

Border to Coast Pensions Partnership Ltd

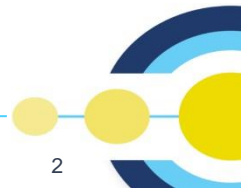
Warwickshire
Pension Fund AGM

30 November 2020



What are we covering today?

- Re-capping our purpose and approach
- Updating you on progress at Border to Coast
- Incorporation of ESG considerations
- Your existing investments:
 - UK Equity Alpha Fund
 - Global Equity Alpha Fund
 - Investment Grade Credit Fund



Border to Coast Pensions Partnership Ltd

Purpose & Approach



Border to Coast Pensions Partnership

- Established in **2018**
 - **11** Local Government Pension Funds with c. **£49bn** in assets
 - **Internal & External** Management of **Listed** and **Private Market** products



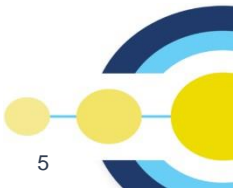
Border to Coast: Why Are We Here?

Making a positive difference to investment outcomes for Local Government Pension Funds

Through **pooling** to create a stronger voice,

Working in **partnership** to deliver cost effective, innovative, and responsible investment now and into the future;

Thereby enabling sustainable, risk-adjusted **performance** over the long-term.



Border to Coast Pensions Partnership Ltd

Progress



Border to Coast - Progress

WHAT

- Founded to manage assets for our LGPS Partner Funds, who own Border to Coast equally

HOW

- Providing the building blocks for Partner Funds to implement their investment strategies

WHO

- Our Partner Funds represent c2,500 employers and are responsible for paying the benefits of c.1 million members

11

Partner Funds invested

Signatory to the
UN-supported
Principles for
Responsible
Investment

Customer meetings

127

Graduate
trainees as a
proportion of
our workforce

9%

Propositions
launched to date

9

Colleagues

77

Resolutions voted on

11,440

Number companies
we've engaged with

814



Border to Coast Team

CEO: Rachel Elwell				
CIO: Daniel Booth	COO: Fiona Miller		CRO: Manda McConnell	CEO Team
Investment Team 39 people	Operations Team 9 people	Corporate Functions 26 people	Risk & Compliance Team (2 nd Line) 5 people	CRM, HR, Policy/Comms 8 people

Team of 91 in total (as at 8 October 2020)



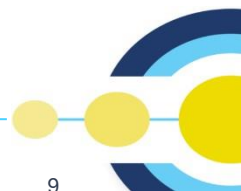
Recent Hires – Investment Team

We have recruited a number of key individuals over the year to date:

12 Investment team hires, across Internal Equities (SPM), Internal Fixed Income (2 PM), Research (2 RM), External Funds (APM), Alternatives (4 PM) & Real Estate (Head & Programme Manager).

Key hires over the last quarter include:

- **Tim Sankey** – Head of Real Estate
 - Previous 17 years at Aberdeen Standard Investments managing UK Property
- **Peter Lunn** – Property Programme Manager
 - Wealth of financial experience and freelance project & programme management
- **James McLellan** – Senior Portfolio Manager, Internal team
 - 30 years in the industry, including at UBS Global and Insight Investment
- **Christian Dobson** – Portfolio Manager, Alternatives
 - Joins us from Nationwide Pension Fund, a £6.5bn DB scheme.



COVID-19 Update

- Employees or Colleagues continue to work from home, given the current circumstances.
 - This is generally working well, albeit certain collaborative work can sometimes be more challenging.
- Office will be available from November on a business-needs basis.
 - Has been utilised for management meetings, team catch-ups, etc.
- Most colleagues feel well informed and believe their views are being considered in office-related considerations.
 - Source: anonymous staff survey, September 2020



Capability Launch - Timetable

	Launched 2018/19	2020 Launches	Scheduled 2021	2022 and beyond
Internal Equities	UK Listed Equity Overseas Developed Emerging Markets	Emerging Market Hybrid		
External Equities	UK Listed Equity Alpha Global Equity Alpha		ESG Passive/Factor Regional Alpha Emerging Markets Alpha	
Alternatives	Private Equity Infrastructure Private Credit	Private Equity Series 1b Infrastructure Series 1b (continued annually)	Listed Alternatives Cashflow Management & Asset Allocation	Legacy Diversified Alternatives
Fixed Income		UK IG Credit Index Linked Bond	Multi-Asset Credit	
Property			Global Property	UK Property

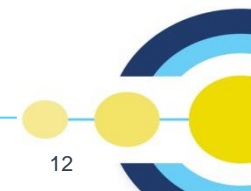
Warwickshire – Valuation & Commitments

Listed Investments	Warwickshire Value (as at 30/09/2020)	Total Fund Value (as at 30/09/2020)
	£	£
UK Listed Equity Alpha Fund	227.2m	1.1bn
Global Equity Alpha Fund	355.4m	4.9bn
Sterling Investment Grade Credit Fund	185.0m	2.7bn

Alternative Investments	Warwickshire Commitment (Series 1a + 1b)	Committed by Border to Coast to Managers (*)	Total 1a + 1b Commitment (all Partner Funds)
	£	£ (% of commitment)	£
Infrastructure	100m	45.7m (46%)	1,435m
Private Equity	25m	19.9m (80%)	985m
Private Credit	35m	16.4m (47%)	581m

Source: Border to Coast. Past performance is not a reliable indicator of future performance and is not guaranteed.

(*) As at 03/11/2020.



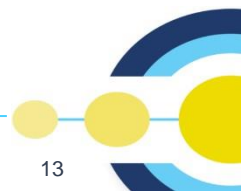
Active Equity Fund Range - £13.8bn

	Internal			External	
	UK Listed Equity Fund	Overseas Developed Markets Equity Fund	Emerging Markets Equity Fund	UK Listed Equity Alpha Fund	Global Equity Alpha Fund
Approx. Size*	£3.9bn	£3.1bn	£0.7bn	£1.1bn	£5.0bn
Launch Date	July 2018	July 2018	October 2018	December 2018	September 2019
Benchmark	FTSE All Share	Regional Comp	S&P Emerging	FTSE All Share	MSCI All World
Target¹	BM +1% p.a.	BM +1% p.a.	BM +1% p.a.	BM +2% p.a.	BM +2% p.a.
Border to Coast – FCA Regulated ACS Structure					

¹ Measured over rolling three year periods net of costs.

Future forecasts are for illustration purposes only and are not a reliable indicator of future performance.

* Source: Northern Trust & Border to Coast, as at 30/09/2020



Fixed Income Fund Range - £4.5bn

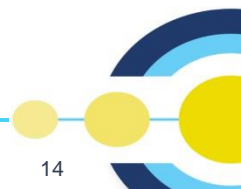
	Internal	External	
	Sterling Index Linked Bond	Investment Grade Credit	Multi-Asset Credit ²
Approx. Size*	£1.6bn	£2.9bn	£2-3bn
Launch Date	October 2020	March 2020	Q1 2021
Benchmark	FTSE A UK IL Gilts 15y	iBoxx GBP Non-Gilts	SONIA (Cash)
Target¹	BM +0.2% p.a.	BM +0.6% p.a.	BM +3 to 4% p.a.
Border to Coast – FCA Regulated ACS Structure			

* Source: Northern Trust & Border to Coast, as at 30/09/2020

¹ Measured over rolling five year periods net of costs.

² Includes an internally managed EMD sleeve

Future forecasts are for Illustration purposes only and are not a reliable indicator of future performance.



Internally-Managed Funds

Performance to 30/09/2020

Fund Name	QTD (%)			1 Year (%)			ITD (% p.a.)		
	Fund	Benchmark	Relative	Fund	Benchmark	Relative	Fund	Benchmark	Relative
UK Listed Equity Fund	-2.78	-2.92	0.14	-15.12	-16.59	1.47	-5.74	-7.28	1.54
Overseas Developed Equity Fund	2.94	2.42	0.52	5.21	3.22	1.99	6.43	5.13	1.30
Emerging Markets Equity Fund	1.91	4.00	-2.09	0.37	3.52	-3.15	5.43	8.33	-2.89

Past performance is not a reliable indicator of future performance and is not guaranteed. Figures do not always sum due to rounding.

Source: Northern Trust, Border to Coast, as at 30/09/2020

Performance start dates: UK Listed Equity Fund, Overseas Developed Equity Fund – 26/07/2018; Emerging Markets Equity Fund – 22/10/2018



Externally-Managed Funds

Performance to 30/09/2020

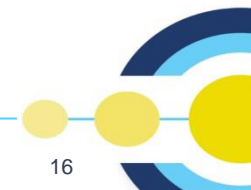
Fund Name	QTD (%)			1 Year (%)			ITD (% p.a.)		
	Fund	Benchmark	Relative	Fund	Benchmark	Relative	Fund	Benchmark	Relative
UK Listed Equity Alpha Fund	0.47	-2.92	3.40	-12.85	-16.59	3.74	-1.13	-3.37	2.23
Global Equity Alpha Fund	0.96	3.35	-2.38	-	-	-	1.07	8.35	-7.28

Fund Name	QTD (%)			1 Year (%)			ITD (% p.a.)		
	Fund	Benchmark	Relative	Fund	Benchmark	Relative	Fund	Benchmark	Relative
Sterling Investment Grade Credit	1.49	1.16	0.33	- -	- -	- -	9.91	9.08	0.83

Past performance is not a reliable indicator of future performance and is not guaranteed. Values do not always sum due to rounding.

Source: Northern Trust, Border to Coast as at 30/09/2020

Performance start dates: Sterling Investment Grade Credit Fund – 18 March 2020.



Alternative Fund Range

Launched Alternative Asset Classes

	Private Equity <i>Investment in privately held companies</i>	Infrastructure <i>Real assets providing essential services</i>	Private Credit <i>Lending to privately held companies</i>
Series 1A	£500m	£675m	£580m
Series 1B	£485m	£760m	n/a
Target¹	10% p.a.	8% p.a.	6% p.a.

Border to Coast – Unregulated Collective Investment Scheme

Investments are held within an unregulated collective investment scheme which is not authorised or regulated by the Financial Conduct Authority.

¹ Measured over rolling three year periods net of costs.

Source: Border to Coast at 30/09/2020

Future forecasts are for illustration purposes only and are not a reliable indicator of future performance.



Alternatives – Areas of Focus

Private Equity

Investment in privately held companies

Operational Value Add

- Via business improvements

Buy & Build

- Scaling up businesses

Mid-Market Focus

- Greater opportunities

Co-Investments

- Lower fee structure

Asia

- Stronger economic growth

Sector Specialists

- Value creation & deal sourcing

Sector Themes

- E.g. Technology & Healthcare

Distressed

- Stage of business cycle & Covid-19

Infrastructure

Real assets providing essential services

Operational Value Add

- Focus on income

Sector Themes

- E.g. Energy transition, digital revolution

Greenfield

- Additional returns from development / extension

Emerging Markets

- Stronger economic growth and increasing infrastructure demand

Private Credit

Lending to privately held companies

Focus on Senior Debt

- Defensive approach at this stage of business cycle

Manager Track Record

- Experience of full economic cycle

Stressed / Distressed

- Opportunities given stage of business cycle

Focus on Real Assets

- Providing quality collateral – e.g. infrastructure assets

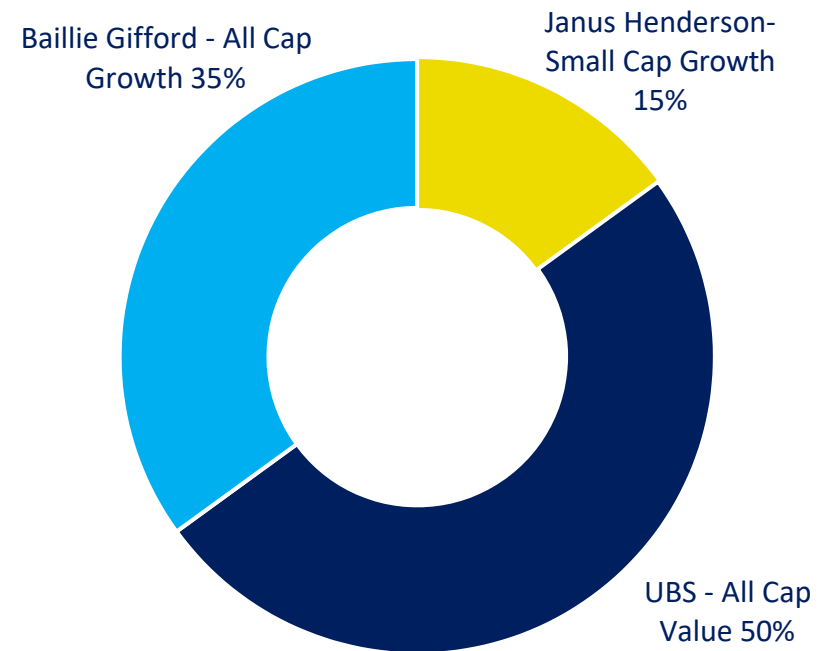
Border to Coast Pensions Partnership Ltd

UK Equity Alpha Fund



UK Listed Equity Alpha Fund

- Three high quality fund managers with excellent long-term track records
- Blend of complementary investment styles and range of market caps
- Diversification benefit as low correlation between managers alpha
- All three managers scored well on responsible investment factors
- **Blended fees: 31bp p.a.¹**
- **Approximately £1m pa savings across the pool²**



¹ Includes external fees of 28bps p.a. and Border to Coast management fee of 3bps p.a.

² Based on existing weighted average fees of 40bp, includes Border to Coast 3bp charge



UK Equity Alpha Fund Manager Summary



Strategic Weight: 50%

Style: Value

Market Cap: Large Cap

Philosophy: Quality companies that are trading at a discount for structural or cyclical reasons.

Stock Examples:

3i Group, Anglo American, Barclays

Strategic Weight: 35%

Style: Quality Growth

Market Cap: Large/Mid Cap

Philosophy: Disruptive businesses that are likely to benefit from long-term structural trends or have significant competitive advantage.

Stock Examples:

Rightmove, Autotrader, Ocado

Strategic Weight: 15%

Style: Growth at a reasonable price

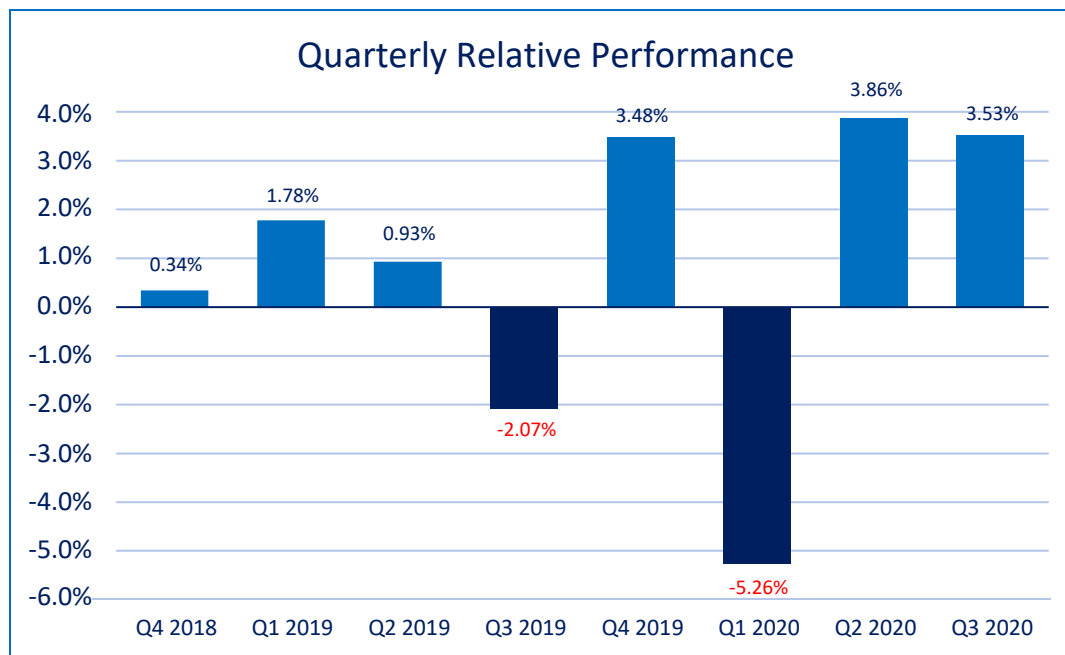
Market Cap: Mid/Small Cap

Philosophy: Small/medium UK firms with a global customer base or market leader status in a niche market.

Stock Examples:

Renishaw, Bellway, ICG

UK Equity Alpha Fund – Performance



Source: Northern Trust, Border to Coast as at 30 September 2020

	QTD	1 Yr	ITD*
Fund	0.47	-12.85	-1.13
Benchmark	-2.92	-16.59	-3.37
Relative	+3.39	+3.74	+2.23
Tracking error	5.98	Sharpe Ratio	-0.04
Volatility	20.54	Info. Ratio	0.47

Northern Trust, Border to Coast as at 30 September 2020

Inception date: 17 December 2018

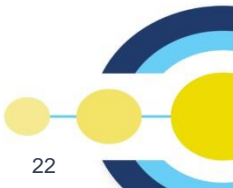
Benchmark: FTSE All Share Index

Performance is net of fees

*ITD return is per annum

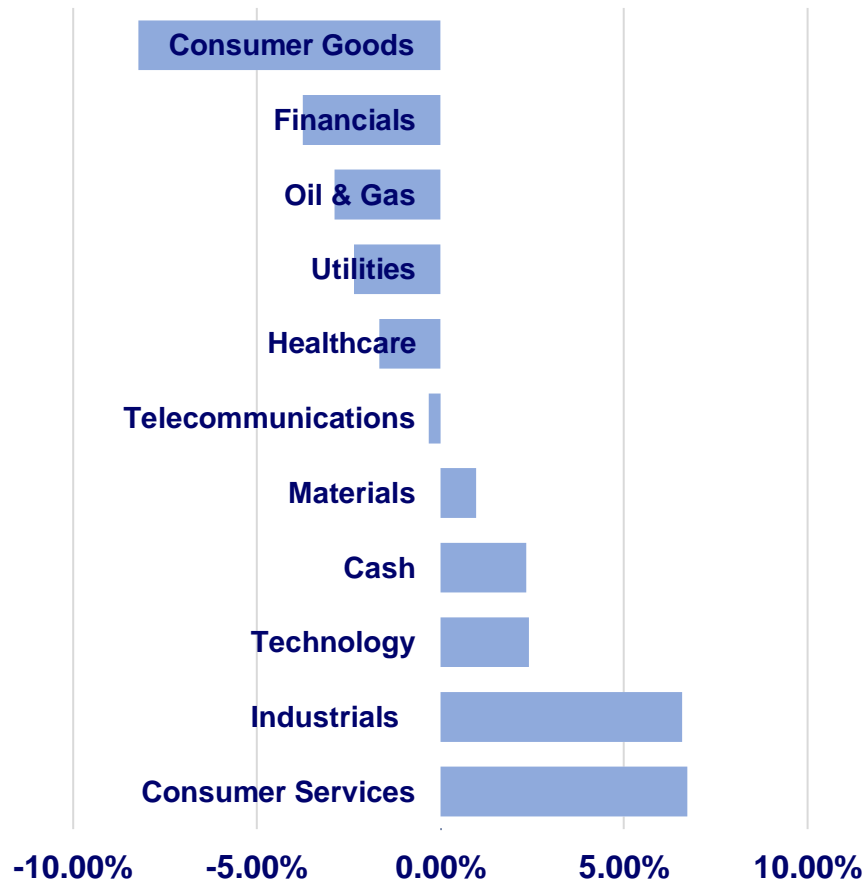
Investment Objective:

**To outperform the Benchmark by at least 2%
p.a. over rolling 3 year periods**



UK Equity Alpha Fund

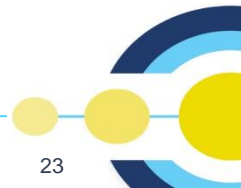
– Portfolio Positioning



Top 5 Holdings*	Relative weight
Rightmove	+3.06
Ocado	+2.94
Renishaw	+2.52
Aveva	+2.20
Auto Trader	+2.10

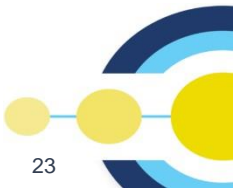
Bottom 5 Holdings*	Relative weight
Diageo	-1.76
Royal Dutch Shell 'A'	-1.89
Unilever	-2.10
Reckitt Benckiser	-2.54
AstraZeneca	-4.40

*Source: Northern Trust, Border to Coast as at 30 September 2020



UK Equity Alpha Fund – Portfolio Positioning

Source: Northern Trust, Border to Coast as at 30 September 2020



ESG Perspective – Spotlight on CCC Exposures



Carnival PLC: ~0.6% holding (at the Fund level)

Background	The world's largest cruise line company with a combined fleet of over 100 vessels, across ten brands (such as P&O Cruises).
Investment Thesis	Long-term growth potential based on positive demographic trends (i.e. an aging population), in an industry with limited supply and high barriers to entry .
ESG Topics	<ul style="list-style-type: none">• Governance – Board composition in terms of director independence.• Environmental – Strengthening compliance management in respect of previous pollution fines.• Health and Safety – Conduct since onset of COVID-19 and plans for safe resumption of cruises.
ESG Progress	UBS has engaged with the business numerous times over the last decade or so, including in 2012 after the sinking of the Costa Concordia and in 2013 in relation to the splitting of the CEO and Chairman roles. In 2020, UBS has engaged with the CFO in relation to Health and Safety and have an outstanding request for a meeting with a Board representative to discuss the topics above.

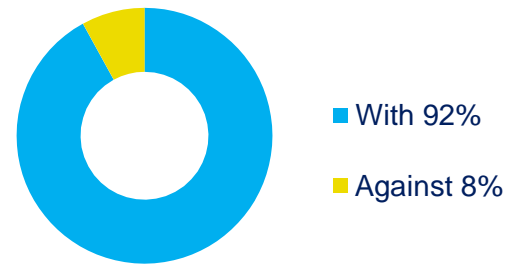
Illustration of Quarterly Voting – UK Equity Alpha Fund

**Q3
2020**

35

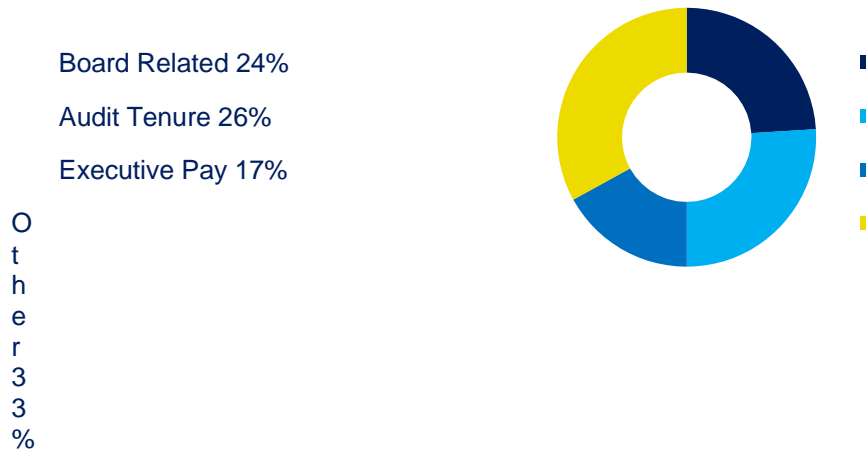
519

Votes with/against management



£1.1bn

Illustration of Quarterly Voting Resolutions against, by category – UK Equity Alpha Fund



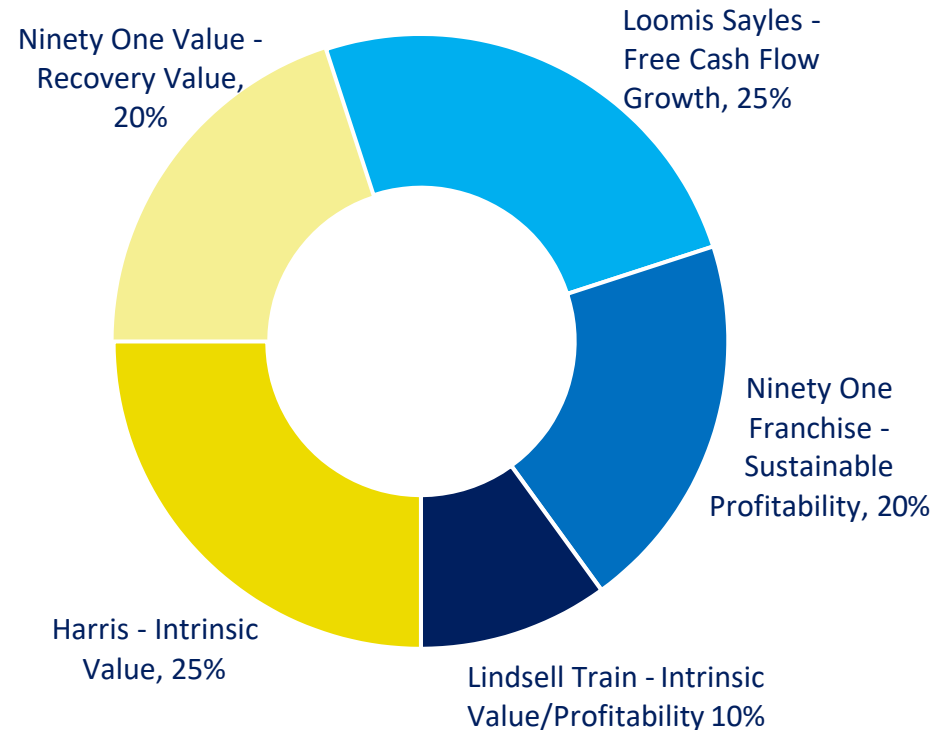
Border to Coast Pensions Partnership Ltd

Global Equity Alpha Fund



Global Equity Alpha - What does the Fund look like?

- Five high quality strategies with strong long-term track records
- Blend of complementary investment styles and range of market caps
- Diversification benefit due to low correlation between managers' sources of outperformance
- All five managers scored well on responsible investment factors
- **Blended fees: 33.7bps p.a.¹**
- **Approximately £3.5m pa savings across the pool²**



¹ Assuming invested capital of £5bn. Note – includes external fees of 30.7bps p.a. and Border to Coast management fee of 3bps p.a.
² Based on existing weighted average fees of 40bp, includes Border to Coast 3bp charge

Global Equity Alpha Manager Summary



Franchise

LINDSELL TRAIN



Value

HARRIS ASSOCIATES

Strategic Weight: 25%
Style: Free Cash Flow Growth
Market Cap: Large/Mid Cap
Philosophy: Focussed on cashflow-generating companies with high levels of earnings growth.
Stock Examples: Amazon, Facebook

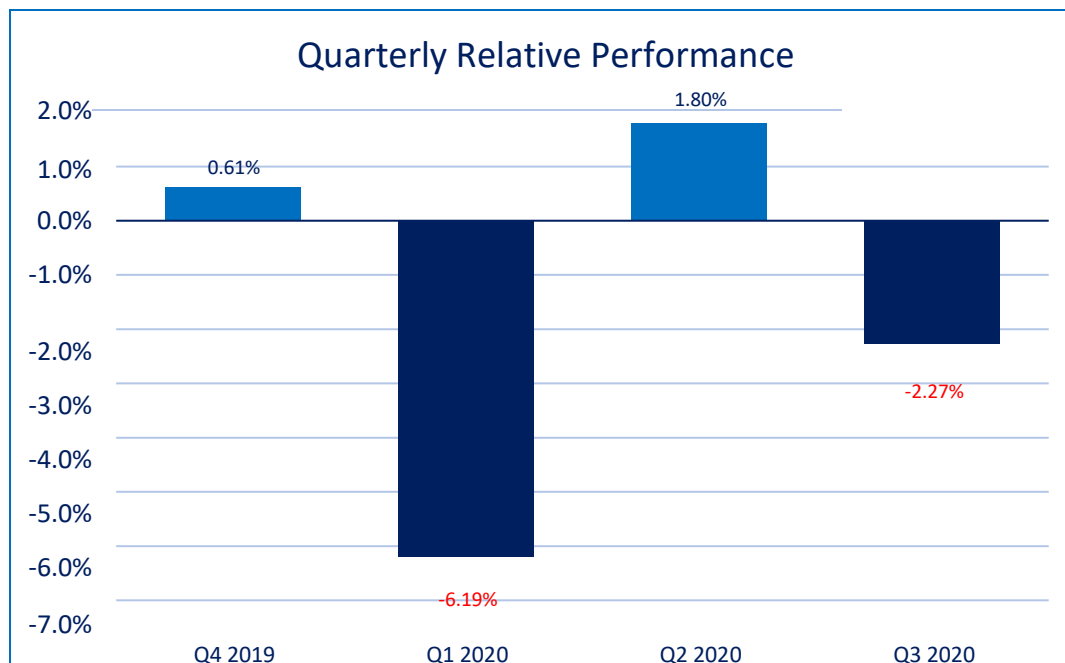
Strategic Weight: 20%
Style: Sustainable Profitability
Market Cap: Large Cap
Philosophy: Companies with high return on capital and healthy balance sheets - often with strong competitive advantages.
Stock Examples: Visa, Microsoft

Strategic Weight: 10%
Style: Intrinsic Value / Profitability
Market Cap: Mid Cap
Philosophy: Exceptional, durable companies - investors often underestimate the sustainability of their cashflows.
Stock Examples: Unilever, Walt Disney

Strategic Weight: 20%
Style: Recovery Value
Market Cap: Mid Cap
Philosophy: Seeking out-of-favour stocks with prominent business models and a high probability of recovery.
Stock Examples: American Express, Bank of America

Strategic Weight: 25%
Style: Intrinsic Value
Market Cap: Large Cap
Philosophy: Businesses trading at a significant discount to their intrinsic value (based on estimated future cashflows.)
Stock Examples: Alphabet, Daimler

Global Equity Alpha Fund – Performance



Source: Northern Trust & Border to Coast as at 30 September 2020

	QTD %	1 Yr. %	ITD* %
Fund	0.96	-	1.07
Benchmark	3.35	-	8.35
Relative	-2.39	-	-7.28

Key statistics will be shown after 12 complete months of performance.

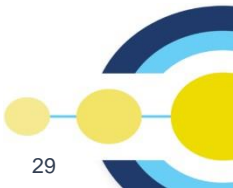
Source: Northern Trust & Border to Coast as at 30 Sept 2020
 Inception date: 24 October 2019
 Benchmark: MSCI ACWI
 Performance is net of fees
 *ITD return is per annum



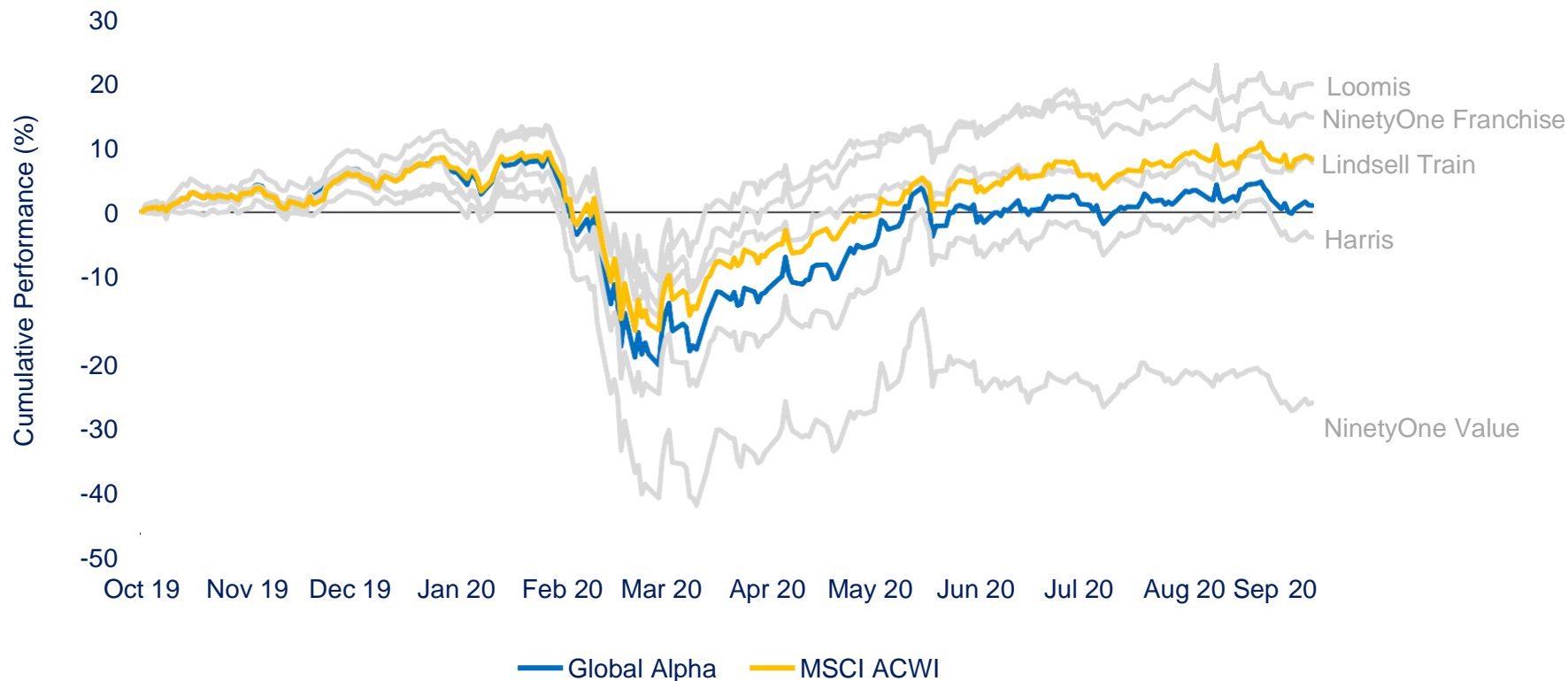
Global Equity Alpha Fund

Investment Objective:

To outperform the Benchmark by at least 2% p.a. over rolling 3 year periods

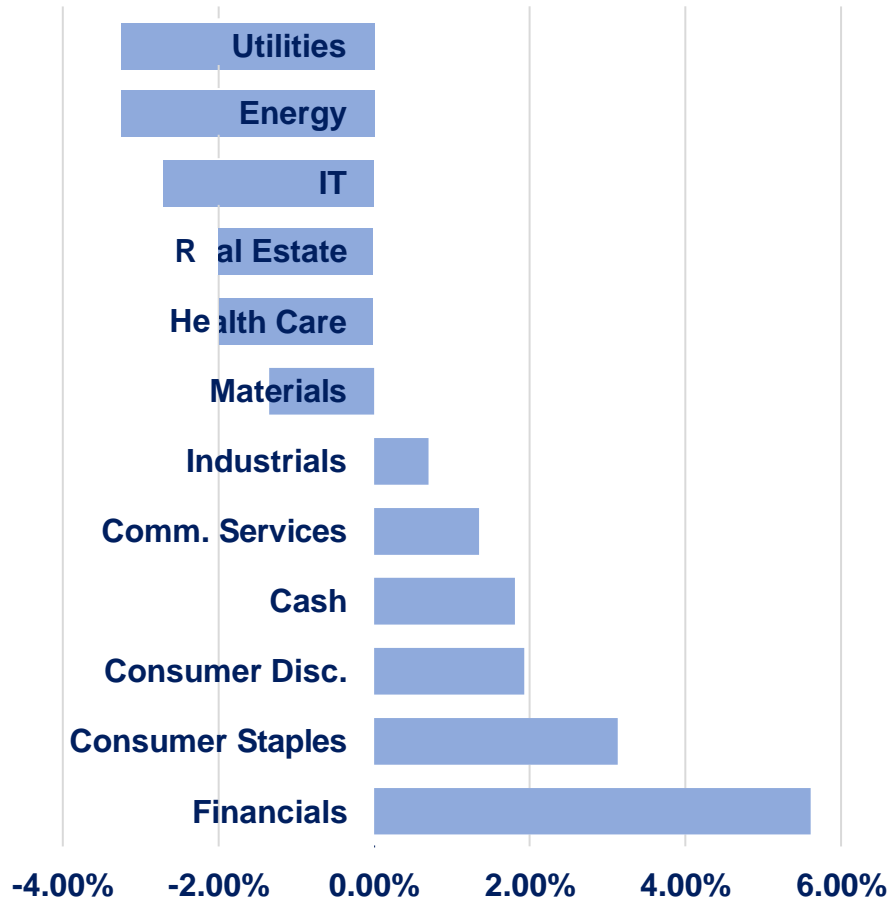


Global Equity Alpha Fund – Dispersion of Manager Performance



Global Equity Alpha Fund

– Portfolio Positioning



Source: Northern Trust, Border to Coast as at 30 September 2020

Top 5*	Relative weight %
Booking Holdings	+1.83
Moody's Corporation	+1.60
Verisign	+1.56
S&P Global	+1.42
Bayer	+1.42

Bottom 5*	Relative weight %
Tencent	-0.74
Alphabet 'C'	-0.87
Amazon	-1.39
Microsoft	-1.65
Apple	-3.91

*Source: Northern Trust, Border to Coast as at 30 Sept 2020

Global Equity Alpha Fund – Spotlight on CCC Exposures



General Motors: ~0.4% holding (at Fund level)

Background	The largest American automobile manufacturer , and the fourth largest in the world
Investment Thesis	GM holds a dominate and highly profitable market position in North American pick-up trucks and has an increasingly strong position in emerging economies (an important driver of future sales).
ESG Progress	To improve the carbon performance of its fleet, GM has allocated a larger than industry standard portion of R&D budget to develop new clean technology vehicles. A new, higher quality management team has also implemented more stringent quality controls to reduce recalls and is in conversations with unions around labour practices.



Grupo Televisa: ~0.2% holding (at Fund level)

Background	Grupo Televisa is the world's largest producer of Spanish speaking television and media content.
Investment Thesis	Pay television and broadband penetration in Mexico is still relatively low. Potential for strong market growth supported by positive demographic trends should support revenue growth and enhance earnings.
ESG Progress	To address governance concerns, the founding family has stepped back from operational management and a professional management team has been installed. This new team in taking steps to further professional Televisa in terms of technology and reporting.

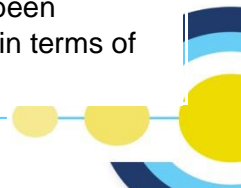


Illustration of Quarterly Voting – Global Equity Alpha

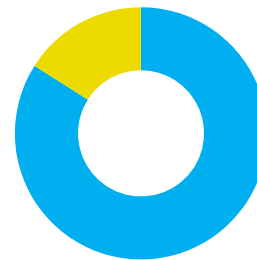
**Q3
2020**

23

359

£4.9bn

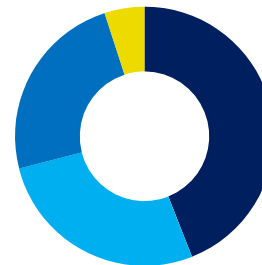
Votes with/against management



■ With 84%

■ Against 16%

Resolutions against, by category



■ Board Related 44%

■ Other 27%

■ Executive Pay 24%

■ Capital Management 5%

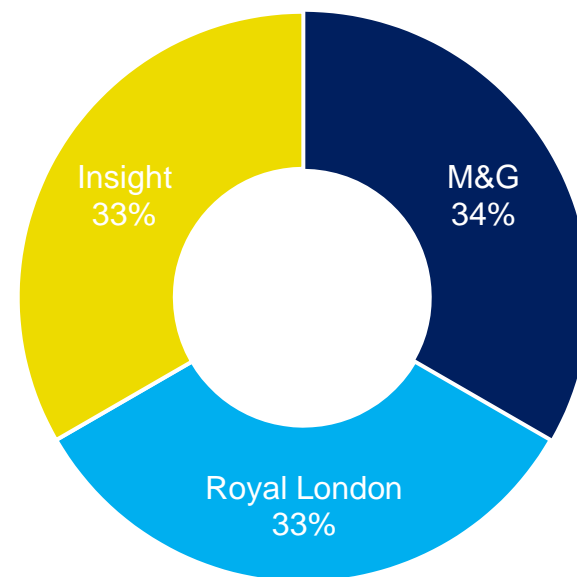
Border to Coast Pensions Partnership Ltd

Investment Grade Credit Fund



Investment Grade Credit - What Does The Fund Look Like?

- Three quality managers with strong track records
- Low correlation between strategies and sources of outperformance
- Good responsible investment scores
- Expected AUM: c.£2.5bn
- Benchmark: iBoxx GBP Non-Gilts Index
- Performance Target: Benchmark +60bps p.a. over rolling 5 year periods (net of fees)
- Manager fees: c. 9.7bps p.a.¹



¹Based on invested capital of £2bn. Excludes Border to Coast costs. 35



Manager Summary

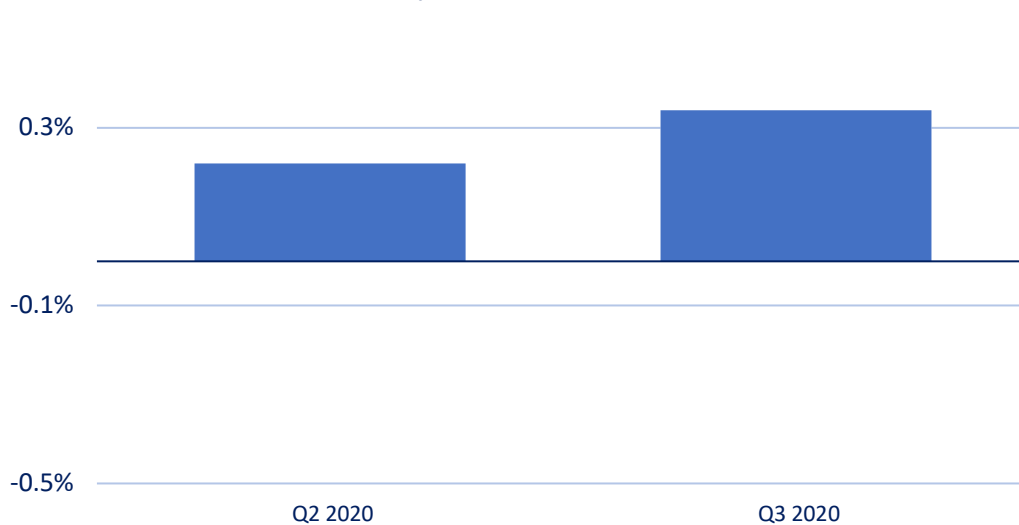


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- | | | |
|--|---|---|
| <ul style="list-style-type: none">• Blends 'active' and 'buy & maintain' strategies• Long-term, quality-driven portfolio; broadly benchmark agnostic with minimal default/downgrade risk• Deep resources with strong skillset in global relative value; may benefit from non-sterling allocation• Key sector biases differ from RLAM or M&G | <ul style="list-style-type: none">• Low turnover, active philosophy• Emphasis on bonds with additional security & mid-sized issues• Sterling specialists - advantageous given their attraction to niche areas• Relatively low correlation with index or other active managers. | <ul style="list-style-type: none">• Value-based approach• Deep analyst resources – well positioned to identify non-justified price movements and hold names facing short-term headwinds• Benchmark-aware, but retain active risk and differentiated sector exposure |
|--|---|---|



Sterling Investment Grade Credit Performance

Quarterly Relative Performance



	QTD	1yr	ITD*
Fund	1.49	n/a	9.91
Benchmark	1.16	n/a	9.08
Relative	+0.34	n/a	+0.83

Northern Trust, Border to Coast as at 30 September 2020
 Inception date: 18 March 2020
 Benchmark: iBoxx Sterling Non-Gilts Index
 Performance is net of fees
 *ITD return is per annum

Investment Objective:

To outperform the Benchmark by at least 0.6% p.a. over rolling 5 year periods

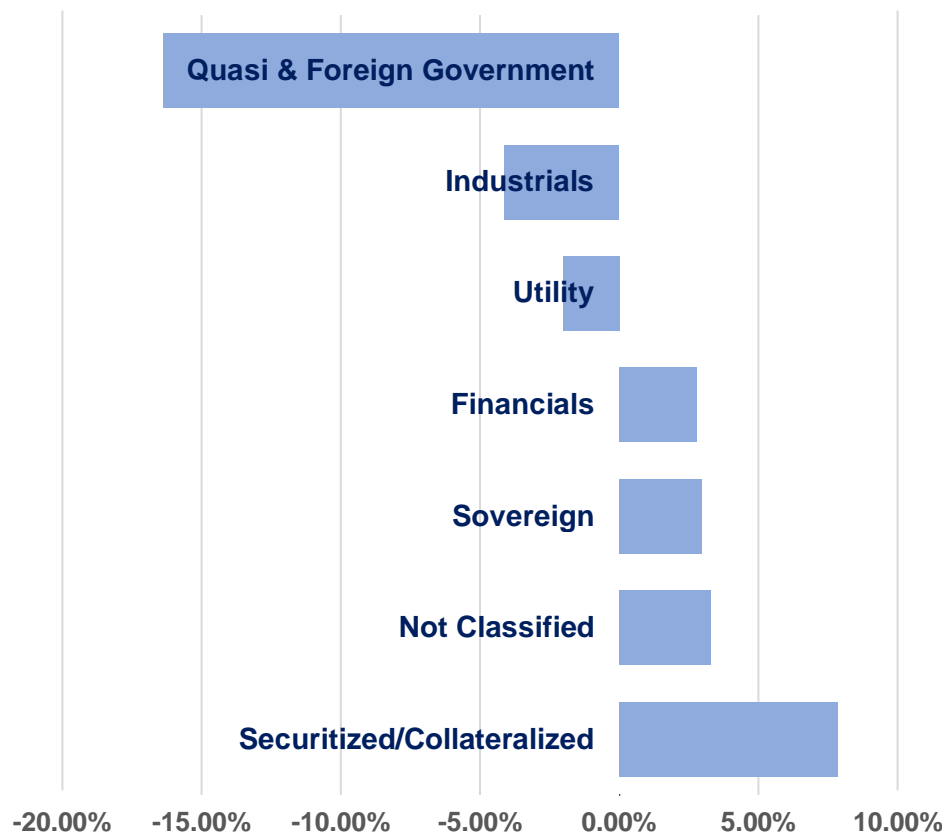
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Figures do not always sum due to rounding

Source: Northern Trust, Border to Coast as at 30 September 2020

Investment Grade Credit Fund

– Portfolio Positioning

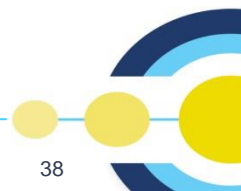


Top 5	Relative weight
UK Treasury 5% Mar 2025	+2.18
TfL 3.875% Jul 2042	+0.69
Westfield Stratford 1.642%	+0.62
UK Treasury 0.75% Jul 2023	+0.55
HSBC 5.375% Nov 2030	+0.52

Bottom 5	Relative weight
EIB 6% Dec 2028	-0.42
KFW 5.55% Jun 2021	-0.40
EIB 2.5% Oct 2022	-0.39
KFW 0.875% Mar 2022	-0.38
EIB 0.875% Dec 2023	-0.36

Past performance is not a reliable indicator of future performance and is not guaranteed.

Source: Northern Trust, Border to Coast as at 30 September 2020



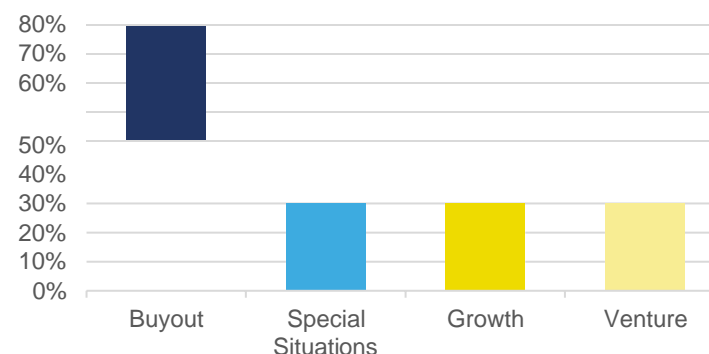
Border to Coast Pensions Partnership Ltd

Alternative Assets

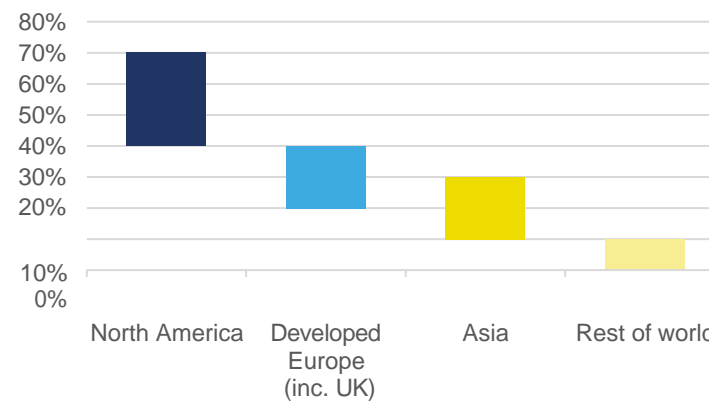


Private Equity: Asset Allocation

Strategy	Permitted Range ¹
Buyout	40 – 80%
Special Situations	0 – 30%
Growth	0 – 30%
Venture	0 – 30%



Geography	Permitted Range ¹
North America	40 – 70%
Developed Europe (inc. UK)	20 – 40%
Asia	10 – 30%
Rest of world	0 – 10%



² Secondary benchmark – MSCI ACWI + 3% (PME+ basis)

Benchmark

10% p.a. (net)²

Asset Allocation

¹ Based on total commitments over a full Series (e.g. 1A, 1B, 1C)

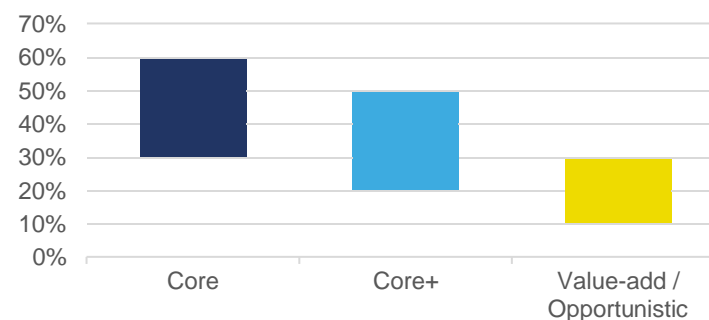
Series 1A Commitments
Series 1B Commitments

£500m
£485m

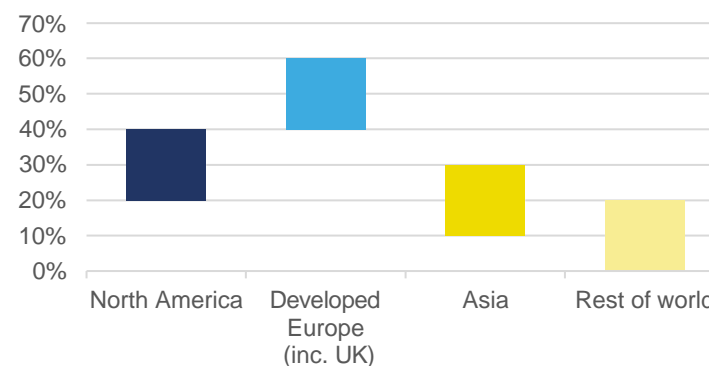
² Secondary benchmark – MSCI ACWI + 3% (PME+ basis)

Infrastructure: Asset Allocation

Strategy	Permitted range ¹
Core	30 – 60%
Core+	20 – 50%
Value-add / Opportunistic	10 – 30%



Geography	Permitted range ¹
North America	20 – 40%
Developed Europe (inc. UK)	40 – 60%
Asia	10 – 30%
Rest of world	0 – 20%



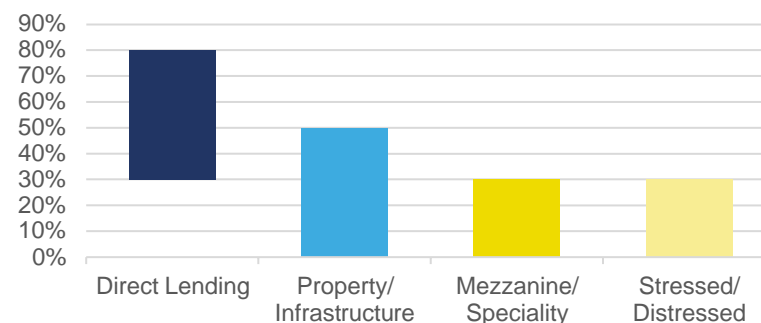
Benchmark	8% p.a. (net)
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Series 1A Commitments	£675m
Series 1B Commitments	£760m

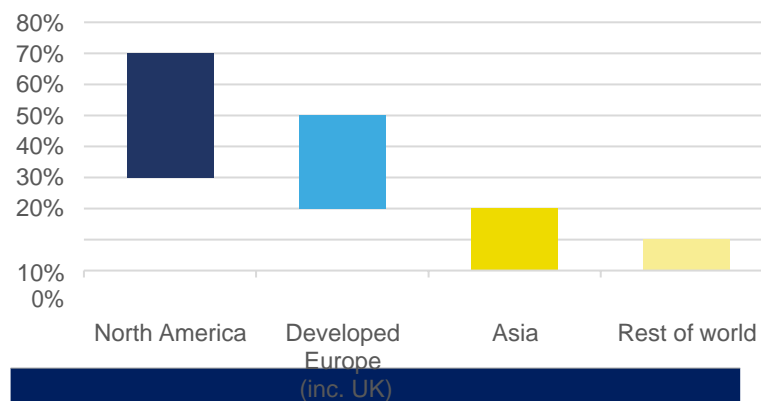
¹ Based on total commitments over a full Series (e.g. 1A, 1B, 1C)

Private Credit: Asset Allocation

Strategy	Permitted range ¹
Direct Lending	30 – 80%
Property/Infrastructure	0 – 50%
Mezzanine/Speciality	0 – 30%
Stressed/Distressed	0 – 30%



Geography	Permitted range ¹
North America	30 – 70%
Developed Europe (inc. UK)	20 – 50%
Asia	0 – 20%



Rest of world	0 – 10%
Benchmark	6% p.a. (net)

Commitments (1A/B)	£581m
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¹ Based on total commitments over a full Series (e.g. 1A, 1B, 1C)

Private Credit: Asset Allocation



¹ Based on total commitments over a full Series (e.g. 1A, 1B, 1C)



Border to Coast Pensions Partnership Ltd

Incorporation of ESG
Considerations



Responsible Investment Integration

- Integrating ESG into our **portfolio construction** across all of our Funds.
- RI **specifically scored** as part of the selection and appointment process for all of our strategies.
- Internal **quarterly screening and benchmarking**; internal meeting to discuss output.
- **Engaging with managers** on any securities that have been flagged from our quarterly ESG screens.
- **Analysing quarterly attestations** including external management reporting.
- **Dedicated quarter on RI Agenda** including an **annual RI review** with all of our strategies.



Climate Risk Integration



As long term responsible investors, we expect all our strategies to incorporate climate risk as part of their investment process.

EasyJet is an airline operator. The firm owns its aircraft, instead of leasing them, which reduces fixed costs of operations and increases resilience through periods of low revenue.

In 2019, the firm became the major airline to offset carbon emissions from the fuel used in all flights across its network.

Lafarge is a European Cement producer owned due to a structural tailwind in product demand as the global economy industrialises. The firm is disposing its non-core assets and focuses on US and European markets, where its technology investments in the production of cement.

The firm has made significant reductions in its carbon intensity of production since 2006 and has Paris aligned climate goals.

Linde operates in the industrial gases sector, hold a dominant position in the market and the specialist nature of their work which prevents new entrants from being able to compete on prices and margins.

The firm is currently undergoing work around their carbon mitigation strategy, laid out in 2018-2028. Looking to double their renewable energy purchases.

We monitor carbon footprint on an ongoing basis, flagging any low scoring stocks to managers and requesting in-depth rationale as part of our quarterly review.

Illustrating our Voting Activity – Q3 2020

123
Meetings Voted

1,527
Agenda Items

65%
meetings with one vote against

This quarter was much quieter in terms of the number of AGMs following the peak voting season in Q2. However, there were still some important outcomes of Say-on-Pay (SOP) proposals. Nike Inc is an example which is included in the Voting Highlights section. The SOP regulation was introduced to improve the ability of shareholders to voice discontent with companies' remuneration practices and to align shareholder expectations. Although Country specific regulations vary in the level of strictness (advisory or binding) all different versions of SOP are broadly defined as any shareholder vote regarding the approval of executive compensation during an AGM.

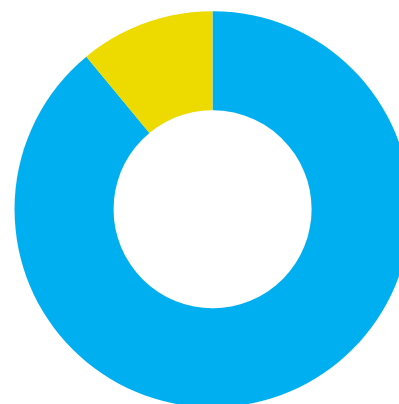
More information on our voting activities can be found on our website.

Shareholder meetings voted by region

- US 22%
- Europe 25%
- Asia Pacific 12%
- UK 34%



Resolutions voted with/against management



- With management 89%
- Against management 11%

■ Emerging Markets 7%

Illustrating our Voting Activity – Q3 2020

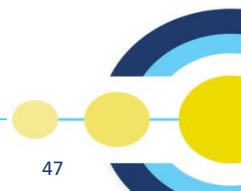


Illustration of Voting Highlights - Q3 2020

Nike Inc.



Nike's 2020 remuneration report proposed some very high levels of compensation for the newly appointed CEO. Along with the high quantum of this package a short performance period of 1.5 years was also proposed which does not help to guarantee long-term value creation. Along with the CEO pay, Nike also made additional discretionary bonus payments to all executives despite not meeting their short/long-term targets in light of the Covid-19 pandemic. These concerns led us to vote against the say-on-pay proposal. The remuneration report only received 54% votes in favour which is a stark contrast to the 97% approval they received in 2019.

Unilever



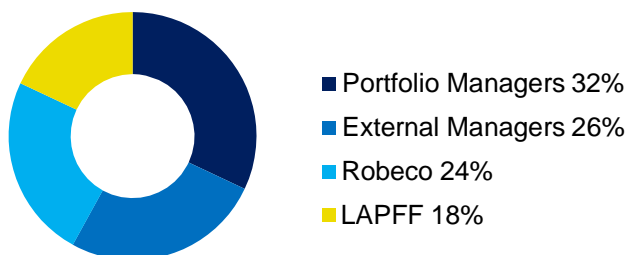
At its 2020 AGM Unilever proposed a cross-border merger moving the company to one legal entity that would give it greater corporate flexibility and also strengthen corporate governance. A similar, but ultimately unsuccessful, item was proposed in 2018. The concerns for investors at the time were Unilever moving its headquarters out of the UK and losing its FTSE 100 status. The new plan unifies the company's share structure, this time without disadvantaging existing investors, while retaining London as its new home. The proposal was passed this time with support of more than 99% of shares voted.

Illustrating our Engagement - Q3 2020

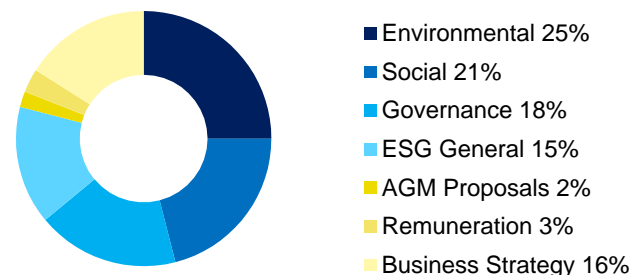
Engagement activity covering period 01/07/2019 – 30/09/2020

237
Engagements

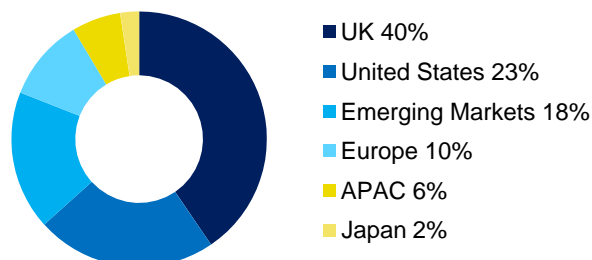
Breakdown of Engagements



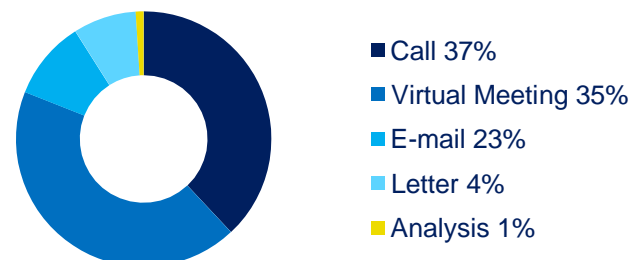
Engagement by Topic



Engagement by Region



Engagement by Method



Example of Engagement – Q3 2020

Deforestation in Brazil

Last quarter we signed a joint letter asking for the government of Brazil to show clear commitment to eliminating deforestation. This was led by Storebrand Asset Management along with a group of investors with over \$4.6 trillion assets under management. Following this a meeting was held with the Vice President of Brazil and the Governor of the Central Bank. A further meeting of the full group of investors was held with members of the Brazilian congress.



Aims of the engagement

Discussions with the members of congress focused on the following five points:

- Reduction in deforestation rates, to show efforts to comply with Brazil's Climate Law.
- Enforcement of Brazil's Forest Code.
- The ability of Brazil's agencies to carry out their mandates effectively, and any legislative developments that may impact forest protection.
- Prevention of fires in or near forest areas.
- Public access to data on deforestation, forest cover, tenure and traceability of commodity supply chains.

Outcomes

The initial response and dialogue with the Brazilian government representatives has been encouraging. This marks the start of engagement and demonstrates how collaboration between governments, companies and investors can be utilised to make changes.

In order that sustained engagement continues in this important area the initiative has been formalised. Border to Coast has continued its involvement, joining the Investors Policy Dialogue on Deforestation (Brazil). This is a two year programme of engagement.

Border to Coast Pensions Partnership Ltd



Appendix - Additional Information

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