

# Review of fossil fuel exposure



Quantifying the Fund's holdings as at 30 June 2022

## 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.1.8% of Fund value**, or **c.£26.4m** as at 30 June 2022.
  - 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: 30 June 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.

Q2 2022	Market Value (£m)	Percentage (%)	Fossil fuel exposure (%)	Fossil fuel exposure (£m)
<b>Equities</b>	<b>595.8</b>	<b>41.0</b>	<b>1.9</b>	<b>11.1</b>
Private Equity*	121.3	8.3	2.8	3.4
Hedge Funds**	70.7	4.9	8.1	5.7
UK Property	96.7	6.6	-	-
PFI & Infrastructure	72.5	5.0	-	-
<b>Bonds</b>	<b>299.9</b>	<b>20.6</b>	<b>2.1</b>	<b>6.2</b>
Inflation protecting illiquids	115.7	8.0	-	-
Cash	82.0	5.6	-	-
<b>Total Assets</b>	<b>1454.7</b>	<b>100.0</b>	<b>1.8%</b>	<b>26.4</b>

\*Data as at 31 March 2022, as 30 June 2022 data not available at time of writing.

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

### Were there any limitations?

Due to the limited sector breakdown available to us, for the PIMCO holdings within the LCIV MAC fund ("Bonds") we have included all companies within the energy sector, although this is likely to be overestimating the exposure to fossil fuels. This has led to a substantial increase in reported exposure of the LCIV MAC fund from 2.4% as at 31 March 2022 to 9.7% as at June 2022.

Elsewhere within the Fund's Bond holdings, there was some omission of data reported due to difficulty in categorisation of certain underlying securities, however this had a negligible impact on the asset class's fossil fuel exposure.

The Fund's private equity manager was unable to provide data as at 30 June 2022 as this information was not available at time of writing. We have therefore used lagged information as at 31 March 2022 for this mandate.

Finally there may be companies that some managers have included in their 'fossil fuel' subset that are not directly affiliated with oil, gas or coal production, extraction or exploration as a material part of its business model. We have avoided manipulation of the data provided by the underlying manager data to minimise risk involved in production of the report.



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