pension Committee meetings each year. These meetings allow for oversight and challenge across all areas of the Fund, as well as providing opportunities for developing skills and knowledge at each meeting. Additional meetings may be convened where required.

The Committee has a fiduciary duty to its employers and members and is required to take account of financially material considerations, whatever their source, and this includes environmental, social, and governance considerations, including climate change. It recognises the vital role of being a responsible asset owner to meet its requirements to be a long-term sustainable investor.

In order to effectively carry out their role, the Committee obtain professional advice as and when required, from suitably qualified persons, including external advisers, investment managers, and officers of the Council. The Fund’s principle professional advisors are summarised in the table below:

Role	Advisor
Investment Consultant:	Hymans Robertson
Independent Investment Advisor:	Paul Watson (appointed August 2024)
Main Asset Managers (managing over 5% of Fund assets):	Border to Coast Pensions Partnership (Border to Coast) Legal and General Investment Management <i>(transitioned across to Border to Coast Multi-Factor Equity sub-fund May 2025)</i> Morgan Stanley Investment Management
Engagement and Voting:	Local Authority Pension Fund Forum (LAPFF) Border to Coast

Internally, the Committee is supported by Officers of the Council including the Deputy Chief Executive and Executive Director of Resources (S151 Officer and scheme manager for the Fund), Assistant Director – Finance, Chief Legal Officer (Monitoring Officer), Head of Lincolnshire Pension Fund, and Accounting, Investment and Governance Manager. The key officers involved in the day-to-day management of the Fund, are set out in the table below, along with relevant qualifications and experience:

Name and title	Experience	Relevant Qualifications	Years Relevant Experience
Jo Kempton Head of Lincolnshire Pension Fund	Jo started in the Pensions team in 1999, as an Investment Officer, and has worked through positions of Assistant Investment Manager, Investment Manager and has been Head of Lincolnshire Pension Fund since 2008. Jo has covered every aspect of Fund Management including internal portfolio management, fund accounting, and governance.	IMC	26
Claire Machej Accounting, Investment and Governance Manager	Claire joined the team in 2018, having previously worked as a Head of Finance for the Council in the Corporate team. Claire is a qualified accountant and has completed stage one of the IMC qualification.	CPFA	7
Joshua Drotleff Principal Accounting, Investment and Governance Officer	Josh has worked in the pensions team since 2019. From January 2024 he has been promoted to his current role. Josh has the IMC qualification and is studying to become a member of CIPFA.	IMC (studying CIPFA)	1

Additionally, the County Council established a Local Pension Board (the "Board") under Regulations 105 to 109 of the Local Government Pension Scheme Regulations 2013 (as amended) which operates independently of the Pension Fund Committee. The purpose of the Board is to assist the Administering Authority in its role as a scheme manager, as set out in the Board's [Terms of Reference](#). Such assistance is to:

- a) Secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme, and;
- b) Ensure the effective and efficient governance and administration of the Scheme.

The Board consists of four voting members: two representing Scheme Members and two representing Scheme Employers, and an Independent Chairman. In March 2025 it was agreed to expand membership of the Board to three Scheme Member and three Scheme Employer representatives to provide enhanced resilience to the Board. This has been implemented in 2025/26.

Pooling – Border to Coast Pensions Partnership

To meet the government's requirement to pool assets, the Fund joined Border to Coast Pensions Partnership ('Border to Coast') alongside ten other like-minded Funds. Border to Coast was created in 2018 as a wholly owned private limited company registered in England and Wales, authorised and regulated by the Financial Conduct Authority (FCA) as an alternative investment fund manager (AIFM).

In her inaugural Mansion House speech, in the Autumn of 2025, the Chancellor of the Exchequer, Rachel Reeves, announced the launch of a consultation to overhaul the way the LGPS invests to deliver large pools of professionally managed capital in line with international best practice, while embedding investment in local communities as a priority, placing the scheme on a stronger, more sustainable footing in the interest of members, employers, and local taxpayers.

The 'LGPS fit for the future' consultation focused on three areas:

- Asset pooling – optimising pooling for the future;
- Local investment; and
- Good governance of funds and pools.

The Pension Fund submitted a response to the government's consultation in January 2025.

The Government published the consultation outcome on 29 May 2025, and the Pension Schemes Bill was introduced to parliament on 5 June. The Fund is working closely with Border to Coast and other Partner Funds to ensure successful implementation of the requirements of the Bill and any subsequent regulations and guidance.

As at 31 March 2025, the Lincolnshire Fund had transitioned assets into six sub-funds at Border to Coast, had approved the transition of global equity holdings with Legal and General Investment Managers into the Multi-Factor Equity sub-fund, and agreed to make a commitment to UK Real Estate in the financial year 2025/26. The Fund has 55.8% invested in Border to Coast vehicles as at 31 March 2025, compared to 56.4% invested at 31 March 2024. Total assets pooled in line with the Government Directive, which includes assets not directly managed by Border to Coast but also passive funds with a manager where fees have been negotiated by the pool, stood at 70.8% (all assets managed in Border to Coast funds and the investment with LGIM).

The governance structure has been developed to allow Border to Coast to function efficiently and for Funds to provide oversight and hold it to account. Each member Fund has two roles with Border to Coast: that of shareholder and owner of the Company (at Lincolnshire this role is carried out by the Assistant Director - Finance, the Deputy S151 Officer for the Council), and as an investor in the products managed by Border to Coast, which is the responsibility of the Pensions Committee. Oversight of the Company is undertaken through a Joint Committee, made up of the

Chairs of the Partner Fund Pensions Committees, or their nominated Pensions Committee representative. Fund officers and Border to Coast work together on an on-going basis to develop policies, sub-funds, and provide regular feedback to Pensions Committees. The roles and responsibilities of Border to Coast, the Fund and its other stakeholders can be found in the Border to Coast [Governance Charter](#).

Employers and Scheme Members

The Fund, as a participant in the LGPS, is a defined benefit scheme. The Lincolnshire Fund has 82,484 members who will or do receive benefits from the scheme. The Fund also has 268 active employers contributing to the scheme at 31 March 2025.

As a defined benefit scheme, the benefits received by members are set out in statute, as are contribution rates for active members. Unlike a defined contribution scheme, employers, rather than scheme members, bear the investment risk and are responsible for making up any funding shortfall that arises because of poorly performing investments. Contribution rates for employers are calculated at the triennial valuation, alongside the overall funding position.

The Fund regularly engages with both employers and scheme members to ensure they are aware of developments which may have an impact on them.

Funding Strategy Statement and Investment Strategy Statement

Within LGPS regulations, the Fund is required to have and publish a Funding Strategy Statement and an Investment Strategy Statement:

[Funding Strategy Statement \(FSS\)](#)

This document is prepared in collaboration with the Fund's actuary and, after consultation with the Fund's employers, it is approved by the Pensions Committee. It sets out the process for the setting of employer contribution rates. The FSS is reviewed in detail at least every three years as part of the triennial valuation process.

The FSS sets out the objectives of the Fund's funding strategy:

- Ensure that pension benefits can be met as and when they fall due over the lifetime of the Fund;
- Ensure the solvency of the Fund;
- Set levels of employer contribution rates to target a 100% funding level over an appropriate time period and using appropriate actuarial assumptions, while taking into account the different characteristics of participating employers;
- Build up the required assets in such a way that employer contribution rates are kept as stable as possible, with consideration of the long-term cost efficiency objective; and
- Adopt appropriate measures and approaches to reduce the risk, as far as possible, to the Fund, other employers, and ultimately the taxpayer, from an employer defaulting on its pension obligations.

[Investment Strategy Statement \(ISS\)](#)

This document sets out the primary objective of the Fund, which is to provide pension benefits for members and their dependents, as and when they fall due. It states how the Committee aims to

fund the benefits in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund's assets.

The ISS sets out the agreed investment beliefs, responsible investment beliefs, investment strategy, the approach to risk, and how it will pool investments.

Round Up of the Year

The year focussed on business-as-usual activity; bedding in the new Committee structure to provide enhanced oversight and challenge across all areas of the Fund; preparing for the 2025 triennial valuation, and implementing the new strategic asset allocations, with new allocations being made to private markets and property.

In the Autumn, the sector received a consultation from the UK government called 'LGPS Fit for the Future'. The Committee and the Fund's asset pool, Border to Coast, both made responses to the consultation and started work to implement the expected changes coming from the review.

Specifically in terms of stewardship, the following activities have been undertaken across the year:

- The Committee has received quarterly stewardship reports covering our equity, fixed income and private market holdings;
- The Committee also undertook a series of training sessions to better understand climate risk, with the ultimate goal of being ready to meet climate reporting requirements when Government publishes the legislation for the LGPS;
- Workshops with Border to Coast on Responsible Investment (RI) policies, and activity monitoring; and
- Voting and engaging on key issues with a wide range of global companies, through our asset pool and LAPFF.

Areas for improvement in the stewardship activities undertaken by the Fund are highlighted in the action plan at appendix A.

PRINCIPLE 1: Purpose, investment beliefs, strategy & culture enable stewardship that creates long-term value for employers & beneficiaries leading to sustainable benefits for the economy, the environment and society

Activity:

The Fund's policies are the mechanism through which it expresses and implements its investment beliefs, strategy, and culture. They provide the framework for effective governance and stewardship – both of Fund assets and of the Fund as a whole. The Fund considers that having investment beliefs clearly defined assists it to choose investment vehicles and service providers whose approach is most closely aligned to our own. These beliefs were developed through facilitated decision-making which challenged Committee members to consider investment and RI beliefs, to develop a strategy for the long-term benefit of the Fund's employers and members.

The Fund formally reviews its Investment Strategy Statement (ISS) and other policies at least every three years to ensure that they remain fit for purpose (i.e. continue to reflect the Fund's purpose and investment beliefs as well as meeting regulatory requirements). It also provides an opportunity for the Committee to discuss and reflect on the current policy and consider if any changes are required. Details of the review of policies in March 2024, in preparation for the year ended 31 March 2025, can be found at agenda item 7 in the [Committee Papers](#). The ISS was reviewed and updated in March 2024 to reflect the Committee's strategic asset allocation and to provide additional information on asset pooling reporting and transition plans.

The investment beliefs and the responsible investment beliefs were reviewed in a training session held in February 2022. This involved a three-hour session facilitated by the Investment Consultant, exploring in depth whether the current sets of beliefs were still representative of the Committee's views, and challenging them to ensure that they could be translated into an investment strategy. The revised beliefs were approved by the Committee in March 2022 (the final beliefs can be found at item 10 in the [Committee Papers](#)). Periodically the Fund's investment beliefs are reviewed to ensure that they continue to represent the views of the Committee. The next review is planned for the autumn of 2025, this coincides with the appointment of a number of new members to the Committee, following County Council elections in May 2025.

The Pensions Committee, whilst being a political Committee under Local Government Regulations, is regularly reminded of its fiduciary duty to the scheme beneficiaries rather than to the Council or the elected members' constituents. The Committee also includes members from Fund employers and an employee representative to provide balance to decision-making. Induction training is mandatory for all new members of the Pensions Committee to ensure that responsibilities, beliefs, and culture are understood and embedded.

Fund officers and the Pension Board monitor the responses to the members' satisfaction surveys carried out by the administration provider and complaints made by scheme members. These are reported to the Board quarterly.

Outcome:

The Committee reviewed and updated its [Investment Beliefs](#) at the beginning of 2022. These are detailed in the ISS. As part of the review an overarching statement across the investment beliefs was added, stating:

It is recognised that environmental, social and governance (ESG) issues are important to the long-term success of the Fund, and the Committee aims to integrate consideration of these issues into all aspects of the Fund's investment arrangements.

The full detail on the beliefs can be found at item 10 in the [Committee Papers](#), however after much discussion and debate, only one amendment was made to the RI Beliefs which is set out below with reasoning:

Belief 2: The Committee considers that company engagement, rather than disinvestment, is the better approach to fulfilling their responsible investment objectives. However, should a company not respond to engagement, disinvestment should be considered.

Disinvestment on a whole sector basis is not within the Committee's beliefs. Disinvestment is a blunt tool that is not believed to provide the best outcomes over the medium to long term. The Fund will, through its managers and other organisations, engage with companies to bring change, but will consider company disinvestment if engagement fails. While disinvestment on a whole sector basis is not considered appropriate, the Fund will not invest in companies whose products do not comply with the Geneva Convention.

This has been amended to change "could" to "should" on the consideration of disinvestment in companies not responding to engagement. In addition, the line in the narrative on companies not complying with the Geneva convention has been added.

A review of the Fund's investment philosophy will be undertaken in the Autumn of 2025. County Council elections in May 2025 saw seven new Councillors join the Committee. The review will ensure the investment philosophy of the Fund aligns to the views of the Pensions Committee.

During the year, one new member joined the Pensions Committee. One-to-one training is offered to all new members of the Committee, delivered by the Head of Lincolnshire Pension Fund, before their first Committee meeting. The training covers all aspects of managing the pension fund, including their fiduciary duty responsibilities.

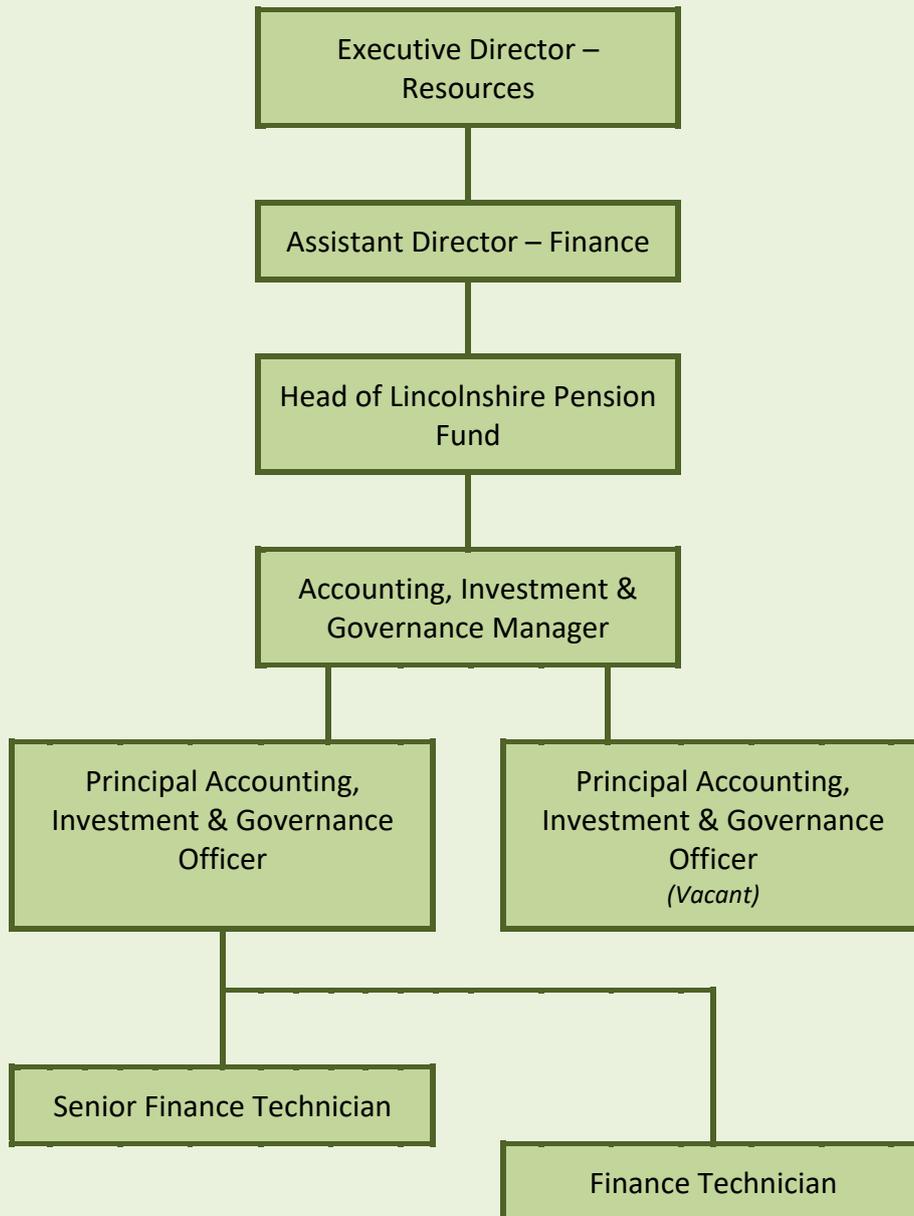
The pensions administration service reports show that generally scheme members are happy with the service received and the Fund receives only a small number of complaints from scheme members. Details are reported to the [Pension Board quarterly](#).

PRINCIPLE 2: Signatories' governance, resources and incentives support stewardship

Activity

As is fully detailed in the background, Fund governance is the responsibility of the Pensions Committee, as set out within statute. To assist the Committee in discharging their responsibilities, eight meetings are held annually which provide various reports to enable them to have oversight and challenge across all areas of the Fund. Four meetings a year are dedicated to investments and stewardship.

The structure of the internal team responsible for the management of the Pension Fund is shown below:



The Head of Lincolnshire Pension Fund is responsible for the day-to-day management of the Fund, and the Accounting, Investment and Governance Manager works closely with her and is responsible for stewardship monitoring and reporting. Details of the experience of the key

Activity

personnel are shown in the background, under Fund Governance. There is no performance management or reward system in place at the Council.

The pension fund structure has been developed to ensure sufficient resource is available for all aspects of fund oversight and governance, alongside the use of external experts to provide specialist advice and support. In 2022 the Fund reviewed its structure and created two new posts to enable more time to be spent on monitoring managers and their stewardship activities, in addition to providing other support in the team. These are established as career grade posts to allow the Fund to train and develop new talent, where it has been unable to find this in the market.

As the internal team is very small, the Fund operates an external manager structure, with all assets managed externally and the Fund using expert professional services to support its stewardship activities:

- Border to Coast, the Fund's asset pool which invests on its behalf, have a dedicated and growing team working on RI matters for all pooled investments, from tendering and selecting managers, to ongoing monitoring once a manager is selected, and supporting industry wide initiatives. Border to Coast's Stewardship report can be found on its website at [Border to Coast – Responsible Investment](#);
- Robeco, who are the pool's appointed voting and engagement specialist, provide professional stewardship services to the Fund for the investments held with Border to Coast; and
- The Local Authority Pension Fund Forum (LAPFF) is a sector wide group with membership from 87 local authority pension funds (with assets exceeding £425bn) and seven LGPS pooling companies. LAPFF acts for its members on engagement with companies, collaborating with others to increase the voice of shareholders, providing voting alerts, and responds to consultations.

The Fund has established annual RI processes which allow the Committee to have the opportunity to contribute to the direction of RI work for the Fund. Quarterly activity reporting then allows the Committee oversight of activities undertaken. The process starts in December with the review and approval of RI and Voting policies. The policies relate to all Fund investments and are aligned with Border to Coast policies to ensure a consistent application across all Fund assets. The Committee also reviews key policy documents on a three-yearly cycle each March, to ensure they reflect the current views of the Fund. The Fund then reports RI activity to the Committee on a quarterly basis to highlight the stewardship activity undertaken over that period, to provide assurance and to give the opportunity to review and challenge the work undertaken on the Fund's behalf.

The Pensions team within the Council is very small. All appointments have been made through the Council's recruitment process, which monitors diversity across the Council. The Council has a [diversity and inclusion policy](#) and encourages a supportive and inclusive culture. The Council believes: *People from different backgrounds, cultures and experiences bring value to the workplace and we believe that diversity and inclusion bring benefits. We work better and improve services if we have a supportive environment. By respecting these differences, colleagues, customers, communities, and other stakeholders can feel valued.*

Within the Pensions team, there are currently three females and two males. The make-up of the Pensions Committee, as set out in the background, is taken from elected members, scheme

Activity

employers and a scheme member representative. Diversity of backgrounds and opinions is brought into the Committee as Councillor members come from different political groups, with wide-ranging life and career experience. In addition, the co-opted members come from various backgrounds reflecting the views of employers and scheme members.

The Council encourages diversity across the Councillor members, however, the Pension Fund has no influence over council candidates and committee members.

Outcome:

The Fund has a clearly defined and documented set of [RI policies](#) that it works to, which are published and available to all stakeholders. They are aligned with Border to Coast's policies so that we are all working towards the same aims and objectives. They were last approved by the Committee in December 2024.

The quarterly [Responsible Investment Update Report](#) continues to allow members of the Committee opportunity to review stewardship activity undertaken on its behalf, and influence the work of the Fund. The report covers the work of LAPFF, Border to Coast, Robeco, Legal and General Investment Management (LGIM), and Morgan Stanley Investment Management (MSIM) on stewardship matters. Other Fund investment managers will be featured in the report when activity is undertaken. In addition, the report covers voting information and provides a quarterly ESG and carbon report for the Fund's three equity investments and the sterling investment grade credit fund, managed by Border to Coast.

The governance approach to support stewardship by using external professionals and the group weight of either the Border to Coast company and partners, or LAPFF, ensures that maximum impact is achieved through the engagement and research undertaken. The Fund operates with a small internal team covering all Fund matters from investments to administration, to governance. It believes that the use of external experts in this field provides the best use of resources for the Fund. It also allows the Fund to have a greater impact as by working with others, the Fund has a larger profile when approaching the market and individual companies than doing so alone.

Annually the Committee holds eight meetings, four meetings looking at investments, and stewardship, and four meetings for administration and governance. This structure allows time for the Committee to discuss, amongst other things, stewardship issues and actions. Each meeting will include an element of training.

In January 2024 a new post holder started their role and are supporting investment, stewardship, accounting and employer activity for the Fund. The Fund will keep under review appointment to the remaining vacant post to ensure there are sufficient resources available to undertake all Fund activities.

PRINCIPLE 3: Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first

Activity:

The make-up of the Pensions Committee is mainly County Councillors, who are elected to serve their constituents within Lincolnshire; however, their role in managing the Pension Fund is to serve the beneficiaries and employers of the Fund.

All members of the Committee undertake initial training when they join the Committee. This training covers the [Code of Conduct and Conflicts of Interest Policy](#) and explains the role of the Committee to serve beneficiaries and employers. While making decisions for the Pensions Committee other political and county council considerations should be disregarded. This message is reinforced throughout the year at Committee meetings and as and when investment opportunities are discussed.

Outcome:

The Code of Conduct and Conflicts of Interest Policy is reviewed at least every three years by the Committee and is published on the Fund's website.

The policy explains what a conflict of interest is and provides examples for Committee Members of potential conflicts. The policy stipulates that all potential conflicts of interest must be declared initially on appointment and then at each meeting of the Committee as matters arise in the normal course of business. The policy also explains how conflicts will be dealt with and resolved. The Fund also maintains a register which captures potential and actual conflicts.

Within the Conflicts of Interests Policy, Committee members are specifically required to have consideration of their stewardship responsibilities in managing the Pension Fund.

During the year one new member joined the Pensions Committee. One-to-one training is offered to all new members of the Committee, delivered by the Head of Lincolnshire Pension Fund, before their first Committee meeting. The training covers all aspects of managing the pension fund, including their fiduciary duty responsibilities.

There may be a conflict of interest when making investment decisions if an opportunity arose in the local area. The investment might be beneficial to the local electorate, but not for the Fund. To avoid any potential conflict of interest, the Fund does not have any strategic commitment to local investment, and no local investments have been made in the 2024/25 financial year. However, the Government's 'Fit for the Future' review requires all LGPS Funds to develop a local investment policy and have an allocation to local investments. This policy will be developed during 2025/26 and will come into force from April 2026. The policy will aim to target the widest investment opportunity set, ensure conflicts are effectively managed, and delegate investment decision-making to the pool to ensure only suitable proposals meeting the Fund's return objective are selected.

PRINCIPLE 4: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system

Activity:

The Fund conducts a full risk assessment of its activities which is reviewed annually by the Committee and Board and is published as part of the Fund's Annual Report. The annual review of the risk register considers the risk to the Fund's investments and funding, governance, and operations. From an investment perspective this includes: from market fluctuations, interest rates, currency, credit, and failure by its investment managers, asset pool, or custodian. In addition, the Fund recognises in the register the risk to investments from ESG factors, including the impact of climate change, on long-term investment returns.

The Fund's foremost mitigation against market-wide and systemic risk is a well-diversified investment strategy. Therefore, it is important the Committee receives the appropriate training and that it commissions advice to be able to select from and monitor a wide variety of investments. The Fund has an appointed investment consultant to advise and give expert insight on its strategic asset allocation, investment strategy, and manager monitoring.

A revised investment strategy was finalised in September 2023. Implementation of the strategy continued in 2024/25 with further allocations being made to property and private markets, which will take a number of years to fully implement.

To address systemic risks and market-opportunities, LAPFF has undertaken the following activity during 2024/25:

- LAPFF have engaged with the Financial Reporting Council ("FRC") voicing their concerns about changes to the Going Concern Basis of Accounting and Related Reporting, including Solvency and Liquidity Risk. This response challenges the proposed changes which may lead to a poor reflection of whether a financial institution is a true going concern.
- LAPFF have collaborated with Asia Research and Engagement ("ARE") to engage with Asian companies to highlight the need for a shift towards sustainable energy.
- Following regular engagement with the London Stock Exchange (LSE), LAPFF sent a further letter to the LSE setting out their expectations and seeking clarity over the weakening of listing standards.

Border to Coast believes that addressing systemic risk requires collaborative efforts that go beyond the investor community, so they engage with policymakers and regulators, both independently and in collaboration with other investors, to amplify their influence in this area. Their focus has been on helping to create the conditions for strong long-term returns. During 2024/25 this has included:

- Stress testing of identified market risks. Border to Coast have a Risk Management Framework which is used to identify risks, these risks are reported to the relevant Committee and the Board quarterly. Using historical and hypothetical future risk events, they have conduct stress testing and scenario analysis to aid with identifying and mitigating market or systemic risks. As part of this process, liquidity stress testing is regularly undertaken to ensure short term financial commitments can be met in the event of a liquidity crisis in the market.
- In partnership with the Independent Governance Group (IGG), and TPT Investment Management, and commissioned by Robeco, Border to Coast contributed to the

Activity:

production of a [stewardship research report](#) on how to address systemic risks through stewardship. This report found stewardship priorities ranged from climate change to Diversity, Equality and Inclusion. Climate change is the top priority, with collaborative initiatives such as Climate Action 100+ and Nature Action 100 amplifying investor voices with issuers and enabling systemic change.

LGPS UK Government Consultation

In the autumn of 2024, the UK government launched a consultation “LGPS: Fit for the Future”, which contained further developments for asset pools and funds. The Committee submitted a response to government detailing the impact on Lincolnshire Pension Fund, the asset pool, and wider LGPS community. In addition to the Fund’s response Border to Coast, as the Fund’s chosen asset pool also made a submission to government in collaboration with partner funds.

By the end of the financial year both the Fund and asset pool had made submissions to government and were awaiting a formal response. Work with other partner funds and Border to Coast started to ensure that the Fund and pool were well placed to implement the requirements coming from new government legislation.

Outcome:

The Fund relies heavily on its managers and service providers to identify and respond to market-wide and systemic risks but plays a key role in challenging and questioning what they are doing, to seek assurance on their processes and procedures.

The identification and management of risk is a key part of the discussions and monitoring that the Pension Fund undertakes on a quarterly basis as a minimum.

LAPFF and Border to Coast continue to make and support recommendations for improving company reporting to highlight market wide risks. They achieve this through engagement with policy makers, providing responses to sector-wide initiatives and through their ongoing engagement with companies.

LGPS UK Government Consultation

Fund officers have worked closely with the Committee and Border to Coast to ensure a clear message is fed back to government to influence the final outcomes from the ‘Fit for the Future’ review. Primary legislation is progressing through Parliament during 2025/26.

PRINCIPLE 5: Signatories review their policies, assure their processes and assess the effectiveness of their activities

Activity:

The Fund has a number of relevant policies that are reviewed as detailed below:

- The [Investment Strategy Statement](#) is reviewed every three years or immediately after any significant change in investment policy and contains the Fund's RI beliefs. See principle 1 above.
- The [Responsible Investment Policy](#) and [Corporate and Voting Policy](#) are reviewed annually. These are reviewed and approved by the [Committee in December](#) in advance of the start of the voting season. They are aligned with the Border to Coast policies to ensure consistency across all holdings.
- The [Conflicts of Interest Policy](#) is reviewed every three years. See principle 3 above.
- The [Training Policy](#) is reviewed annually, and a training plan approved each year in July.
- The [Risk Management Policy](#) and Risk Register are approved annually (at the Pensions Committee meeting in October) and any changes to the risk register are reported to the Committee on a quarterly basis.

The Fund receives quarterly reports on stewardship activities undertaken by Border to Coast, Robeco, LAPFF, LGIM, and MSIM, including engagement and voting activity, along with ESG and carbon metrics information. This is presented quarterly to the Pensions Committee for discussion.

Outcome:

Policies have been reviewed on a regular cycle. This ensures that they are kept up to date and are regularly considered by the Committee, which ensures that the policies continue to reflect their views on the direction of the Fund.

The Investment Strategy Statement was reviewed following the 2022 Triennial Valuation, and during 2024/25 the Fund continued to work on the implementation of the agreed strategic asset allocations, making further commitments to private markets and property.

Work on RI and Stewardship policies starts in advance of their review and approval by the Committee in December. During the year Fund officers work with Border to Coast to identify what is important to each Fund and how this should shape the direction of the Pool and Fund RI policies. In addition to this, work is undertaken with Fund Pensions Committees and the Border to Coast Joint Committee to identify their priorities. This information is important to ensure all Funds can support and will approve aligned RI policies. This streamlines the activities undertaken by Border to Coast.

The Fund review of risk covers all aspects of the Funds work, including: governance, investments, funding, operational, and people risks, and captures the risks identified and how the Fund is actively managing and mitigating them.

Outcome:

The training policy and plan sets out the minimum level of training for members of the Committee and new areas where training is required to keep members up to date with developing topics.

The Fund has reviewed the Stewardship Code Statements from its key asset managers; Border to Coast, LGIM, and MSIM, to receive assurance that their reporting is fair, balanced, and understandable, which in turn enables the Fund to report that way. All managers have been successful in their submissions to the FRC.

PRINCIPLE 6: Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them**Activity:**

Communication and feedback from scheme members and employers are undertaken in a variety of ways:

- Annual sector specific employer meetings;
- [Scheme member newsletters](#);
- Consultation with employers on key policy documents;
- All Committee and Board Meetings are open to members of the public and papers are published and available for review;
- The Fund publishes an [Annual Report](#) containing up to date details of investments and stewardship;
- [Key policy documents](#) are published on the Pension Fund website;
- Contact details for the Fund are also published for any comments from scheme members or employers;
- Direct contact with scheme members and employers; and
- Direct representation, with full voting rights, on the Committee and Board of scheme members and employers other than the County Council.

As detailed in the background, the investment time horizon is 20 plus years, and that is on a rolling basis as the Fund is open to new members who may not be receiving their pension for another 50 years or more. Given the long-term relationship that scheme members have with the Fund, the Fund tries to ensure that members are aware of how their pension is invested and managed.

As is also stated, the risk of investment decisions sits solely with the employers, in that their contribution rates will rise if returns are below that required. Scheme members' benefits are set out in statute and fully guaranteed, so whilst consideration of their investment preferences is given, and the Fund communicates how it manages its stewardship responsibilities, the main

Activity:

objective is to ensure returns are sufficient to meet the long-term liabilities without large increases in employer contribution rates.

Scheme Members

The [Winter 2024](#) scheme member newsletter provided scheme members with information on the Fund's investments and performance during the previous financial year, alongside information on pension increases, pensions dashboard, and the McCloud judgement.

Feedback is always welcomed from scheme members and the Fund has a dedicated e-mail address for this: LGPSpensions@lincolnshire.gov.uk.

Scheme Employers

During 2023/24, the Fund reviewed how it engages with employers to ensure that communication channels remain appropriate for both the Fund and the employers. Up to 2023/24, a general employer meeting was held each February, however, due to falling attendance numbers this was no longer felt to be the most appropriate way to communicate with Fund employers. Following a survey of employers, individual employer group meetings were identified as the most suitable way forward. During 2024/25 employer meetings were held with the two largest employer groups, Councils and Academies, and with a number of individual employers.

Outcome:

Scheme Members and Employers

Membership of the Committee and Board includes employer and scheme member representatives. Through the Committee and Board meetings held over the year, these representatives have had the opportunity to input into and comment on the Fund's stewardship and investment approach.

The Fund is happy to engage with employers and scheme members on an ad hoc basis to provide additional information on Stewardship matters. Such responses are reflected on and used to consider the development of wider future communications. During 2024/25 the Pensions Committee was regularly attended by members of the public with particular interest in climate change.

Scheme Employers

The sector specific employer meetings were launched in March 2024. During 2024/25 employer meetings were held with the two largest employer groups, Councils and Academies. Each meeting included an update on Stewardship and Responsible Investment, providing employers with information on the activity undertaken by the Fund and an opportunity to question, challenge, and input into the direction and activities undertaken by the Fund.

PRINCIPLE 7: Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities

Activity:

The Fund's responsible investment beliefs and approach to assessing investments are included within the [Investment Strategy Statement](#). This core policy document explains how the Fund seeks to systematically integrate stewardship and investment to fulfil its responsibilities. The Committee believe that, as long-term investors, integrating environmental, social, and corporate governance considerations into the investment management process improves risk adjusted returns and creates long term sustainable investments.

To support this, the Committee reviewed its Investment and RI Investment beliefs, as set out in principle one, during 2021/22. As part of this process the Committee undertook an in-depth consideration of its general investment beliefs and its RI beliefs, receiving training and completing a comprehensive survey to develop these principles. This exercise will be repeated periodically to ensure the beliefs remain up to date and reflect the Committees current views. The next review is planned for Autumn 2025, this coincides with the appointment of a new Committee following County Council elections in May 2025.

The Fund invests in a wide variety of asset classes across a number of investment managers, but predominately with Border to Coast who currently manage all actively managed equities and bonds. The Fund has worked with Border to Coast and other partner funds to formulate the company's approach to stewardship and responsible investment to ensure that it is aligned to the policies of the partner funds (including Lincolnshire). The Fund's RI Policy states that when analysing potential investments (across all funds, asset classes and geographies), they expect investment managers to consider ESG factors, including climate change, as an integral part of the investment decision-making process. Of particular relevance are factors which could cause environmental and reputational risk ultimately leading to a reduction in long-term value.

The Fund considers the ESG credentials, policies, and procedures as part of the appointment process for all prospective managers with the aim of ensuring that ESG is well established in the managers appointed. The Committee requires that all asset managers report on stewardship and ESG matters on a regular basis and be responsive to any queries. The Fund monitors the asset manager's stewardship activities, including their involvement in collaborative engagement activities, such as supporting the Good Work Coalition, Transition Pathway Initiative, Climate Action 100+, and the Asset Owner Council.

The monitoring of appointed managers by Border to Coast includes assessing stewardship and ESG integration as part of the tender process to identify new external managers, investment process, and on-going management of the investments held in accordance with the approved policies. The Fund then monitors Border to Coast to ensure that it is fully integrated through quarterly reporting, quarterly meetings, and their annual report. In addition, partner funds are heavily involved in the development of new sub-funds, having sight of the appointment process for managers and the due diligence undertaken.

During 2024/25 the Committee also undertook a series of training sessions to better understand climate risk, with the ultimate goal of being ready to meet climate reporting requirements when Government publishes the legislation for the LGPS.

Outcome:

Border to Coast

Responsible investment is fully integrated into the investment process with ESG-related issues incorporated into investment decisions and monitoring across portfolios and asset classes. Border to Coast believe that ESG factors tend to be longer term in nature and can create both risks and opportunities. As a long-term investor they consider material ESG factors when analysing potential investments. The factors considered are those which could cause financial and reputational risk, ultimately resulting in a reduction in shareholder value. More detail can be found in their [Responsible Investment and Stewardship Report](#) for 2024/25.

Border to Coast consider this within their internally managed Funds and in the selection and monitoring of externally appointed managers.

Border to Coast – engaging with water utility companies to understand how responsible investment is integrated into their practices – Sterling Investment Grade Credit sub-fund

- **Reason for engagement:** During 2024/25 Border to Coast engaged with eleven water utility companies which are held across their fixed income sub-funds. The water utility companies face significant financial and reputational risk due to sewage pollution, water leakage, and other areas attracting negative media coverage. Border to Coast is a member of a collaborative engagement initiative with the UK water utility sector, coordinated by Royal London Asset Management (RLAM).
- **Scope and process:** Border to Coast was involved with a review of eleven water utility companies plans for the period 2023 to 2025 and specifically led the engagement with two companies – Yorkshire Water and Northumbrian Water. Each company was rated against 19 KPI's and given an overall score. Several well-attended meetings were had with Yorkshire Water throughout 2024, including with senior directors and their CFO.
- **Outcomes:** Yorkshire Water acknowledged Border to Coast's assessments as fair and welcomed the deep engagement, recognising the value it is adding. Yorkshire Water were advised that further improvement was needed on pollution discharges that breach targets, and biodiversity. Yorkshire Water showed positive directions in KPI's surrounding: investment and training to reduce repair times to flood, leak and pollution events; ensuring abstraction is sustainable to support water supply resilience; and developing and using nature-based solutions for flood management and drought resilience. Northumbrian Water responded to Border to Coast's engagement with a detailed written response, showing positive improvement on KPI's surrounding the reduction of pollution and discharges that breach targets, and having a clear biodiversity action plan with targets.

Border to Coast – Integrating RI practices and considerations into real estate propositions – UK Real Estate sub-fund

- **Reason for engagement:** Border to Coast work closely with external investment advisors and asset managers to ensure the integration of RI into the UK Real Estate sub-fund portfolio.
- **Scope and process:** A tailored Responsible Investment Framework for Real Estate has been developed by Border to Coast to help accommodate different approaches across

Outcome:

property investments. Whilst the UK Real Estate sub-fund is directly managed, it does have an externally appointed investment advisor and asset manager who implement the sub-fund strategy at the portfolio level. The procurement exercise for these two externally appointed contracts required that RI considerations were integrated into the asset management and investment advice within the sub-fund, and with the underlying property manager, as per Border to Coast's tailored Responsible Investment Framework for Real Estate.

- **Outcomes:** Border to Coast's Real Estate Investment Strategy Committee agenda includes forward plan actions and ESG factors as standing items. Fund-level reporting will be received from the adviser on a bi-annual basis, starting from May 2025. Once the sub-fund has been live for more than 12 months, Border to Coast will begin an annual monitoring process, to ensure the asset and investment advisors are factoring stewardship into their practices, as per criteria set out at procurement.

Morgan Stanley Private Markets

In selecting investment opportunities for our portfolio, Morgan Stanley consider ESG policies, whether these can be developed or further policies implemented to ensure sustainable growth, and measure scope 1 to 3 carbon emissions to identify opportunities for decarbonisation.

During 2024/25 the portfolio's investments continued to achieve significant milestones in renewable energy production. An asset within the portfolio is helping to reduce dependency of conventional natural gas by working on the construction of a biogas facility. This will transform chicken litter into biogas, while also reducing soil and water pollution and generating organic fertilizer.

An investment has also been made in an asset with a strong social component, providing turnkey school bus safety technology in the US. This involves a series of external cameras which help to reduce the number of cars illegally passing school buses, improving the safety of school children. The technology can be used to help issues fines to violators, generating revenues for school districts.

PRINCIPLE 8: Signatories monitor and hold to account managers and/or service providers

Activities:

The Fund monitors its investment managers and service providers, to hold them to account in the following ways:

- Asset managers provide monthly and quarterly performance reports which are received and reviewed by fund officers. Review here includes compliance with investment management agreements.
- Quarterly investment performance is reported to the Pensions Committee, highlighting any concerns. Where a manager's performance raises concern, more frequent information is shared with the Committee.

Activities:

- Annual presentations to the Pensions Committee and a three-year review period from all asset managers managing significant allocations in the fund, including an update of stewardship activities undertaken.
- Quarterly stewardship activity is reported to the Committee for review and challenge. The report covers all aspects of stewardship activity for our largest managers. Including:
 - Voting reports, case studies and details of where investment managers have voted against company recommendations;
 - Engagement activities and outcomes; and
 - ESG ratings and carbon metric reporting, including, investment case studies.

This allows the Committee to understand the performance of investments from this perspective in addition to the traditional returns monitoring.

The report also updates the Committee on work undertaken by LAPFF on our behalf. Industry, regulatory and sector developments in stewardship and responsible investment are also reported.

- Investment Consultant and Investment Advisor are monitored regularly against an agreed set of objectives.
- Border to Coast provide an advisory service to monitor the engagement and voting activity of LGIM, as one of the Fund's investment managers.

In addition to the above, as a partner fund within Border to Coast, further work is undertaken on our behalf in monitoring service providers to the pool. This includes:

- Provision of responsible investment and engagement support across all pooled investments.
- Analysis of voting records on a monthly basis and reporting of any variances to agreed policies by a third-party voting advisor.

Outcomes:

The Committee have effectively considered and challenged all aspects of manager performance during the year. Throughout the year investment managers have been scrutinised on how ESG factors are built into investment decision-making and monitoring.

The Fund's newly appointed Independent Investment Advisor ("IIA") attended their first Committee meeting in September 2024. Following the retirement of the Fund's previous IIA, the Committee developed revised objectives and role requirements to ensure the newly appointed IIA meets the current and future needs of Committee. The newly appointed IIA brings fresh perspectives for the Committee to consider when making investment related decisions.

The Fund uses a series of policies, in line with Border to Coast, to hold themselves, external asset managers and companies to account. Monitoring is undertaken using these policies as effective benchmarks, giving structure and clarity to what the Fund expects. To continue to hold

Outcomes:

stakeholders to account, these policies are updated annually. In December 2024, the RI policy was updated to reflect current thinking and industry best practice. This update included clarity that ESG risks form a material part of risk management frameworks in the Private Markets and Real Estate portfolio. The Climate Change policy was also updated, clarifying the stance on deforestation mitigation and on companies with a high exposure to deforestation risk commodities.

Border to Coast undertook a strategic review of the responsible investment arrangements in place at LGIM for 2024 and published their third oversight report in March 2025. This was reported to Committee informally in April 2025. The review considered how RI and ESG issues are embedded into the investment process; alignment of LGIM and Border to Coast's RI processes, policies and approach; how LGIM's resources, governance and RI policies support the integration of material ESG factors into the investment process; LGIM's approach to engagement and progress of key stewardship activities; and LGIM's approach to climate risk throughout the investment process.

PRINCIPLE 9: Signatories engage with issuers to maintain or enhance the value of assets**Activity:**

All investment management activity is delegated to external investment managers. The Fund's RI policy sets out its expectations of managers, as shown below:

- Assess their portfolios in relation to climate change risk where practicable.
- Incorporate climate considerations into the investment decision making process.
- Engage with companies in relation to business sustainability and disclosure of climate risk in line with the Financial Stability Board's Task Force on Climate related Financial Disclosures (TCFD) recommendations.
- Encourage companies to adapt their business strategy in alignment with a low carbon economy.
- Support climate related resolutions at company meetings where they reflect our RI policy.
- Encourage companies to publish targets and report on steps taken to reduce greenhouse gas emissions.
- Use the Transition Pathway Initiative (TPI) toolkit to assess companies and inform company engagement and voting.
- Vote against company Chairs in high emitting sectors where the climate change policy does not meet minimum standards, and/or rated Level 0 or 1 by the TPI, where there is no evidence of a positive direction of travel.

Activity:

- Co-file shareholder resolutions at company AGMs on climate risk disclosure after due diligence, that are deemed to be institutional quality shareholder resolutions consistent with our RI policies.
- Monitor and review their fund managers in relation to climate change approach and policies.
- Participate in collective initiatives collaborating with other investors including other pools and groups such as LAPFF.
- Engage with policy makers with regard to climate change through membership of the Institutional Investor Group on Climate Change (IIGCC).
- Report on the actions undertaken with regards to climate change on an annual basis.

Engagement activities are a regular feature of the monitoring of the Fund's investment managers by the Fund's officers, and by the Committee through the quarterly Stewardship Update report.

Outcome:

Examples of stewardship activities that have been published and reported to the Committee:

- During the year, **LAPFF** undertook engagements with companies covering issues ranging from environmental risk and climate change to remuneration and employment standards. The outcomes of engagements are reported to the Committee on a quarterly basis.
 - In 2024-25 progress on the engagement with airlines was reported:
 - Reason for engagement:** Decarbonisation of air travel is a key element of tackling climate change. Therefore, LAPFF commissioned a paper to be written to discuss and investigate the scope for airlines to decarbonise their operations.
 - Scope and Progress:** The paper, titled "Aviation decarbonisation and synthetic fuels" was released, with LAPFF using this as an opportunity to open conversations with different airlines about their decarbonisation goals. Meetings were had with WizzAir, Ryanair, and IAG (who own British Airways, among other brands), where it was acknowledged that infrastructure and cost hurdles are currently the major headwind stopping rapid progress towards the decarbonisation goals.
 - Outcome:** LAPFF's meeting with Ryanair in September 2024 was very positive, with useful discussions around the path forward with sustainable fuels. WizzAir committed to release their first net-zero targets by April 2025, and IAG committed to achieve net-zero by 2050. IAG also commented on their investment in disruptive technologies such as hydrogen fuel cells and carbon removal. Shell and BP, both major suppliers of aviation fuel, are continuing to be engaged by LAPFF.

Outcome:

- LAPFF have continued to engage with companies who use zero-hours contracts, given there is no evidence that the use of these contracts brings any additional benefit to businesses over the use of more traditional business models:

Reason for engagement: It is important for companies to offer fair employment rights, and so LAPFF has initiated a number of engagements with companies who are known to use zero hours contracts most prevalently (for example Hollywood Bowl, and IHG).

Scope and Progress: LAPFF lined up their engagements with the proposed 2024 UK Employment Rights Bill, which will seek to prohibit exploitative zero hours contracts and mandate compensation for last minute shift cancellations. Some companies have come to be reliant on these types of contacts, and LAPFF's engagement highlighted the issues of precarious employment arrangements and that there is no evidence they bring any benefit to the companies using them.

Outcome: The engagement with Hollywood Bowl lead to confirmation that the company will phase out zero hours contracts and replace these with fixed term contracts. Hollywood Bowl expressed concern around the lessening flexibility offering fixed term contracts will give to student workers. IHG also confirmed that they had plans in place to phase out zero hours contracts, with the aim of enhancing the hospitality sectors appeal and a commitment to value employees and foster strong brand affinity amongst staff.

- **Border to Coast** publish quarterly stewardship reports and an annual responsible investment and stewardship report setting out the engagement activities they, their external managers, and Robeco as their engagement and voting partner, have undertaken on our behalf.

- Engagement with financial institutions (UK Listed Equity sub-fund)

Reason for engagement: Partnering with RLAM, Border to Coast engaged Barclays, Lloyds, NatWest and HSBC to pioneer Just Transition initiatives into the banking sectors carbon reduction schemes.

Scope and Progress: Meetings have been held with all four banks, with progress being seen on integration and disclosure. Border to Coast attended the NatWest AGM in June 2024 to ask the Chair to consider a formal just transition strategy or consider integrating this into existing decarbonisation plans.

Outcome: Following the programme of engagement, all four banks committed to support a just transition. Border to Coast published their '[Investor expectation on just transition for the banking sector](#)' research in May 2024 which will inform deeper engagement on this topic, and will help to assess emerging strategies as these banks turn ideas into action. Border to Coast will report publicly on progress and will continue to assess the banks new disclosures.

- Engagement with Proctor and Gamble (Overseas Developed Markets Equity sub-fund)

Reason for engagement: Proctor and Gamble were engaged with to understand more about their sourcing of materials for tissue products. The objective was for Proctor and Gamble to improve their biodiversity impact assessments.

Scope and Progress: Following several meetings with Proctor and Gamble and its provision of outdated and fragmented disclosures, Robeco escalated engagement to co-filing a shareholder proposal alongside several US and European investors in April 2024. The proposal requested Proctor and Gamble to issue a report detailing whether their practices were negatively impacting the biodiversity of the forests they are degrading in Canada.

Outcome: The engagement was successfully closed in December 2024, when Proctor and Gamble agreed to enhance its biodiversity impact assessments, strengthen disclosures and invest \$20m in alternative fibres.

- **Legal and General Investment Management (Future World Fund):** the quarterly fund stewardship report also includes high level details of the stewardship activity they undertaken and links to their quarterly firm wide ESG Impact Report and ESG metrics for the Future World Fund. Information includes: statistics on votes cast against management and companies engaged with.

PRINCIPLE 10: Signatories, where necessary, participate in collaborative engagement to influence issuers

Activity:

As explained above and in the Fund's RI policy, all investment management activity is delegated to external investment managers. As part of this delegation the Fund's investment managers can decide if collaboration with other investors will benefit the engagement activities they carry out of the Fund's behalf.

Furthermore, through Lincolnshire's membership of the Border to Coast pool, the eleven partner funds have collectively pooled around £55bn of assets. Border to Coast is collaborating on RI activities through a unified RI policy and Corporate Governance and Voting guidelines which set the framework for the investment managers and enable them to utilise the combined weight of capital of the Border to Coast partner funds, to positively engage with the companies they invest with. Beyond the partner funds, Border to Coast collaborates with other investor groups to increase their influence.

In addition, the Fund's membership of LAPFF, representing around £350bn in assets under management, provides an effective means of collaboration. LAPFF itself is open to discussing any other forms of collective action with other investors and groups, expanding their reach.

Outcome:

The Fund monitors its investment managers' engagement activities through regular reports and discussions and welcomes instances where it sees its investment managers working with other investors.

Collaborative engagement activities at **Border to Coast** during the last year have included:

- **Work with Partner Funds:**

- Quarterly Responsible Investment workshops with partner funds which work collaboratively to consider RI issues and coordinate responses to maximise the impact of the Partner Funds. At these workshops current RI issues and engagements are discussed and proposed responses to consultations and initiatives shared. There are opportunities to share resources to maximise the impact of partner funds and Border to Coast through a collaborative approach to our shared interests.
- Throughout 2024/25, Border to Coast continued to follow the four priority engagement themes developed in collaboration with all Partner Funds, among other stakeholders, in 2022. These four priority engagement themes are low-carbon transition, waste and water management, social inclusion through labour management, and diversity of thought.

- **Collaboration Initiatives:**

- Border to Coast, on behalf of the partner funds, is partnered with a number of organisations including: LAPFF, on a range of issues; The Good Work Coalition, which represents \$7.1tn in AUM and Border to Coast joined in 2024; the Investment Association, for whom Border to Coast's CEO sits on the Board of; the 30% Club Investor Group which promotes board and senior management diversity; the ESG Data Convergence Initiative; the Institutional Investors Group on Climate Change; and the Investor Mining and Tailings Safety Initiative.

- **Investor collaboration:** Border to Coast believe collaborating with other like-minded investors and organisations maximises their influence. It gives them a stronger voice, and therefore greater impact.

- **Global Investor Commission on Mining 2030**

The Global Investor Commission on Mining 2030 was launched in January 2023. It is a collaborative investor-led initiative, building on the lessons of the Investor Mining and Tailings Safety Initiative, which evidences the impact that investor action can have working with industry and wider stakeholders. Border to Coast's support of the initiative is alongside investors with over \$11tn in assets under management.

Collaborative engagement activities undertaken by **LAPFF** have included:

- Under the Nature Action 100 (NA100) initiative LAPFF met Merck & Co (pharmaceutical company) for a second collaborative meeting to discuss the company's response to the Nature Action 100 (NA100) benchmark being published. LAPFF emphasised the governance and assessment pillars of this framework, with Merck & Co. referencing potential for them to produce enhanced disclosures on the issue of nature and biodiversity. The company also highlighted the possibility of assessing and developing its up and downstream supplier chains to become more in line with the NA100 benchmark.

Outcome:

- In further collaboration with NA100, LAPFF met with Proctor and Gamble to discuss concerns around their biodiversity reporting, the very same issue which Robeco engaged with the company on, as outlined above in Principal 9.
- LAPFF, along with other investors, were approached by local community members in Peru, Brazil, Colombia, and the Brazilian Amazon to raise concern about Glencore’s practices. Glencore is a global natural resources company. LAPFF participated in a collaborative effort, led by Achmea Asset Management, to focus on addressing human rights concerns raised by communities affected by Glencore. The aim of the collaboration was to improve Glencore’s climate governance procedures, with LAPFF issuing a voting alert on Glencore at the 2024 voting season. The main concerns were around the lack of engagement on sustainability and human rights.

By investing with **LGIM** in their Future World Fund, our investments there are subject to the extensive stewardship and active owner initiatives they operate at a firm level. They collaborate with other stakeholders and policy makers.

PRINCIPLE 11: Signatories, where necessary, escalate stewardship activities to influence issuers

Activity:

The Fund sets out in its RI Policy how it expects its investment managers to take the appropriate action when operating on its behalf engaging in stewardship activities, this includes actions to escalate their approach when appropriate.

Outcome:

The Fund monitors its investment managers' engagement activities through regular reports and discussions and expects its investment managers to take the appropriate action when operating on its behalf engaging in stewardship activities, this includes actions to escalate their approach when appropriate.

The Fund has clear escalation expectations of its managers, should engagement not lead to the desired result. This is set out in its RI policy, which is aligned to that of Border to Coast. The Funds policy on escalation is:

The Fund (LPF) believes that engagement and constructive dialogue with companies is more effective than excluding companies from the investment universe. However, if engagement does not lead to the desired result, escalation may be necessary. LPF expects its appointed investment managers to monitor engagement activities and where progress is not made within a reasonable timeframe, then to escalate the process. This could be addressed in a number of ways: by conducting collaborative engagement with other institutional shareholders; registering concern by voting on related agenda items at shareholder meetings; attending a shareholder meeting in

Outcome:

person and filing/co-filing a shareholder resolution. Where the investment case has been fundamentally weakened, LPF expects its appointed investment managers to sell the company's shares.

LAPFF undertakes initiatives and issues voting alerts to members to escalate issues where they believe the engagement previous undertaken has not sufficiently advanced company actions. During 2024/25 this has included:

- LAPFF has recommended a vote in favour of two shareholder resolutions at Nike's September 2024 AGM. The first of these resolutions focusses on a Supply Chain Management Report, and another on Work-Driven Social Responsibility. There are on-going concerns around Nike's approach to addressing significant risks such as forced labour and other human right violations across its supply chain. The votes in favour of these resolutions align with LAPFF's principles of engagement, aiming to enhance accountability, transparency, and the ethical management of human rights risks. The resolutions themselves call for more detailed assessments on supply chain practices, and the adoption of Worker-Driven Social Responsibility principles. Resolutions such as these help to ensure Nike effectively reduce reputational, legal and operational risks, thus maximising shareholder value.
- LAPFF issued voting alerts largely supporting shareholder resolutions filed at US technology companies over the last few years and did so again this year. During 2024/25, these shareholder resolutions included topics such as corporate governance, climate change, human rights and the environment. There was also a focus on Artificial Intelligence within the shareholder resolutions, and the impact of anti-ESG rhetoric in the US. LAPFF continues to have concerns about environmental, and social and governance practices at large US technology companies, and notes the disparity in positive access to UK and Australian company Boards and elusive access to US boards for initiating dialogue.

Border to Coast believe that should engagement not lead to the desired result or where there is a lack of responsiveness or progress by the company, it may be necessary to escalate. This may be addressed by conducting collaborative engagement with other institutional shareholders, registering concern by voting on related agenda items at shareholder meetings, publicly pre-declaring votes against management ahead of AGMs, attending a shareholder meeting in person, and filing/co-filing a shareholder resolution. If the investment case has been fundamentally weakened, the decision may be taken to reduce or sell the company's shares.

During 2024/25 examples of action taken include:

- **Engagement and escalation with Shell and BP (UK Listed Equity sub-fund)**

Shell and BP are significant contributors to Border to Coast's financed emissions. BP have weakened their climate targets, without renewing its shareholder mandate, and Shell have yet to produce a medium-term absolute emissions reduction target for the company's gas production.

In late 2024, Border to Coast co-signed a public letter to BP, with 47 other signatories and a combined £5tn in assets under management, displaying disappointment to the weakening of climate targets. Following formal confirmation of the strategy reset, Border to Coast met BP to raise concerns around this, and other areas such as its reduced

Outcome:

ambition transition plan, again without renewing its shareholder mandate. At BP's AGM, Border to Coast publicly pre-declared an unprecedented number of votes against management, including re-election of the Chair of the Board, and acceptance of the annual report. An exceptional 24% of shareholders voted against the re-election of the Chair, and engagement with BP is ongoing.

Border to Coast have met with Shell's Chair of the Board to discuss issues such as having no medium-term emissions reduction plan for gas, and the stranded asset risk associated with Shell's plan to expand Liquefied Natural Gas production. At the AGM, Border to Coast voted against the Chair due to inadequate targets and decarbonisation strategy. In line with their voting policy, Border to Coast supported a shareholder proposal calling for a medium-term target covering Scope 3 emissions and alignment to the Paris Agreement. Votes against Shell were publicly pre-declared.

- **Engagement and escalation with Samsung Electronics (Global Equity Alpha sub-fund, and Overseas Developed Markets sub-fund)**

Samsung Electronics, a South Korean appliance and consumer electronics manufacturer, was engaged following the absence of interim targets for its semiconductor division, which accounts for the bulk of its Scope 1 and 2 emissions, in its most recent sustainability report. Border to Coast escalated engagement by writing to the Chair of the Board to reiterate their expectations for: the establishment of interim targets for Scope 1 and 2 emissions in the semiconductor division; the incorporation of Scope 3 emissions into Samsung Electronics' decarbonisation commitment and; the development of a transition plan aligned with 1.5°C global warming.

LGIM have a structured approach to engagement which provides them with various methods for escalation, including: direct and/or collaborative engagement; exercising of voting rights; excluding or tilting away from companies that do not meet LGIM's minimum expectations; publicly celebrating successes and highlighting laggards who are failing to improve; and filing shareholder resolutions. In July 2024, LGIM hosted 40 key stakeholders (including clients, Non-Governmental Organisations, and representatives from regulators and consultants) to discuss how shareholder resolutions can best be utilised as an escalation tool to affect change. Furthermore, LGIM have a 3-year qualitative engagement and escalation process, which gradually builds to potential divestment sanctions, where companies are persistently not meeting standards and show no willingness to improve.

PRINCIPLE 12: Signatories actively exercise their rights and responsibilities

Activity:

Exercising rights and responsibilities is fundamental to improving investment outcomes. Rights exist primarily through shareholdings but can be derived through other means. When making an investment, the associated rights and responsibilities are clearly understood by the Fund and its investment managers from the outset.

As an indirect asset owner, the Fund requires external managers to make best use of these rights so that its responsibilities are fulfilled to the greatest effect. As mentioned in previous principles, external managers are required to report on how they have actively exercised their rights and responsibilities.

The Border to Coast voting policy is reviewed each year considering developing corporate governance standards and evolving best practice. This review is led by Border to Coast with the eleven partner funds being heavily involved. The policy was also evaluated by Robeco, reviewed against the policies of asset managers and owners who are considered to be leaders in this area, and a gap analysis has been completed against the Institutional Investors Group on Climate Change (IIGCC) Net Zero Voting Guidelines.

As the Fund has aligned its policy to that of Border to Coast, the approaches are identical.

The Fund's [Corporate Governance and Voting Guidelines](#) sets out how it expects managers to approach supporting or opposing company management, depending upon the circumstances. This also sets out the expectations that the Fund has of its managers:

The Fund requires all appointed investment managers to vote on its behalf, in line with best practice guidelines. As both a shareholder and a client of Border to Coast, the Fund continues to monitor their voting policy and guidelines to ensure that they are aligned with the Fund's principles and reflect current best practice. Border to Coast has been appointed by LPF to oversee the voting undertaken by the Fund's appointed passive equity manager, to identify any areas unaligned and report back to the Fund. Managers are required to report their voting and engagement activity on a quarterly basis.

Voting records where votes are cast against management, and additional wider voting activity provided by Border to Coast on the Fund's investments, is included in the quarterly Stewardship Update Report to the Committee.

The managers of the Fund's equity holdings are Border to Coast and LGIM, and the Fund seeks assurance from them on the process of managing the voting rights for shares held.

- Border to Coast has a dedicated Responsible Investment team which sits within the Investment Team and acts as a centre of expertise and helps manage and co-ordinate activities. This team is supported by Robeco, their voting and engagement provider, and other strategic partners. This team is responsible for ensuring that all voting rights are actively managed across the equity investments.
- LGIM believes voting is a fundamental tool used by investors to signal support for, or concern with, management actions to promote good corporate governance in the marketplace. The Investment Stewardship team exercises LGIM's voting rights globally, holding directors and companies to account.

Activity:

The Fund’s active fixed income investments are managed by Border to Coast through its externally managed vehicles. Voting decisions relating to bondholder meetings has been outsourced to the relevant external managers as this is an investment decision.

Where investments are made directly by the Fund, officers seek to gain a place on the advisory committee to oversee and influence investment and stewardship decisions.

Outcome:

Some minor additions were made to the Corporate Governance and Voting policy as a result of the review in 2024. They include:

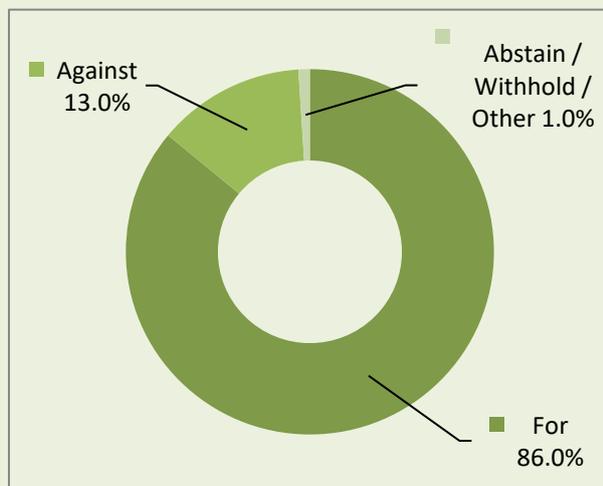
- An expectation of managers to generally vote in favour of shareholder proposals that ask companies to mitigate deforestation risks, taking a ‘comply or explain’ approach and publicly disclosing their rationale if they vote against.
- The Fund expects companies that have high exposure to deforestation risk commodities (palm oil, soy, beef, timber, paper and pulp) to take action to address those risks within their operations and supply chains. For companies that have such exposure, but either don’t have adequate policies and processes in place to reduce their impact or are involved in severe deforestation-linked controversies, the Fund generally expects managers will oppose the re-election of the Chair of the Sustainability Committee (or the most appropriate agenda item). Assessments of the quality of mitigating actions are based on external benchmarks such as the Forest500.

Details of all the changes are available in the December 2024 [meeting papers](#) of the Committee.

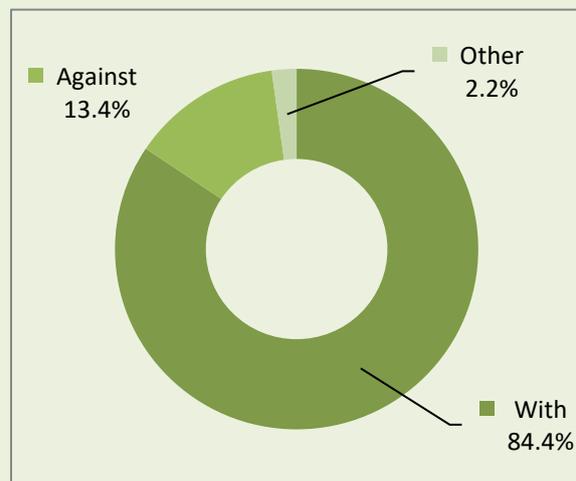
Examples of some manager's voting records for 2024/25 are shown below:

Votes cast for Border to Coast's Global Equity Alpha Fund (406 meetings attended)

Votes Cast:

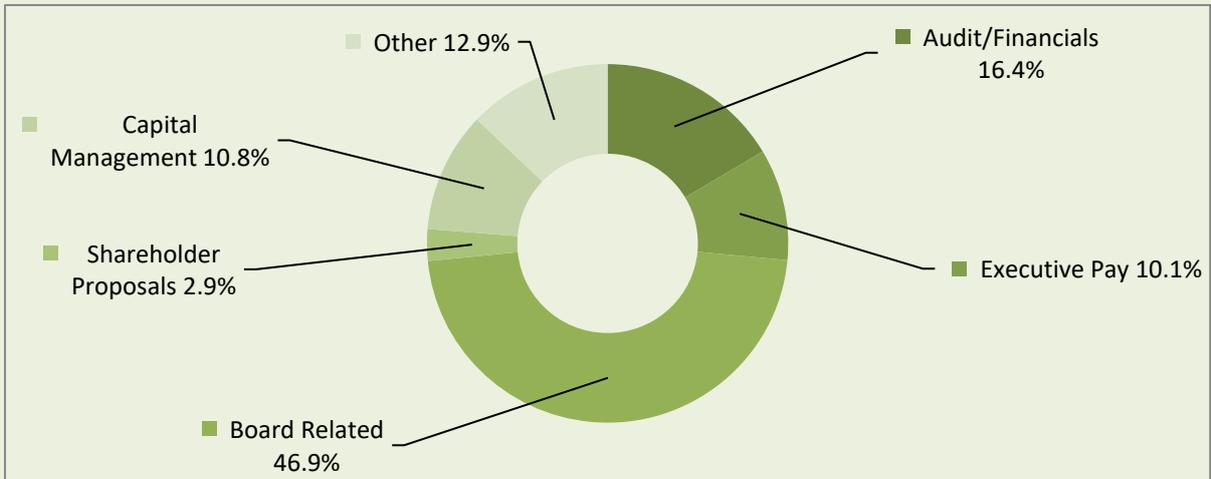


With or Against Management:



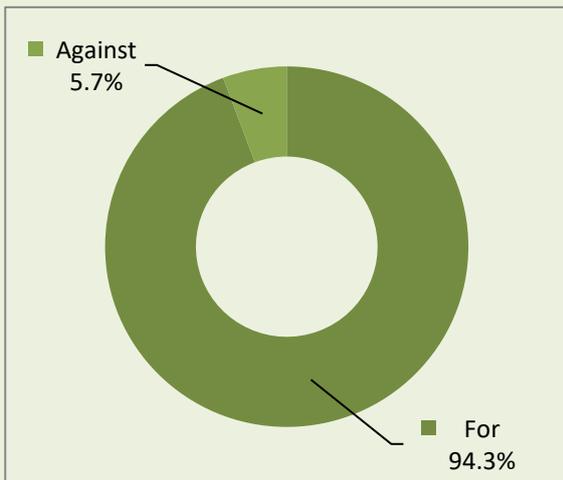
Outcome:

Votes Against by category:

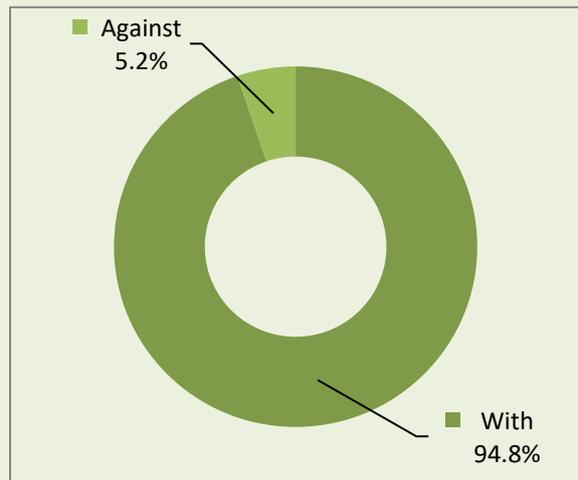


Votes cast for Border to Coast's UK Listed Equity Fund (100 meetings attended)

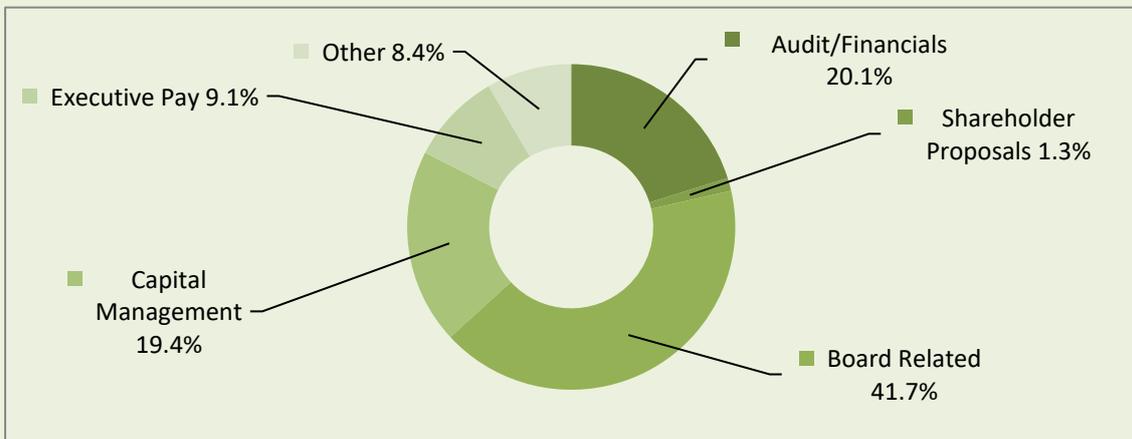
Votes Cast:



With or Against Management:



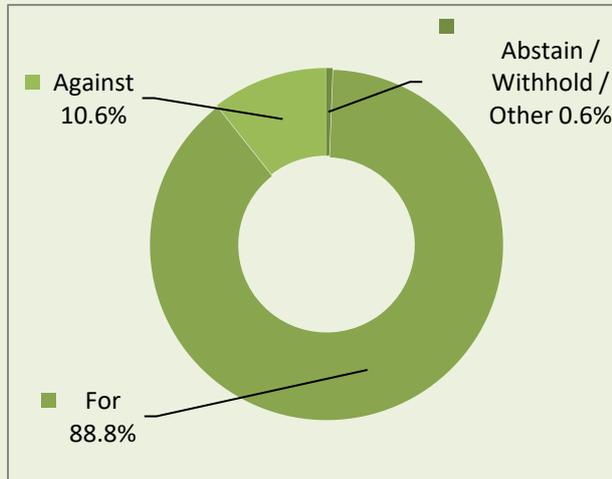
Votes Against by category:



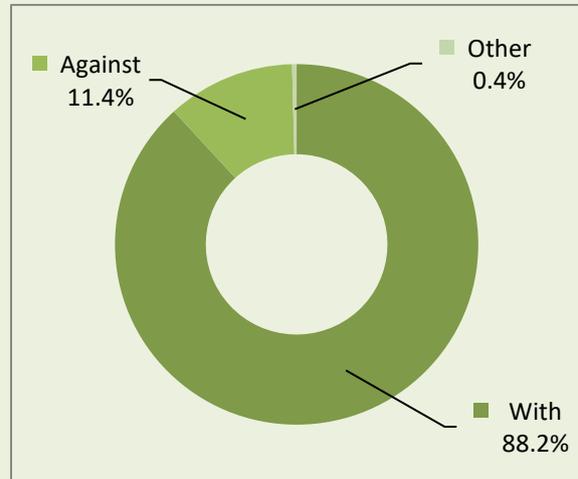
Outcome:

Votes cast for Border to Coast's Overseas Developed Markets Equity Fund (250 meetings attended)

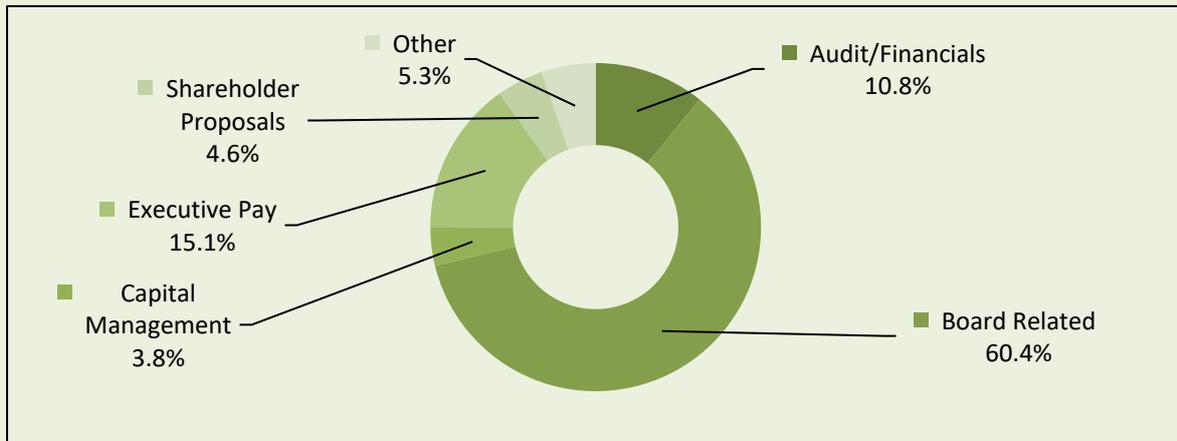
Votes Cast:



With or Against Management:



Votes Against by category:



The Head of Lincolnshire Pension Fund is a member of the advisory committee for two residential property funds that the Fund invested in, and these meet on a quarterly basis.

Appendix A – Action Plan

Principle 1:

Purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for employers and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Action:	Target date
Continue to embed new approach to communicating with employers through sector-based employer meetings.	2025/26
Create and publish a newsletter for employers for a twice yearly issuance, to communicate information about the Fund and LGPS ecosystem, and provide the opportunity to gather their opinions and comments.	December 2025
Consider new approaches to engaging with members to ensure their views are understood by the Fund. Employee engagement should be wide reaching but should balance use of the resources available. The Fund will continue to use existing forums and resources including Member Newsletters.	March 2026

Principle 2:

Signatories' governance, resources, and incentives support stewardship.

Action:	Target date
Continue quarterly reports and enhance where opportunities arise.	On-going
Following County Council elections in May 2025 provide a comprehensive programme of training to help the Committee understand all aspects of the Pension Fund, including stewardship.	March 2026

Principle 3:

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

Action	Target date
Annual review of policy, with input to development from the Pension Board in advance of approval by the Committee.	Annually each January and March
Following County Council elections in May 2025 provide new members with training on conflicts as part of their induction training.	June 2025, then as required

Action	Target date
Ensure the development of the Local Investment Policy required by the 'Fit for the Future' review ensures potential conflicts of interest are managed and mitigated.	March 2026

Principle 4:

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Action:	Target date
Continue working with Border to Coast and LAPFF.	On-going
Identify any opportunities for further collaborative work with other organisations, where appropriate and proportionate for the Fund.	On-going
Respond to the government and any other investment related consultations and develop appropriate implementation plans.	On-going

Principle 5:

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

Action:	Target date
Include stewardship within the overall external governance review of the Fund.	Awaiting Pension Schemes Bill additional guidance on triennial governance reviews

Principle 6:

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them

Action:	Target date
Consider periodic inclusion of information on stewardship in the Scheme Member and Scheme Employer Newsletters and request direct feedback.	On-going
Explore with the administrator how we might engage with scheme members on Investment and Stewardship matters for feedback and input.	March 2026

Principle 7:

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Action:	Target date:
The Fund will continue to work with Investment Managers to make improvements in asset classes that are less developed in this area.	On-going

Principle 8:

Signatories monitor and hold to account managers and/or service providers.

Action:	Target date:
Increase information required from other managers (non-Border to Coast) to provide enhanced monitoring.	On-going

Principle 9:

Signatories engage with issuers to maintain or enhance the value of assets.

Action:	Target date:
Work with Border to Coast and Morgan Stanley to expand the coverage of engagement across other asset classes.	On-going

Principle 10:

Signatories, where necessary, participate in collaborative engagement to influence issuers.

Action:	Target date:
Continue to work closely with Border to Coast and LAPFF to ensure that any collaboration is effective.	On-going

Principle 11:

Signatories, where necessary, escalate stewardship activities to influence issuers.

Action:	Target date:
Where LAPFF issue voting alerts - share with managers and follow up to understand how they are voting on these issues and challenge where voting is different.	On-going
Continue to challenge managers and request reporting of escalations, to ensure that they are fulfilling their responsibilities.	On-going

Principle 12:

Signatories actively exercise their rights and responsibilities.

Action:	Target date:
Continue to work with Border to Coast and other managers to understand how and where they are able to actively influence investment and stewardship decisions, particularly outside of the equity space, on our behalf.	On-going