



# **Border to Coast Just Transition Overlay**

## **Our Integration into Investment, Stewardship and Risk Management**

Climate change is a financially material driver of risk across the global economy, over the near and long-term, with physical and economic implications. Border to Coast is committed to supporting a Just Transition as part of our approach to managing systemic risks and building portfolio resilience. This is grounded in our focus on delivering long-term value for our Partner Funds.

Large-scale shifts in energy systems, technology and infrastructure can have material financial implications through their effects on labour markets, supply chains, communities and customer groups. Understanding these social dimensions helps us assess risks, support stable markets, and protect long-term value for our Partner Funds.

This Just Transition Overlay describes how we integrate the social dimensions of the energy transition into our investment and stewardship activities. It consolidates our existing practice across asset classes, as envisaged in our [Responsible Investment](#) and Engagement strategies, aligning with our priority engagement themes of climate resilience, and fairness in pay, work and prospects.

### **What is Just Transition?**

The transition to a low carbon economy is expected to play an important role in managing systemic risks, protecting and enhancing long-term value, and unlocking new opportunities. A Just Transition aims to ensure this process is fair and resilient by mitigating the associated risks for workers, communities, customers and supply chains.

Social impact can either accelerate or prevent progress, creating competitive advantages or uncertainty and cost. A Just Transition integrates social considerations into climate strategies and promotes resilience by mitigating social risks and seeking social opportunities. This can include place-based impacts where projects interact directly with local communities and labour markets.

### **Relevance to investors**

Integrating Just Transition considerations supports effective risk management and portfolio resilience. It can help mitigate multiple risk dimensions:

- Operational and legal risk: social risks that are not well managed can lead to delays, cancellations, strikes, litigation, and reputational damage, posing material execution risks that can affect cash flows, project timelines and cost of capital.

- Policy and regulatory risk: policymakers and regulators increasingly consider workforce and community implications when implementing transition-related regulation. Companies and projects that anticipate the social dimensions may be better prepared for the policy environment.
- Systemic risk: social risks can contribute to market instability. Economic shocks can lead to resistance and undermine social acceptance leading to policy reversals and macroeconomic instability, affecting long-term returns.

Beyond risk management, stronger workforce planning, such as reskilling and redeployment, supply-chain resilience, and more durable community support, can support long-term value. Investor frameworks increasingly expect credible transition plans to incorporate Just Transition, reinforcing its relevance to long-term value creation.

## Background

Border to Coast has incorporated the social dimensions of the energy transition into our existing responsible investment and stewardship activities for several years. Our RI Policy states: *“A Just Transition involves maximising the social and economic opportunities and minimising and managing challenges of a net zero transition. We expect companies to consider the potential stakeholder risks associated with decarbonisation.”*

We are a founding member of the Emerging Markets Just Transition Investor Initiative and have signed up to its guiding principle to *‘Advocate for a fair transition in Emerging Markets’*, including support for real world emissions reductions and economic development and equity.

We contribute to the development of investor guidance and standards, including through our participation in the London School of Economics Just Transition Finance Lab and our role co-chairing the IIGCC Working Group on Just Transition, which developed supplementary guidance to the Net Zero Investment Framework (NZIF) and supports integration into CA100+ collaborative engagements. Our involvement ensures that frameworks we use, such as the NZIF supplementary guidance, reflect practical investor perspectives.

Our support for Just Transition aligns with our sustainability-related risk themes of Climate Resilience and Workforce & Community, which are identified in our Responsible Investment and Engagement strategies and reflect areas where long-term risks and opportunities may materially affect investment performance.

## Just Transition Governance and Strategy

In line with the NZIF supplementary guidance on Just Transition, we have:

- Documented our practice relating to Just Transition, covering how existing investment propositions incorporate social risk management.
- Incorporated Just Transition considerations in our approach to net zero to ensure consistent application across investment and stewardship processes and signal its importance to the market, investees, and broader stakeholders.
- Developed processes and policies for applying Just Transition principles across asset classes, including associated governance processes, and document where and how this has been applied.
- Integrated Just Transition into investment due diligence, investment strategy, stewardship, engagement, voting, and reporting, and disclose how we use these levers with examples.

- Sought to ensure that Just Transition expectations extend beyond asset-level operations to upstream and downstream value chains.

## Just Transition integration by asset class

Asset Class	Activity
<b>Listed Equity and Corporate Credit</b>	<ul style="list-style-type: none"> <li>• We engage actively with companies to promote a Just Transition including:               <ul style="list-style-type: none"> <li>○ Encourage corporates to integrate Just Transition into climate strategies.</li> <li>○ Encourage corporates to engage critical stakeholders and incorporate their feedback and perspectives into the decision-making process.</li> <li>○ Encourage corporates to support national and local policies that enable a Just Transition.</li> </ul> </li> <li>• Our approach to voting differentiates transition expectations for corporates between developed and emerging markets.</li> <li>• We consider capital allocation or provide access to Just Transition related bonds including labelled bonds.*</li> <li>• We consider Just Transition in due diligence as part of labelled bond issuer verification and engage issuers for improved disclosure and integration.*</li> <li>• We have drawn lessons from Multilateral Development Bank (MDB) GSS bond frameworks to enhance use-of-proceeds transparency and alignment with Just Transition objectives.</li> </ul>
<b>Real Estate</b>	<ul style="list-style-type: none"> <li>• We consider capital allocation in projects on affordable housing, retrofitting and energy efficiency improvements, community energy and infrastructure projects, and social infrastructure.</li> <li>• We consider Just Transition matters in processes of due diligence, seeking to support and promote entities and projects that can evidence meaningful local community engagement – involving them in planning and decision-making.</li> <li>• We identify, assess, and measure potential social risks and impacts in investments, supplier and value chains.</li> <li>• We consider impact metrics focusing on community and social impact (e.g. affordable housing/transport/clean energy/digital), tenant and community (e.g. community/tenant engagement, displacement/resettlement, energy poverty reduction), and place-based impact (e.g. investment in deprived areas).</li> </ul>
<b>Sovereign, Supranational, and Agency (SSA) Bonds</b>	<ul style="list-style-type: none"> <li>• We incorporate metrics that evaluate how issuers are managing the social dimensions of climate action (e.g., labour market impacts, social protection systems).</li> </ul>
<b>Private Markets and Infrastructure</b>	<ul style="list-style-type: none"> <li>• We incorporate Just Transition matters into due diligence, seeking to support entities and projects that can evidence meaningful community engagement, especially in sectors like renewable energy, infrastructure and regeneration.</li> <li>• We engage fund managers for the disclosure of relevant impact metrics.</li> </ul>

\*Border to Coast's labelled bond fund is scheduled to launch in Q2 2026

## Future ambition

As our Net Zero Roadmap and Net Zero Stewardship Strategy expand to additional asset classes, we expect to apply a comparable approach for assessing material social risks and dependencies. In the short term, we have the following goals:

Asset Class	Activity
<b>Sovereign, Supranational, and Agency (SSA) Bonds</b>	<ul style="list-style-type: none"><li>• When SSA Bonds come into scope of our Net Zero Roadmap and Net Zero Stewardship Strategy, we will:<ul style="list-style-type: none"><li>○ Seek engagement opportunities on relevant climate policies and reporting, including how climate strategies address social equity, labour impacts, and vulnerable communities.</li><li>○ Seek engagement opportunities that enhance the use of investors 'voice' and dialogue with key stakeholders affected by the low carbon transition.</li></ul></li></ul>

## Summary

This Just Transition Overlay captures and reflects Border to Coast's established practice and aligns with principles set out in the NZIF supplementary guidance.

## In action: case studies

### Just Transition in Engagement – UK banking sector

From 2023 to 2026, Border to Coast and Royal London Asset Management engaged four UK banks – Barclays, HSBC, Lloyds, and NatWest – to lead the integration of Just Transition considerations into banking sector decarbonisation strategies, supported by the London School of Economics Just Transition Finance Lab.

In May 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 were informed by the Transition Pathway Taskforce and GFANZ frameworks and used three principle lenses to look at Just Transition integration and make recommendations: Product, Sector, and Geography.

In March 2026, we published an end of [engagement programme report](#), which assessed and rated the banks against each of our expectations. The report noted that they all had improved practice and disclosure to varying standards, and highlighted emerging best practice case studies and areas still requiring attention.

The banking sector expectations included:

- Develop and implement a responsible decarbonisation strategy for existing products and portfolios, such as mortgages, ensuring that decarbonisation is achieved without excluding customers and mitigates ‘stranded customer’ risk.
- Integrate Just Transition into regional corporate banking decarbonisation strategies and identify geographic areas with high exposure to transition risk, seeking to mitigate ‘stranded community’ risk.
- Develop partnerships with public banks and community development finance institutions to provide blended finance solutions to support place-based Just Transition.
- Integrate Just Transition into client transition plan assessments and include sector specific expectations in client engagement covering workers, customers, communities, and supply chains.

## **Just Transition in Proxy Voting – Fossil fuel sector**

Border to Coast's Voting Guidelines state: *"We support a just transition towards a low-carbon economy which should be inclusive and acknowledge existing global disparities. We recognise that not all countries are at the same stage in their decarbonisation journey and need to consider the different transition timelines for emerging market economies. Therefore, in the interests of a just transition we will assess the implications when considering our voting decisions on a case-by-case basis."*

Panoro Energy is an oil and gas exploration and production company with operations limited to emerging markets (Tunisia, Equatorial Guinea, Gabon, and South Africa). Our voting policy stipulates a vote against the Chair of the Board if an oil and gas company does not meet benchmarks covering targets and decarbonisation strategy, which the company did not meet.

In early 2024, we met with Panoro Energy to inform our voting at the company's AGM, considering just transition principles. We met the CEO, CFO, and other directors, and discussed the company's plans for reducing methane flaring and fugitive emissions, and for emission reduction targets.

We supported the Chair's re-election in 2024 and communicated our expectations to retain our support in 2025 including the adoption of targets for Scope 1 and 2 emissions reductions, and disclosure of Scope 3 Category 11 (Use of Product Sold) emissions.

We were pleased to see the new targets and disclosures in Panoro Energy's 2025 sustainability report. Specifically, the company is targeting a 50% reduction in Scope 1 and 2 emissions intensity by 2030, estimating that this will decrease absolute Scope 1 and 2 emissions by 31%. Given this successful engagement, we supported the Chair's re-election in 2025.

We are continuing to engage to communicate our longer-term expectations and will continue to vote in line with just transition principles.

## **Just Transition in Capital Allocation – Sustainable housing in Cambridge**

The Border to Coast UK Real Estate Main Fund has committed more than £70 million of Partner Fund capital to fund the construction of 139 high-quality single-family rental units in Springstead Village, a suburb of Cambridge.

The units are split across 93 homes and 46 apartments being developed by Bellway. This forms part of a wider masterplan of 1,200 residential dwellings, primary and secondary schools, a market square with shops and community buildings, green spaces, allotments, and associated infrastructure.

The development has been designed as a sustainable, pedestrian-friendly and cycle-friendly neighbourhood, and was developed using extensive engagement with local people through a range of projects, discussions and workshop-style meetings.

The homes will be gas free and feature Air Source Heat Pumps, and are designed to target EPC B, which ensures the properties are future proofed against minimum energy efficiency standards. All car spaces are fitted with EV charging points.

Home ownership challenges are particularly acute in Cambridge, with 27% of households renting versus the UK average of 18%.

Through funding these high-quality homes, Border to Coast is facilitating a wider placemaking community scheme targeted to families that are presently struggling to get on the housing ladder. The scheme's high energy efficiency standards mean these homes are also cheaper to run, reducing bills and contributing to reducing the cost of living.