

Review of fossil fuel exposure



Quantifying the Fund's holdings as at 31 December 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.0.9% of Fund value**, or **c.£13.7m** as at 31 December 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

Date: 14 February 2022

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.

Q4 2021	Market Value (£m)	Percentage (%)	Fossil fuel exposure (%)	Fossil fuel exposure (£m)
Equities	687.6	44.3	0.7%	4.6
Private Equity*	110.4	7.1	2.4%	2.6
Hedge Funds**	62.9	4.1	5.4%	3.4
UK Property	90.1	5.8	-	-
PFI & Infrastructure	70.8	4.6	-	-
Bonds	341.2	22.0	0.9%	3.1
Inflation protecting illiquids	121.9	7.9	-	-
Cash	66.4	4.3	-	-
Total Assets	1551.3	100.0	0.9%	13.7

*Data as at 30 September 2021, as 31 December 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 was unable to provide data as at 31 December 2021 as this information was not available at time of writing. We have therefore used lagged information as at 30 September 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.

Daniel Carpenter
Associate Partner
0207 086 9043
daniel.carpenter@aon.com

Max Meikle
Investment Consultant
0207 086 1042
Max.meikle.2@aon.com

Jennifer O'Neill
Associate Partner –
Responsible Investment
0131 456 3034
jennifer.oneill.2@aon.com

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

Copyright © 2022 Aon Solutions UK Limited. All rights reserved. aon.com. Aon Solutions UK Limited is authorised and regulated by the Financial Conduct Authority. Registered in England & Wales No. 4396810. Registered office: The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN. This document and any enclosures or attachments are prepared on the understanding that they are solely for the benefit of the addressee(s). Unless we provide express prior written consent no part of this document should be reproduced, distributed or communicated to anyone else and, in providing this document, we do not accept or assume any responsibility for any other purpose or to anyone other than the addressee(s) of this document. In this context, “we” includes any Aon Scheme Actuary appointed by you. To protect the confidential and proprietary information included in this document, it may not be disclosed or provided to any third parties without the prior written consent of Aon Solutions UK Limited.

Disclaimer

This document and any enclosures or attachments are prepared on the understanding that it is solely for the benefit of the addressee(s). Unless we provide express prior written consent, no part of this document should be reproduced, distributed or communicated to anyone else and, in providing this document, we do not accept or assume any responsibility for any other purpose or to anyone other than the addressee(s) of this document. Notwithstanding the level of skill and care used in conducting due diligence into any organisation that is the subject of a rating in this document, it is not always possible to detect the negligence, fraud, or other misconduct of the organisation being assessed or any weaknesses in that organisation's systems and controls or operations.

This document and any due diligence conducted is based upon information available to us at the date of this document and takes no account of subsequent developments. In preparing this document we may have relied upon data supplied to us by third parties (including those that are the subject of due diligence) and therefore no warranty or guarantee of accuracy or completeness is provided. We cannot be held accountable for any error, omission or misrepresentation of any data provided to us by third parties (including those that are the subject of due diligence). This document is not intended by us to form a basis of any decision by any third party to do or omit to do anything.

Any opinions or assumptions in this document have been derived by us through a blend of economic theory, historical analysis and/or other sources. Any opinion or assumption may contain elements of subjective judgement and are not intended to imply, nor should be interpreted as conveying, any form of guarantee or assurance by us of any future performance. Views are derived from our research process and it should be noted in particular that we can not research legal, regulatory, administrative or accounting procedures and accordingly make no warranty and accept no responsibility for consequences arising from relying on this document in this regard. Calculations may be derived from our proprietary models in use at that time. Models may be based on historical analysis of data and other methodologies and we may have incorporated their subjective judgement to complement such data as is available. It should be noted that models may change over time and they should not be relied upon to capture future uncertainty or events.

Aon Solutions UK Limited's Delegated Consulting Services (DCS) in the UK are managed by Aon Investments Limited, a wholly owned subsidiary, which is authorised and regulated by the Financial Conduct Authority.

