

London Borough of Enfield

**PENSION POLICY AND INVESTMENT COMMITTEE**

**Meeting Date: 31 March 2022**

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**Subject:** Fossil Fuel Exposure Report as at 31<sup>st</sup> December 2021

**Cabinet Member:** Cllr Maguire

**Executive Director:** Fay Hammond

**Key Decision:** [ ]

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**Purpose of Report**

1. This report informs Members, the Pension Fund exposure to fossil fuel as at 31 December 2021 comparing this outcome to the 31 March 2021 fossil fuel exposure analysis carried out by the Fund Investment Consultant (Aon).
2. The Pension Fund Regulations require that the Council establishes arrangements for monitoring the investments of the Fund. It considers the activities of the investment managers and ensures that proper advice is obtained on investment issues.

**Proposal(s)**

3. Pension Policy and Investments Committee are recommended to note the contents of this report and the attached Appendix 1.

**Reason for Proposal(s)**

4. The report informs the Pension Policy and investment Committee of the overall fossil fuel exposure of the Enfield Pension Fund as at 31<sup>st</sup> December 2021.

**5. Relevance to the Council's Corporate Plan**

6. Good homes in well-connected neighbourhoods.
7. Build our Economy to create a thriving place.
8. Sustain Strong and healthy Communities.

**Background**

9. Aon was commissioned to analyse the exposure to fossil fuels (in % and £ terms) at mandate and aggregate level. It is understandable that there might

be some mandates, who would have zero exposure as a function of their investment process and philosophy, whilst other mandates may have greater-than-benchmark exposure.

10. To do this work, Aon liaise with the Fund's managers to provide them with the relevant data (intention being to have a comparable and consistent basis). The information was then reviewed for comparability and any gaps, providing this to the Committee with a reasonable summary in aggregate.
11. Aon will further discuss the process, findings of this work with the Committee at this meeting.

### **Workforce Implications**

12. The employer's contribution is a significant element of the Council's budget and consequently any improvement in investment performance will allow the Council to meet this obligation easily and could also make resources available for other corporate priorities.

### **Property Implications**

13. None

### **Other Implications**

14. None

### **Options Considered**

15. There are no alternative options.

### **Conclusion**

16. 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 – was c.0.9% of Fund value, or c.£13.7m as at 31 December 2021.
17. This is slightly higher in money terms than the exposure as at 31 March 2021 of 0.9%, or £13.1m in sterling terms, but much lower than the exposure reported at the end of September 2021; that was about 1.2% of total Fund value, or £17.7m.
18. As expected, a number of the Fund's managers have zero exposure.

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Date of report 14<sup>th</sup> March 2022

**Appendices**

Appendix 1 – Enfield Pension Fund Exposure to fossil fuels as at 31 December 2021

**Background Papers**

None