

Review of fossil fuel exposure



Quantifying the Fund's holdings as at 30 September 2021

Summary

- Each of the Fund's managers were asked to provide a full breakdown of the Fund's exposure to oil, gas and coal, noting that we were looking to establish the extent to which the Fund is invested in debt or equity of a firm which produces, extracts or explores for oil, gas or coal as a material part of its business model; or, where the fund has any synthetic exposure to the same.
- Notably, each of the Fund's managers showed awareness of the importance of these issues to the Fund, and to UK pension funds in general. Each manager was open and transparent in their data provision.
- The Fund's exposure to fossil fuels – as measured by investment in physical or synthetic debt or equity of a firm which produces, extracts, or explores for oil, gas, or coal as a material part of its business model – is **c.1.2% of Fund value, or c.£17.7m** as at 30 September 2021.
 - This compares to the Divest Enfield press release figure as at 31 December 2020 of 2.6%, or £30.0m
 - A number of the Fund's managers have zero exposure.
 - A breakdown of the exposure between asset classes is shown in the table on the following page.
- The Pension Policy & Investment Committee will continue to monitor the Fund's fossil fuel exposure on a regular basis. Furthermore, as part of the implementation of the revised investment strategy which the Committee have recently agreed to, the Committee will have the ability to identify opportunities and integrate Environmental, Social and Governance views within a range of areas.

Prepared for: London Borough of Enfield Pension Fund ("the Fund")

Prepared by: Aon

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Fund fossil fuel data



Fossil fuel exposure

The table below summarises the exposure of the Fund to oil, gas and coal in various asset classes.

Q3 2021	Market Value (£m)	Percentage (%)	Fossil fuel exposure (%)	Fossil fuel exposure (£m)
Equities	660.0	44.0	0.9%	5.7
Private Equity*	109.6	7.3	2.4%	2.6
Hedge Funds**	63.7	4.2	5.6%	3.6
UK Property	83.6	5.6	-	-
PFI & Infrastructure	72.6	4.8	-	-
Bonds	287.4	19.2	2.0%	5.9
Inflation protecting illiquids	119.7	8.0	-	-
Cash	104.0	6.9	-	-
Total Assets	1500.4	100.0	1.2%	17.7

*includes data as at 30 June 2021, as 30 September 2021 data not available at time of writing.

**where the funds have long and short positions, figures only consider long positions

Were there any limitations?

The Fund's private equity manager were unable to provide data as at 30 September 2021 as this information was not available at time of writing. We have therefore used lagged information as at 30 June 2021 for this mandate.

There may be companies that some managers have included in their 'fossil fuel' subset that may not be directly affiliated with oil, gas or coal production, extraction or exploration as a material part of its business model. We have avoided removing any of these companies from the underlying manager data to minimise any risk involved in manipulation of data, however acknowledge this is a limitation.

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