

## BORDER TO COAST CALLS FOR GREATER CLIMATE ACTION FROM OIL MAJORS AND BANKS

- Border to Coast further strengthens its expectations of oil and gas companies' climate progress and details how it will use voting and engagement to hold them to account.
- Banks' climate plans will be a focus of increased scrutiny, with Border to Coast set to vote against those failing to integrate decarbonisation into business strategies.
- In 2022, Border to Coast voted in support of 80 percent of independent climate resolutions, and against every management 'Say on Climate' resolution, at oil and gas company AGMs.
- The pool has integrated the just transition into its voting and engagement policies for 2023, recognising social risks and opportunities, and existing global disparities.

Oil majors and banks must make greater progress on climate pledges or risk losing the support of Border to Coast Pensions Partnership on key votes this AGM season, the pool has warned.

The pool, which is responsible for £38.3bn of investments on behalf of 11 Local Government Pension Schemes (LGPS) funds, has strengthened its expectations of the oil and gas and banking sectors to ensure they align with a low carbon economy and support global net zero ambitions.

It will vote against the Chair of the Board of oil companies which fail to meet one of the first four indicators of the Climate Action 100+ benchmark, which includes short, medium and long-term emission reduction targets. It will also vote against oil companies scored 3 or lower by the Transition Pathway Initiative (TPI), meaning they have not yet developed a strategic understanding of climate risks and opportunities or integrated this into business strategy and capital expenditure decisions.

Alongside voting, Border to Coast will engage oil and gas companies on decarbonisation strategy and capital alignment with net zero goals and will raise concerns regarding the development of new fossil fuel reserves, which are incompatible with limiting global warming to 1.5C.

It will also vote against the Chair of the Sustainability Committee at banks where the company has materially failed the first four indicators of the TPI framework for the sector. This includes banks that have not sufficiently integrated targets, decarbonisation strategy, or climate policy engagement into business strategy.

**Jane Firth, Head of Responsible Investment, Border to Coast, said:** *“Oil and gas companies are amongst the highest carbon emitters in our portfolios and must do more to address the systemic risk climate change poses. As a responsible investor representing asset owners with £60bn of investments, we will continue to leverage the strength of our collective voice to influence companies, via both voting and engagement, to drive greater progress.”*

**Colin Baines, Stewardship Manager, Border to Coast, said:** *“We welcome the adoption of net zero targets by oil and gas companies, but we must now see transition plans that have a realistic prospect of delivering that objective. That means the alignment of capital expenditure with net zero, with urgent attention on the development of new fossil fuel reserves, which, as the International Energy Agency (IEA) 1.5C pathway makes clear, must be addressed as a priority.”*

As part of its climate engagement work, Border to Coast is also committed to ensuring a just transition. It recognises that not all countries are at the same stage in their decarbonisation journey and will work to ensure social considerations and risks are integrated into climate strategies.

Colin added: “We need a rapid transition to a low carbon economy, but if it is to be resilient it must also be fair and just.”

The strengthening of its approach builds on Border to Coast’s strong voting record. In 2022, Border to Coast voted in support of 80 percent of independent climate resolutions, and against every management ‘Say on Climate’ resolution, at oil and gas company AGMs to support calls for greater progress. The pool also voted in support of 88 percent of independent climate resolutions and against 60 percent of management ‘Say on Climate’ resolutions at banks.

**Ends**

## **NOTES TO EDITORS**

Border to Coast published its Net Zero Implementation Plan in October 2022.

For more detail, please see our policies in full:

[Responsible Investment Policy](#)

[Climate Change Policy](#)

[Corporate Governance and Voting Guidelines](#)

TPI framework and assessments for oil and gas:

<https://www.transitionpathwayinitiative.org/sectors/oil-gas>

TPI framework for banks: <https://www.transitionpathwayinitiative.org/banks>

## **ABOUT BORDER TO COAST PENSIONS PARTNERSHIP**

- Based in Leeds, Border to Coast is the largest LGPS pool in the UK. It is owned by 11 local government pension schemes (‘Partner Funds’), whose combined assets totalled c.£60bn (as at 31 March 2022). The funds are Bedfordshire, Cumbria, Durham, East Riding, Lincolnshire, North Yorkshire, Surrey, South Yorkshire, Teesside, Tyne and Wear and Warwickshire.
- Border to Coast offers its 11 Partner Funds investment opportunities across equities, fixed income and private markets. Real estate is under development.
- Border to Coast Pensions Partnership Ltd is authorised and regulated by the Financial Conduct Authority. Registered in England Number: 10795539 and Registered Office: 5th Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ.
- Further details can be found at <https://www.bordertocoast.org.uk>