



# QUARTERLY STEWARDSHIP REPORT Q4 2025

Reporting period: 1 October 2025 – 31 December 2025

# OUR PARTNER FUNDS



# QUARTERLY HIGHLIGHTS

## VOTING OVERVIEW

We voted at 202 meetings, comprising 1,582 agenda items.

## ENGAGEMENT OVERVIEW

There were 664 engagements with companies.

## 2025 PROXY VOTING REPORT

We have published our [2025 Proxy Voting Report](#). The report details our voting activity during the 2025 AGM season, including how our updated voting policy has been put into practice. It also contains insights into the AGM season, which this year include the improving quality of company climate transition plans being put to shareholders at AGMs.

## VOTING GUIDELINES REVIEW

One significant addition has been made to our Voting Guidelines ahead of the 2026 proxy season. A Nature Watchlist will be established comprising companies scoring poorly on independent benchmarks. Internal assessments will then determine which companies warrant a vote against management. Encompassing risks such as pollution and water stress, the Watchlist broadens our approach to nature risk and complements our existing deforestation voting rules.

## INDUSTRY CONSULTATIONS

Border to Coast submitted a consultation response to IIGCC on its Engagement Tool for the Oil & Gas sector. We supported the guidance, which captures the most material issues across

the value chain and highlights the need for improved consistency of climate-related data. One enhancement we suggested was the explicit inclusion of lobbying practices and alignment with climate goals.

## OUR PEOPLE

Colin Baines, our Stewardship Manager, presented to investors at a ShareAction and Living Wage Foundation webinar in support of the real Living Wage. He covered the systemic and portfolio risk arising from growing inequality, Border to Coast's own accreditation, and our collaborative engagements with FTSE retail companies as part of the Good Work Coalition.

Teju Akande, our Climate Change Manager, participated in the UK government EMDE Investor Taskforce roundtable on the impact of regulation and policy on incentives to invest in emerging and developing markets regarding low carbon transition.

Tim Manuel, our Head of Responsible Investment, attended the annual LAPFF Conference to speak on a panel about what the pooling reforms mean for Responsible Investment in the LGPS, and provided insights into the real world of responsible investing as part of a fireside chat at the Portfolio Institutional ESG Conference.



# INDUSTRY HIGHLIGHTS

## COP 30

COP 30 took place in November in Belém, Brazil, marking the 10th anniversary of the Paris Agreement. Discussions focused on implementing existing pledges, integrating climate, nature and social priorities, and accelerating adaptation finance.

The summit occurred against a challenging backdrop: record global temperatures, widespread climate-related disasters, growing geopolitical tensions, and climate-policy setbacks, including the US administration's decision to withdraw from the Paris Agreement for the second time.

Intense pushback from major oil producing countries and several emerging economies led to the removal of any fossil fuel phase-out language from the final negotiated text. However, despite this absence, more than 80 countries including the UK, endorsed a voluntary roadmap to accelerate the transition away from fossil fuels.

The summit also delivered progress in other areas, particularly climate finance, adaptation, and just transition. Notable outcomes included the launch of the Tropical Forests Forever Facility, aimed at mobilising US \$125 billion for forest conservation, and agreement to establish a Just Transition mechanism to support countries to reduce GHG emissions in a manner that safeguards workers and communities.

## PROXY VOTING ADVICE IN THE UNITED STATES

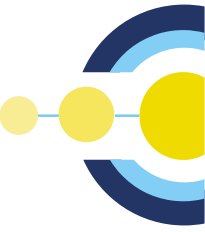
US President Donald Trump has issued a wide-ranging executive order aimed at curbing the influence of proxy advisory firms, particularly ISS and Glass Lewis. The President argues that these firms are advancing “politically motivated” ESG and DEI agendas, ignoring the inherent investment risk.

The executive order directs the Securities and Exchange Commission, Federal Trade Commission, and Department of Labor to heighten oversight of proxy advisers and scrutinise their practices, especially related to ESG or DEI recommendations. This includes reconsidering existing rules governing shareholder proposals.

Many observers believe this could weaken independent proxy advice, erode shareholder rights, and politicise the stewardship of companies and management of long-term investment risk.

## EU OMNIBUS PACKAGE

The European Parliament approved a major sustainability Omnibus package that substantially streamlines and scales back the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) following months of negotiation. The revisions raise thresholds for company size and turnover, removing roughly 80% of firms originally expected to fall under CSRD. The overarching aim of the Omnibus package is to ease administrative pressures on businesses while preserving the EU's broader sustainability ambitions.



# VOTING OVERVIEW

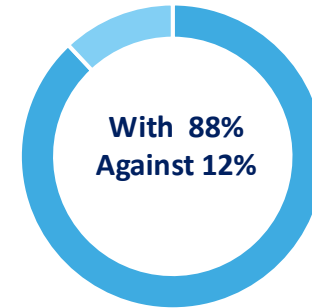
Our first case study (page 8) this quarter explores shareholder pressure on Microsoft to strengthen transparency around human rights risks. It focuses on two proposals calling for: (i) enhanced reporting on data centre operations in high-risk jurisdictions, and (ii) sufficient due diligence and safeguards to prevent the misuse of AI and cloud technologies in ways that could violate human rights or international humanitarian law.

The second case study (page 9) focuses on a major shareholder rebellion at building materials supplier, James Hardie Industries. The Chair of the Board and two other directors were ousted following major governance failings related to the company's acquisition of rival firm AZEK.

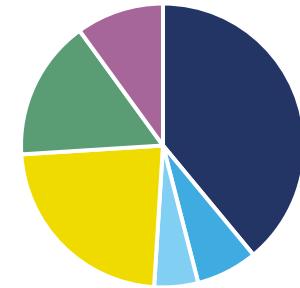
## AGENDA ITEMS <sup>1</sup>



## VOTES WITH AND AGAINST MANAGEMENT <sup>1</sup>



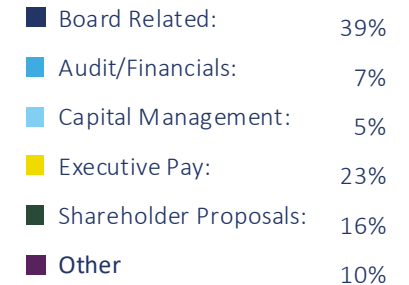
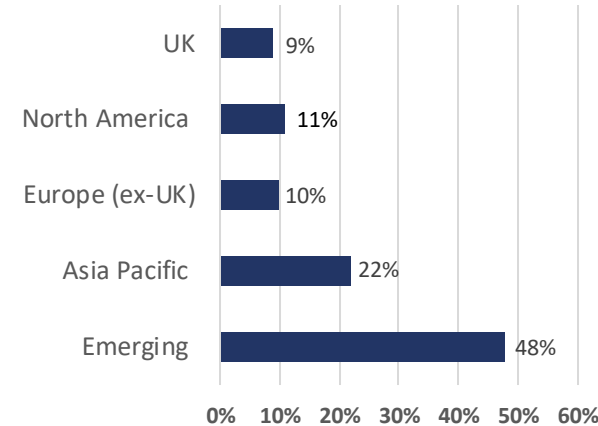
## VOTES AGAINST BY CATEGORY <sup>1</sup>



## MEETINGS VOTED ON <sup>1</sup>



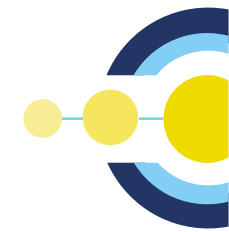
## VOTING ACTIVITY BY REGION <sup>1</sup>



<sup>1</sup> Source: Border to Coast Internal Voting Database as at 31/12/2025

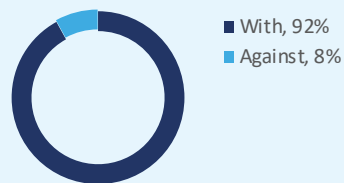
# VOTING BY FUND

## UK AND GLOBAL EQUITIES



### UK LISTED EQUITY FUND

#### VOTES WITH AND AGAINST MANAGEMENT<sup>1</sup>



#### VOTES AGAINST BY CATEGORY

Board Related:	0%
Audit/Financials:	33%
Capital Management:	0%
Executive Pay:	33%
Shareholder Proposals:	0%
Other:	34%

**MEETINGS** 7  
**ITEMS VOTED** 76

**FUND SIZE**  
**£3.4BN<sup>2</sup>**

### UK LISTED EQUITY ALPHA FUND

#### VOTES WITH AND AGAINST MANAGEMENT<sup>1</sup>



#### VOTES AGAINST BY CATEGORY

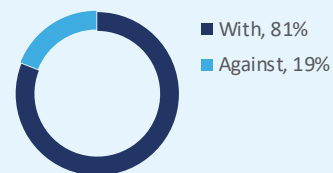
Board Related:	12%
Audit/Financials:	25%
Capital Management:	0%
Executive Pay:	44%
Shareholder Proposals:	0%
Other:	19%

**MEETINGS** 15  
**ITEMS VOTED** 173

**FUND SIZE**  
**£0.9BN<sup>2</sup>**

### OVERSEAS DEVELOPED MARKETS EQUITY FUND

#### VOTES WITH AND AGAINST MANAGEMENT<sup>1</sup>



#### VOTES AGAINST BY CATEGORY

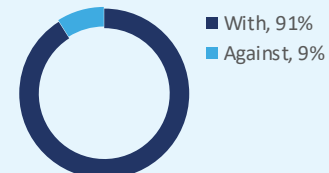
Board Related:	33%
Audit/Financials:	2%
Capital Management:	4%
Executive Pay:	22%
Shareholder Proposals:	36%
Other:	3%

**MEETINGS** 33  
**ITEMS VOTED** 287

**FUND SIZE**  
**£9.3BN<sup>2</sup>**

### GLOBAL EQUITY ALPHA FUND

#### VOTES WITH AND AGAINST MANAGEMENT<sup>1</sup>



#### VOTES AGAINST BY CATEGORY

Board Related:	47%
Audit/Financials:	2%
Capital Management:	7%
Executive Pay:	23%
Shareholder Proposals:	14%
Other:	7%

**MEETINGS** 54  
**ITEMS VOTED** 504

**FUND SIZE**  
**£4.7BN<sup>2</sup>**

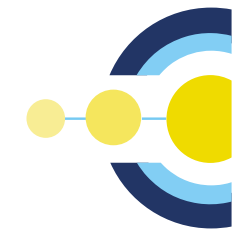


<sup>1</sup> Source: Border to Coast Internal Voting Database as at 31/12/2025

<sup>2</sup> Note: Fund Sizes as at 31/12/2025

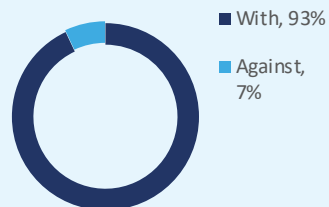
# VOTING BY FUND (CONT)

## EMERGING MARKETS EQUITIES, LISTED ALTERNATIVES AND MULTI FACTOR



### EMERGING MARKETS EQUITY FUND

#### VOTES WITH AND AGAINST MANAGEMENT<sup>1</sup>



#### VOTES AGAINST BY CATEGORY

Board Related:	70%
Audit/Financials:	0%
Capital Management:	22%
Executive Pay:	0%
Shareholder Proposals:	0%
Other:	8%

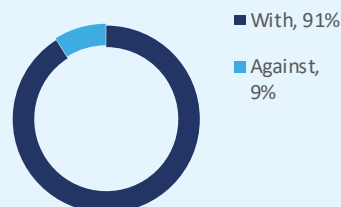
#### MEETINGS ITEMS VOTED

**39 314**

**FUND SIZE  
£1.6BN<sup>2</sup>**

### EMERGING MARKETS EQUITY ALPHA FUND

#### VOTES WITH AND AGAINST MANAGEMENT<sup>1</sup>



#### VOTES AGAINST BY CATEGORY

Board Related:	60%
Audit/Financials:	0%
Capital Management:	12%
Executive Pay:	7%
Shareholder Proposals:	2%
Other:	19%

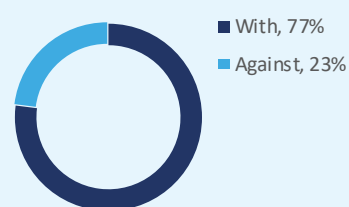
#### MEETINGS ITEMS VOTED

**59 492**

**FUND SIZE  
£1.0BN<sup>2</sup>**

### LISTED ALTERNATIVES FUND

#### VOTES WITH AND AGAINST MANAGEMENT<sup>1</sup>



#### VOTES AGAINST BY CATEGORY

Board Related:	31%
Audit/Financials:	46%
Capital Management:	0%
Executive Pay:	23%
Shareholder Proposals:	0%
Other:	0%

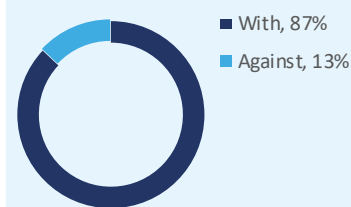
#### MEETINGS ITEMS VOTED

**8 57**

**FUND SIZE  
£0.9BN<sup>2</sup>**

### MULTI FACTOR EQUITY INDEX FUND

#### VOTES WITH AND AGAINST MANAGEMENT<sup>1</sup>



#### VOTES AGAINST BY CATEGORY

Board Related:	34%
Audit/Financials:	1%
Capital Management:	1%
Executive Pay:	31%
Shareholder Proposals:	24%
Other:	9%

#### MEETINGS ITEMS VOTED

**90 641**

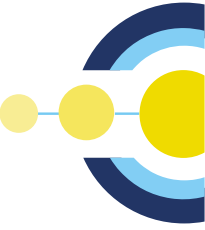
**FUND SIZE  
£3.2BN<sup>2</sup>**



<sup>1</sup> Source: Border to Coast Internal Voting Database as at 31/12/2025

<sup>2</sup> Note: Fund Sizes as at 31/12/2025

# VOTING HIGHLIGHTS



## MICROSOFT

Microsoft Corporation is an American multinational technology company and a dominant force in the global software industry, best known for products such as Windows and Microsoft 365. The company has expanded significantly into cloud computing, AI, gaming, and professional networking. Widely regarded as a Big Tech leader, Microsoft is the world's largest software company by revenue and, in 2019, became the third US public company to be valued at over \$1 trillion.

## WHAT DID WE DO?

At Microsoft's December AGM, we supported four proposals. This case study highlights two shareholder proposals that we supported, in alignment with the Local Authority Pension Fund Forum's (LAPFF) recommendations:

- **Resolution 8:** Report on Data Operations in Human Rights Hotspots
- **Resolution 9:** Report on AI Human Rights Due Diligence

## OUR VIEW:

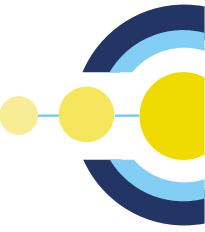
Resolution 8 calls for Microsoft to publish a report on how it assesses and mitigates human rights risks when locating cloud datacentres in high-risk jurisdictions. The proposal highlights the planned datacentre in Saudi Arabia, where restrictive internet laws, state surveillance, and limits on free expression raise significant concerns. Although Microsoft cites alignment with its "Trusted Cloud Principles", we agree with the proponent that a dedicated report would provide essential transparency on due diligence processes, risk mitigation measures, and engagement with affected rights-holders. As cloud infrastructure expands globally, robust due diligence is critical, particularly in countries with limited privacy protections, restricted freedom of expression, and weak data-protection frameworks.

Resolution 9 requests a report evaluating the effectiveness of Microsoft's human rights due diligence (HRDD) processes to prevent misuse of its AI and cloud services in ways that could contribute to human rights abuses, especially in conflict-affected and high-risk areas (CAHRAs). While Microsoft maintains that its HRDD processes align with the UN Guiding Principles on Business and Human Rights, the proponent argues that current disclosures do not adequately explain how end-use human rights risks are assessed, monitored, and escalated. Recent allegations regarding the use of Microsoft technologies in serious human rights contexts - including the use of Microsoft's AI and cloud systems in the Israeli-Palestinian conflict - underscore the potential material legal, operational, and reputational risks the company faces. Border to Coast supported the proposal, agreeing with the proponent that, particularly given Microsoft's exposure to CAHRAs, strengthened and more transparent HRDD is essential to prevent misuse of products in ways that could violate human rights or international humanitarian law.

## VOTING OUTCOME:

Both proposals gained backing from more than a quarter of shareholders (27% for Resolution 8 and 26% for Resolution 9) demonstrating broad support and passing the threshold to prompt a formal company response.

# VOTING HIGHLIGHTS



## **JAMES HARDIE INDUSTRIES**

James Hardie is a building materials company headquartered in Ireland and listed in the U.S. and Australia.

### **WHAT DID WE DO?**

We voted against the re-election of the Chair of the Board and four other directors, as well as the remuneration report, in relation to the company's handling of its acquisition of competitor firm AZEK.

### **OUR VIEW:**

Good governance includes consulting shareholders on major business decisions. It therefore caused concern when management failed to put the acquisition of AZEK to a shareholder vote. Compounding this, the company was criticised for overpaying and significantly increasing debt levels to fund the purchase, meaning that shareholders would have likely voted the deal down if given the opportunity.

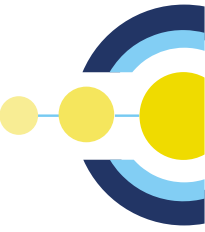
The remuneration report triggered further investor frustration. It included significantly reduced performance conditions to accommodate the share price fall triggered by the acquisition, essentially meaning that executives' bonus payments were being protected from the consequences of their own governance failures.

### **VOTING OUTCOME:**

The Chair was removed from the board with 67% opposition. Two other directors also lost their seats, and the remuneration report was voted down by 66% of shareholders. The results demonstrate strong investor willingness to hold management accountable for serious governance failings.



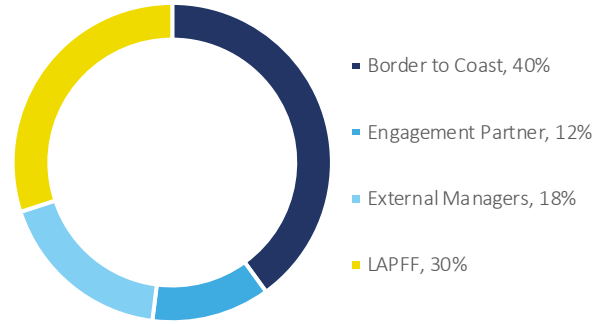
# ENGAGEMENT OVERVIEW



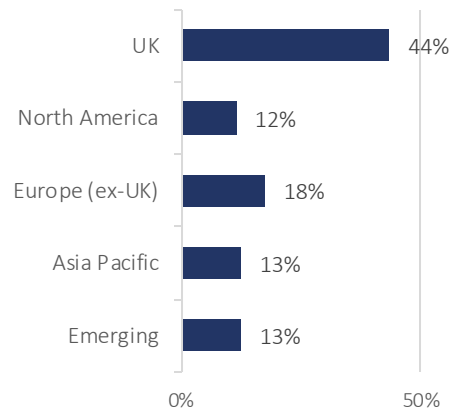
TOTAL ENGAGEMENTS<sup>3</sup>



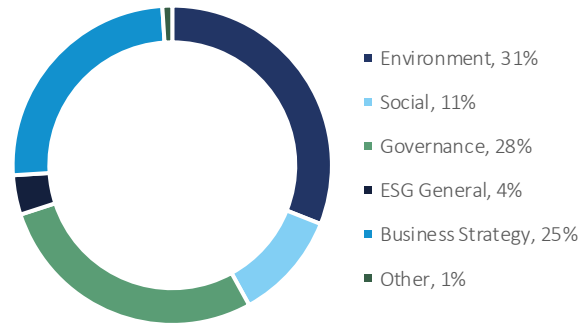
ENGAGEMENT LEAD<sup>3</sup>



ENGAGEMENT ACTIVITY BY REGION<sup>3</sup>



ENGAGEMENT TOPIC<sup>3</sup>



<sup>3</sup>Source: Border to Coast Internal Engagement Database as at 31/12/2025

# ENGAGEMENT HIGHLIGHTS

## BARCLAYS, HSBC, LLOYDS, NATWEST – JUST TRANSITION

Between 2023 and 2025, we partnered with Royal London Asset Management to engage Barclays, Lloyds, NatWest, and HSBC to pioneer the integration of just transition into banking sector carbon reduction strategies, supported by the London School of Economics Just Transition Finance Lab.

In 2024, we published a set of 15 investor expectations for the sector to inform deeper engagement and to assess emerging strategy as bank ambition turned into action. These used three principle lenses to look at integration and make recommendations: Product, Sector, and Geography.

In 2025, we assessed and rated all four banks against each of the expectations, including responsible product decarbonisation, enabling high emitting sector transition, regional decarbonisation strategy, and dialogue and engagement.

We held a final round of meetings in November to discuss our findings and any planned disclosure that could change ratings. The banks found the assessments fair, and an end of engagement report is being prepared for publication, which includes each of the bank assessments, areas of improvement since engagement commenced, emerging best practice case studies, and areas requiring further attention.

## VALEURA ENERGY – JUST TRANSITION

We recognise that disparities exist between developed and emerging markets and in line with just transition principles, we differentiate in our transition plan expectations of companies.

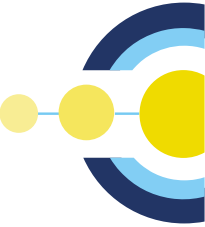
This quarter, we met Valeura Energy, an oil and gas company with reserves and operations limited to Turkey and Thailand. We discussed the company's existing transition plans and disclosure, which do not meet our usual sector standards and would result in a vote against management at the AGM. We communicated appropriate expectations for GHG reduction targets and emissions disclosure and advised we will examine new disclosures ahead of the 2026 AGM to inform our vote.

## CURRY'S – REAL LIVING WAGE

In 2024, we joined the Good Work Coalition, a collaboration of 47 institutional investors co-ordinated by ShareAction and representing \$7.1 trillion in AUM.

As part of our support for the Coalition, we joined the Living Wage workstream, which is engaging with FTSE350 companies in the retail sector to become accredited real Living Wage Employers, paying the Living Wage to both directly employed and third-party staff.

During this quarter, we met Curry's to encourage accreditation. Engagement is ongoing.



# INITIATIVES AND COLLABORATIONS

ROBECO

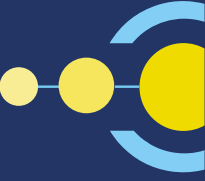


Signatory of:





PENSIONS PARTNERSHIP



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