QUESTION 1:

The Surrey Pension Fund has significant investments in climate changing fossil fuel companies.

Please would you confirm; 1) the total value of those investments, and 2) the value of those investments in BP and Shell specifically.

Submitted by Steve McDonald, 29 January 2018

RESPONSE:

The total value of investments in fossil fuel companies, including those in BP PLC and Royal Dutch Shell PLC are outlined below:

Fossil Fuel Companies	Value of Investments as at 31 Dec 2017
British Petroleum PLC (BP)	£54,308,883
Royal Dutch Shell PLC (Shell)	£61,395,653
ConocoPhillips	£5,753,105
Diamond Offshore Drilling	£656,642
Ensco PLC	£2,378,954
Oceaneering International	£585,388
Tullow Oil	£3,839,134
Wood Group	£1,032,166
Grand Total	£129,949,924

QUESTION 2:

Do the Committee members recognise that 'business as usual' is what has led to the potentially catastrophic situation humanity finds itself in now and that a new attitude to investment, particularly in fossil fuels, is needed to avert disaster?

Submitted by Irene Ridgeon, 29 January 2018

RESPONSE:

The Surrey Pension Fund is proactive in its approach to the monitoring of climate change related assets.

It is a founder member of the national Border to Coast Pensions Partnership (BCPP), a collaboration of twelve Local Government Pensions Schemes (LGPS) that will pool together its funds to form a £42bn national investment pool. BCPP has recently approved its own Responsible Investment policy which, in turn, was approved by the Surrey Pension Fund Committee at its meeting on 10 November 2017.

As part of its Responsible Investment policy setting, BCPP will actively consider how climate change, the shifting regulatory environment and potential macro-economic impact will affect its investments.

In addition to this the Fund engages with a wide range of companies (including oil companies) through its association with the Local Authority Pension Fund Forum (LAPFF) in order to influence climate change policy and actions that will improve future impacts on the environment.

The LAPFF's approach to high carbon extractive companies is to promote the restriction of capital expenditure on high cost resource extraction and the return of additional cash generated to shareholders. Engagement also encompasses companies in other sectors, including European and US companies from the aviation and automobile sector, including exploration of the impact of new technology, and for the automobile sector looking particularly at the pace of the transition to electric and autonomous vehicles. The leverage effect of collaborative engagement on companies' carbon management proved very productive during 2016 and 2017.

At its meeting on 10 November 2017, the Pension Fund Committee considered the recommendation of the Surrey Local Pension Board to establish the Pension Fund's exposure to climate change and carbon risk through the commissioning of a carbon audit of the Fund's portfolios.

As a result of this Local Board recommendation officers have approached providers who specialise in establishing exposure to the carbon footprint of investment portfolios.

Measuring emissions and climate risks in the portfolio will allow the Fund to establish a base of data from which to examine its investment assumptions and test investment processes.

QUESTION 3:

'To ask the Committee what is their future investment strategy in relation to fossil fuel companies, bearing in mind:

(i) the major contribution which fossil fuels are making towards the highly damaging increase in global temperatures, and the responsibility which each one of us has for reducing the impact so far as we can;

(ii) the very large amounts being spent by the fossil fuel companies in searching for further deposits, despite the fact that the majority of known reserves will be stranded and left in the ground if the increase in global temperatures is to be limited to 2 degrees Celsius above pre-industrial levels, let alone limited to1 ½ degrees above them, as was agreed in the UN climate talks in Paris in December 2015;

(iii) the increasing number of pension funds, both in the United Kingdom and world wide, wealth funds, universities, churches and so on who are divesting from fossil fuel companies; and

(iv) the increasing recognition that investment in fossil fuel companies is not required in order to meet the fiduciary duties of pension fund trustees.

Submitted by Leonard Beighton, 29 January 2018

RESPONSE

We refer Mr Beighton to our earlier response to Ms Ridgeon.

In particular we would reiterate that officers have approached providers who specialise in establishing exposure to the carbon footprint of investment portfolios.

Measuring emissions and climate risks in the portfolio will allow the Fund to establish a base of data from which to examine its investment assumptions and test investment processes.

QUESTION 4:

New York City has recently announced that it is moving forward with a full divestment from fossil fuels. The City's five pension funds, with a combined total of $ 191 billion, will divest $ 5 billion in securities from over 100 fossil fuel reserve owners.

The Local Government Pension Scheme of Merseyside Council has just announced that it is divesting. The Local Government Pension Scheme of Southwark Council has also done the same.

Why does the Surrey Pension Fund ignore what the overwhelming body of science is telling us and nature is showing us and not immediately start the divestment process?

Submitted by Peter Horitz, 31 January 2018

RESPONSE:

We refer Mr Horitz to our earlier responses to Ms Ridgeon and Mr Beighton.

In particular we would emphasise the Fund's current work to establish the carbon footprint of the portfolio to inform any future strategic asset allocation decisions.

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