

APPENDIX 4 – Summary of changes to Border to Coast Pensions Partnership Ltd’s Responsible Investment Policy, Corporate Voting Guidelines and Climate Change Policy

Summary of changes made to BCPP’s Responsible Investment Policy

<https://www.bordertocoast.org.uk/wp-content/uploads/2023/01/Responsible-Investment-Policy-2023-1.pdf>

Section	Page	Type of Change	Rationale
Introduction	2	Amendment	Update on UK Stewardship Code signatory status.
Policy Framework	3	Amendment	Revised diagram to include Climate Change Policy.
What is responsible investment	3	Amendment	Insertion of ‘opportunities’.
Governance and implementation	3	Amendment	Revision on use of term ‘sustainability’.
Integrating RI into investment decisions	4	Amendment	Remove ‘internally and externally managed’.
	4	Addition	Add ‘Pay conditions’ to table under social issues
	4	Addition	New text on human rights
Private Markets	5	Addition	Reference to annual monitoring questionnaire.
Real estate	6	Amendment	Revised in line with Task Force on Climate-related Financial Disclosures (TCFD) report.
External manager selection	6	Addition	Update on climate change and net zero.
Climate change	7	Amendment	Text on exclusions cut and moved to new section.
	7	Addition	New text on just transition.
Stewardship	7	Amendment	Update on Stewardship Code signatory status
Use of proxy advisors	8	Amendment	Removal of Voting & Engagement provider name.
Exclusions	11-13	Addition	New section on exclusions.
Due diligence and monitoring procedure	13	Amendment	Removal of Voting & Engagement provider name.
Communication and reporting	13	Addition	Reporting on progress on implementation of Net Zero Plan.

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Section	Page	Type of Change	Rationale
Conflicts of interest	14	Addition	Includes reference to stewardship conflicts.
Appendix A	14	Addition	New section referencing third-party providers.

Summary of changes to BCPP’s Corporate Governance & Voting Guidelines
<https://www.bordertocoast.org.uk/wp-content/uploads/2023/01/Corporate-Governance-Voting-Guidelines-2023.pdf>

Section	Page	Type of Change	Rationale
Composition and independence	3	Amendment	Remove ‘large cap’.
	4	Addition	Detail on expectations of overall board tenure.
Leadership	4	Addition	Clarification on voting intention, considering market practice.
Diversity	5	Amendment	Expectations of FTSE 100 and FTSE 250 companies.
Succession planning	5	Amendment	Remove ‘solely’ to cover all jurisdictions.
Stakeholder engagement	6	Addition	Additional reference to key stakeholders and expectations of the board.
Long-term incentives	8	Addition	To cover standards for other markets.
Human rights	14	Addition	New section to articulate voting approach and expectations of companies.
Climate change	12	Amendment	Text amended to reflect changes to Climate Change Policy.
	13	Amendment	Revised thresholds for Transition Pathway Initiative (TPI) and Climate Action 100 Indicators
	13	Addition	New text regarding banks
	13	Addition	New text on just transition.

Summary of changes to Climate Change Policy

<https://www.bordertocoast.org.uk/wp-content/uploads/2023/01/Border-to-Coast-Climate-Change-Policy-2023-1.pdf>

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Section	Page	Type of Change	Rationale
Our views and beliefs on climate change	2	Addition	Impact of climate change on the investment universe.
Why climate change is important	3	Addition	Reference to physical and transition risk.
	4	Addition	Included text on a Just Transition.
Roadmap	6	Revision	Replace with timeline going out to 2050.
Our ambition – Net zero	7	Amendment	Reference use of Net Zero Investment Framework (NZIF) and joining Net Zero Asset Managers initiative (NZAM).
Regulatory change management	8	Revision	Reviewed by Head of Compliance.
How we identify climate-related risks	8	Revision	Revised in line with TCFD report.
How we assess climate-related risks and opportunities	9	Revision	Update on climate change scenario analysis.
Our approach to investing	9	Addition	Text on engagement as a key lever for reducing emissions – investee companies and fund managers (private markets).
	10	Amendment	Revise exclusion threshold to 70% from ‘pure’; 25% for illiquid assets.
Acting within different asset classes	10	Addition	Extra data sources used.
	10	Amendment	Reference to Climate Opportunities offering.
	10	Addition	Reference to targets set at portfolio and asset class level.
Working with external managers	11	Addition	Engagement expectations.
	11	Addition	Encourage managers to set firm wide net zero commitment and join NZAM.
	11	Addition	Working with managers on decarbonisation parameters for mandates.
Engagement and advocacy	11	Addition	Reference to engagement with regulators, policy makers etc.

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Our approach to engagement	11	Addition	Additional areas for engagement e.g. Just Transition.
	12	Amendment	Revisions to voting text in line with proposed revisions to Voting Guidelines. Reference to use of Net Zero Stewardship Toolkit.
	12	Addition	
Disclosures and reporting	12-13	Amendment	Reporting on Policy implementation and progress against Net Zero commitment.