

How investors use TPI data



Name of organisation	Border to Coast Pensions Partnership
Type of organisation	Asset Manager
AUM	£52.3 billion as of 31 March 2024
Asset class/s covered by case study	Listed Equities and Sterling Investment Grade Credit
Country/region of operation	United Kingdom

Introduction

Border to Coast Pensions Partnership is one of the largest pension pools in the UK. Based in the heart of Leeds, our purpose is to make a difference for the Local Government Pension Scheme (LGPS). As an active owner and steward of its investments, Border to Coast uses TPI data in both ESG integration considerations and stewardship activities.

Why are you using the TPI data?

As a long-term and responsible investor, we have a duty to ensure our investments are well-positioned to manage the physical climate risks, regulations, and policies that are developed to promote a net zero economy. Representing asset owners, we have a role to play in influencing companies in which we invest to consider the risks (and opportunities) of climate change; this includes providing better climate-related financial disclosures, which assist us in making informed investment decisions.

We have worked across the Investment Team to understand the climate risks and opportunities in our portfolios and conducted enhanced risk assessments for the largest carbon emitters using a range of tools and data. TPI data is one of the tools we use to assess the transition progress of these companies. The management quality assessment helps to identify companies lagging in their



Company number: 13680867

management of the climate transition – especially helpful for peer group analysis. We have also integrated TPI data into our voting and engagement activities.

What do you do with TPI data?

On a day-to-day basis, TPI company assessments, along with other sources, inform our climate engagement with companies and are a benchmark referenced in our voting policy. The TPI framework complements our in-house evaluation of the high emitting companies in our equity portfolios. We conduct enhanced risk assessments of these companies and TPI's Management Quality scores help with the following: our assessment of the quality of a company's climate governance, comparing scores to market peers, identify areas where a company is lagging and informing discussion points during our engagement with companies. In September 2021, we pledged to achieve Net Zero emissions by 2050 or sooner. TPI data is one of the tools we use to inform our evaluation of the Net Zero alignment of our assets under management. Progress is measured against our baseline year of 2019.

Example

The TPI management quality score is used to inform voting decisions and is reflected in Border to Coast's voting guidelines. The scores, ranging from 0 (lowest) to 5 (highest) is useful in assessing corporate climate governance. We will vote against the Chair (or relevant agenda item) where companies are scored 2 or lower, and for Oil and Gas companies scoring 3 or lower, unless more up to date information is available. We also use TPI's Bank framework. In cases where we have significant concerns regarding a bank's transition plans, we will vote against the Chair of the Sustainability Committee, or the agenda item most appropriate..

For example, during the 2023 AGM season, we voted against the Chair of the Sustainability Committee (or relevant agenda item) at the following banks: Bank of America, Citigroup, Goldman Sachs, JP Morgan, and Credit Agricole.

What were the outcomes?

TPI data is a good independent assessment and peer benchmark to aid discussions with companies as part of shareholder engagement on climate risk management. Outcomes differ between companies, with progress noted for some against the benchmark and no progress for others, sometimes contributing to a decision to escalate engagement. TPI data usage as part of our proxy voting policy can instigate votes against management and on occasion contributes to significant shareholder rebellions at AGMs, which can lead to positive responses from management and progress by the company. TPI data informing our high-risk company assessments can lead to changes in our investment decision making.