MINUTES of the meeting of the **SURREY PENSION FUND COMMITTEE** held at 10.00 am on 8 June 2018 at Members Conference Room, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its next meeting.

Elected Members:

* Mr Tim Evans (Chairman)
* Mr Ben Carasco (Vice-Chairman)
* Ms Ayesha Azad
* Mr John Beckett
* Mr David Mansfield
* Mrs Hazel Watson

Ex officio Members:

Mr David Hodge CBE, Leader of the Council
Mr Peter Martin, Chairman of the Council

Co-opted Members:

* Margaret Janes, Employers
* Philip Walker, Employees
* District Councillor Tony Elias

26/18 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

There were no apologies received.

27/18 MINUTES OF THE PREVIOUS MEETING 26 MARCH 2018 [Item 2]

The Minutes were approved as an accurate record of the previous meeting.

28/18 DECLARATIONS OF INTEREST [Item 3]

There were none.

29/18 QUESTIONS AND PETITIONS [Item 4]

1. Members of the public noted the response to questions submitted which are attached to the minutes as **Annex 1**. The questioners asked the following supplementary questions in response:

    a. *Cllr Jonathan Essex, on behalf of Sarah Finch:* Please can the Committee request the LAPFF to confirm what transition plans exist for oil and gas investments to a 1.5° warming scenario and provide evidence that this approach has delivered a reduction in carbon exposure to date.

b. *Question By Sally Elias:* It was noted that other comparable funds and organisations were looking at disinvestment in fossil fuels. Does the Surrey Pension Fund invest in Suncor with its tar sands interests and what does it take to convince the Committee to take your funds out of such an environmentally damaging business?

c. *Question by Vicki Elcoate:* I understand that Surrey CC Pension fund has over £45m invested in BP. Are Pension Fund members aware that BP holds nearly a 20% stake in Russian state oil company Rosneft and sits on its board? This is despite the Russian oil giant having one of the world's worst records on safety and spills. It also no longer seems very sound in terms of investment to have your pension fund associated with the Russian regime. What does it take to convince the Board that the fossil fuel business involves dirty money and it's time to get out?

d. *Question by Janet Baker on behalf of Pat Horitz:*

On the question of fiduciary responsibility, would the SPF committee bear in mind that the increasing support for moving investments out of fossil fuels and into Socially Responsible Investments and that investment in SRIs is bringing healthy returns capable of outperforming conventional investments?

e. *Question by Stephen McDonald:* I referred firstly to an extract from a LAPFF report produced in conjunction with Carbon Tracker which states in its' introduction, "most oil companies seem to plan their business on the assumption that the action on climate change needed to deliver a 2deg C scenario will not emerge in the foreseeable future"

I added, "the SPF know this only too well as the Shell website reveals some 21 new fossil fuel extraction projects supported by c. £ 60 million of Surrey Pension Fund investments"

My question was, "If we assume that the Pension Fund Trustees supported by a range of different Pension professionals are aware of the outcomes of their investment decisions, could the committee tell me what is the environmental outcome of the £ 130 million currently invested in the fossil fuel industry?"

It would make the point that an environmental outcome would be expressed in environmental terms; temperature, flooding, extreme weather events, sea level rise, ecosystem breakdown etc.

This question was not answered in section 4 of the meeting (questions and petitions) and was referred forward to the carbon asset exposure review section. Nor was it answered in

this section.

It was noted that a response to these supplementary questions would be provided in writing after the meeting and attached to the minutes as **Annex 2**.

30/18 FORWARD PLAN AND ACTION TRACKING [Item 5]

Declarations of interest:

None

Witnesses:

Neil Mason, Head of Pensions
Richard Plummer, Democratic Services Officer

Key points raised during the discussion:

1. Members noted and approved the forward plan and action tracker.

31/18 PENSION FUND BUSINESS PLAN 2017/18: OUTTURN REPORT [Item 6]

Declarations of interest:

None

Witnesses:

Neil Mason, Head of Pensions

Key points raised during the discussion:

1. Members noted the report and provided their congratulations to the pensions team for their achievements and progress on the Business Plan objectives.

Resolved:

That the Committee:

1. Noted the achievements and progress made with regard to the Business Plan objectives shown in Annex 1 in respect of the 2017/18 financial year.

32/18 CARBON ASSET EXPOSURE REVIEW [Item 7]

Declarations of interest:

None

Witnesses:
Neil Mason, Head of Pensions
Neil McIndoe, Trucost
Yohan Hill, Trucost

Key points raised during the discussion:

1. Officers introduced the report and a presentation with representatives from Trucost was given to provide the committee a breakdown of the carbon asset exposure of the fund.

2. The representatives from Trucost explained that they had undertaken similar benchmarking work with 20 other Local Government Pension Schemes (LGPS) to ascertain the risk of climate change and carbon related assets. It was noted that all data used was within two years of the current date to ensure relevance.

3. Members questioned how Trucost calculated the carbon footprint of organisations in which the Fund invests. Trucost representatives explained that emission rates disclosed by companies were used in calculations, but noted that in cases where data were not available, rates were modelled using well established methodology.

4. Members asked whether the carbon footprint of the final product of oil and gas companies was included as part of the footprint. Trucost representatives noted that this was not included but that the use of the end product was included in other company footprints.

5. It was noted that oil, gas and materials companies in which the Surrey Pension Fund invests a significant carbon apportionment in the Fund's investments.

6. Members queried whether the information presented by Trucost regarding carbon footprint impact could be analysed alongside the performance of investments. Officers noted that this comparison would be included as part of future Investment Manager Reports to the Committee to allow analysis and to determine the appropriateness of the investments.

7. Members questioned benchmarks relating to investment in high carbon footprint industries and whether there was a potential for increasing the thresholds for benchmarks to reduce investments in high carbon footprint assets. Advisors noted that the Fund could employ different benchmarks to encourage this that the service could employ.

Resolved:

That the Pension Fund Committee:

1. Noted the report

33/18 EQUITY STRATEGY REVIEW [Item 8]

Declarations of interest:

None

Witnesses:
Neil Mason, Head of Pensions
Steve Mitchell, Mercer
Anthony Fletcher, Allenbridge

Key points raised during the discussion:

1. Advisors noted that the Committee was required to review the balance between Global and UK equities, the allocation to RAFI and consider investments in low carbon assets and any potential changes to the balance between active and passive investments.

2. Advisors suggested that the balance between active and passive investments should remain unchanged. It was noted that the weighting between active and passive was similar in Surrey to other comparable LGPS's.

3. Advisors and officers explained that the transfer of assets to the Border to Coast Pensions Partnership (BCPP) made an equity strategy review timely and that it was important for the Fund to consider long term strategy before transfer.

4. It was noted that UK equities were heavily weighted towards oil and gas companies and that stock concentration was significantly higher in UK equities than in global equities. Advisors noted that there was a proposal to reduce UK equities to 20% of the allocation. It was also suggested that the allocation would be actively managed by the BCPP. Advisors noted that there was an agreement that UK equities should be actively managed to maximise returns.

5. Advisors highlighted that MSCI Low Carbon Target Index was the preferred low carbon index.

6. Advisors suggested that Trucost could undertake a peer analysis of comparable LGPS funds to ascertain their investment in low carbon assets and gain an indication on where the Surrey fund is in comparison with these.

7. Members noted that the Fund could work to guide the BCPP towards investment in low carbon assets by highlighting the issue as a key priority for the fund.

8. Members questioned advisors on equity protection and whether the next steps were appropriate. Officers noted that the triggers were in place and advisors suggested that protection be proceeded to stage three. It was stressed that there was a continued strong rationale for equity protection.

Resolved:

That the Pension Fund Committee:

1. Approved the reduction in UK equities in the portfolio from the current 46% to 20%, all in the active portion of the portfolio.

2. Retained the current balance in the equity portfolio of 38% passive and 62% active.

3. Approved the balance within the passive portfolio to be 16% global RAFI, 16% MSCI Global Low Carbon Target Index and 6% emerging markets.

4. Approved further work for officers, Mercer and the Independent Advisor to consider the appropriate balance of the active global/regional element of the equity portfolio and negotiate with BCPP to enable this asset mix to be realised through the BCPP global or regional sub fund offerings.

5. Noted the progress on the downside equity protection strategy.

34/18 INVESTMENT MANAGER ISSUES AND PERFORMANCE AND ASSET/LIABILITIES UPDATE [Item 9]

Declarations of interest:

None

Witnesses:
Neil Mason, Head of Pensions
Steve Mitchell, Mercer
Anthony Fletcher, Allenbridge
Sheila Little, Head of Finance

Key points raised in the discussion:

1. Advisors noted that there were concerns with the performance of Aviva and that the stated objective of 4% performance levels was unlikely to be accomplished. Aviva to be put on watch for the foreseeable future.

2. Officers explained that they required power of attorney from the committee to act in the repatriation of Taiwanese Dollars (NTD) and such power required the authorisation of the Pension Fund Committee.

3. Members questioned whether the service would review other overseas positions. Officers noted that the Fund team was discussing this issue with the custodian and that an update would be brought back to the Committee when this was concluded.

Resolved:

That the Pension Fund Committee:

1. Noted the report.

2. Authorised the Power of Attorney for Deloitte (Taiwan) to act on the Surrey Fund's behalf as a tax agent in Taiwan and where appropriate in facilitating the repatriation of funds.

35/18 INVESTMENT STRATEGY REVIEW AND STATEMENT [Item 10]

Declarations of interest:

None

Witnesses:
Neil Mason, Head of Pensions
Steve Mitchell, Mercer
Anthony Fletcher, Allenbridge
Sheila Little, Head of Finance

Key points raised in the discussion:

1. Members made note of the Investment Strategy Statement and made no additional comments. It was noted prior to the meeting that there were no changes to the statement since the last review.

Resolved:

That the Pension Fund Committee:

1. Noted the latest Investment Strategy Statement.

36/18 CASHFLOW ANALYSIS [Item 11]

Declarations of interest:

None

Witnesses:
Neil Mason, Head of Pensions
Steve Mitchell, Mercer
Anthony Fletcher, Allenbridge
Sheila Little, Head of Finance

Key points raised in the discussion:

1. Members questioned the Quarter 3/4 total contributions and why they had significantly increased. Officers explained that the income management team had performed a reconciliation of contribution balances whereby they allocated cash to appropriate months had not been undertaken in the previous quarters. It was also suggested that an additional reason for the high increase was as a result of some employers paying the deficit contribution at the year-end.

2. Officers noted that they would bring quarterly reviews to the Committee to aid in the review of trends.

Resolved:

That the Pension Fund Committee:

1. Noted the cash-flow position for quarters three and four.

37/18 PENSION FUND INTERNALLY MANAGED CASH STRATEGY [Item 12]

Declarations of interest:

None

Witnesses:
Neil Mason, Head of Pensions
Steve Mitchell, Mercer
Anthony Fletcher, Allenbridge
Sheila Little, Head of Finance

Key points raised in the discussion:

1. Officers highlighted the report, noting that unutilised cash could be better used by fund managers to yield greater return. It was proposed that the fund set up a collar for future investments of around £20 million. Officers noted that they would seek advice as to where to invest any cash that was outside of the £20 million collar.

Resolved:

That the Pension Fund Committee:

1. Approved the Pension Fund Internally Managed Cash Strategy

2. Will review the strategy on quarterly basis.

38/18 LOCAL PENSION BOARD REPORT [Item 13]

Declarations of interest:

None

Witnesses:
Neil Mason, Head of Pensions
Graham Ellwood, Vice-Chair Surrey Local Pension Board

Key points raised in the discussion:

1. The Vice-Chairman of the Board explained that the Board had noted that the administration performance had improved in the last quarter.

2. The Vice-Chairman of the Board noted with concern the administration and monitoring of members in danger of breaching the annual or

lifetime allowances and stressed that the Board would be working to address this in future. Officers noted that this was becoming a national issue and that, while it was the individual's responsibility to resolve, that appropriate information should be provided to help resolve the issue.

3. The Vice-Chairman of the Board noted that the Board would be working with officers on 50/50 schemes to work on how to better publicise these schemes to members of the fund as an option.

4. Members questioned whether the Board had identified whether there were any substantial gaps in the CIPFA benchmarking report. Officers noted that this report undertook administrative benchmarking and that few other funds participated in this, limiting the level of results.

5. Officers explained that there were recommended changes to the risk register which were highlighted in the Board report, which would be implemented by the service.

Resolved:

That the Pension Fund Committee:

1. Approved the recommendations from the Local Pension Board in regard to the Administration Performance Report.

2. Approved the recommendations from the Local Pension Board in regard to the Risk Registers.

39/18 CORPORATE GOVERNANCE SHARE VOTING [Item 14]

Declarations of interest:

None

Witnesses:
Neil Mason, Head of Pensions
Steve Mitchell, Mercer
Anthony Fletcher, Allenbridge
Sheila Little, Head of Finance

Key points raised in the discussion:

1. Officers and advisors introduced the report, noting that there were no significant updates from the previous report presented to the Committee. There were no additional comments by Members.

Resolved:

That the Pension Fund Committee:

1. Noted the report.

40/18 EXCLUSION OF THE PUBLIC [Item 15]

Resolved: That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act.

PART TWO – IN PRIVATE

41/18 NATIONAL POOLING UPDATE [Item 16]

Declarations of interest:

None

Witnesses:
John Harrison, Border to Coast Partnership

Key points raised during the discussion:

1. A discussion was held between representatives of the Border to Coast Partnership and the Committee regarding the future transition of the Surrey Pension Fund portfolio to the BCPP and the conditions that were required relating to this transfer.

Resolved:

That the Committee:

1. Noted the report.

2. Approved in principle, the transition of the UK equity portion of the Surrey Pension Fund portfolio to the Border to Coast Pensions Partnership (BCPP) national pool when it has been established, assuming that the “necessary conditions” of governance have been satisfied.

3. Approved the delegation of authority to the Director of Finance (Section 151 officer), in consultation with the Chairman of the Pension Fund Committee, to transition the UK equity portion of the Surrey Pension Fund portfolio to the BCPP, assuming that the “necessary conditions” of governance have been satisfied.

42/18 PUBLICITY OF PART 2 ITEMS [Item 17]

The Committee concluded that the items referred to in the Part Two annex should not be made available to the public at this time.

43/18 DATE OF NEXT MEETING [Item 18]

The date of the meeting was NOTED.

Meeting ended at: 1.37 pm

Chairman

This page is intentionally left blank

1. **Question Submitted by Sarah Finch – 07/05/2018**

   The Local Authority Pension Fund Forum, of which the SPF is a member, has previously stated that the best way to influence the reduction in fossil fuel extraction is by engagement with those companies who operate in this business. I am concerned that the evidence does not support this view.

   RESPONSE:
   For companies in all sectors, the Local Authority Pension Fund Forum (LAPFF) continues to press for alignment of business models with a 1.5 to 2°C scenario, and to push for an orderly low carbon transition, with an initial time horizon of 2020.

   The LAPFF recognises the issue of stranded assets and continued fossil fuel extraction as a collective investment risk for all asset owners and as an engagement and policy priority.

   For oil and gas companies, an important engagement and voting focus is the restriction of capital expenditure (capex) on high cost resource extraction and promotion of the return of any additional cash generated to shareholders.

   For companies with coal operations, no new resources should be exploited. Collaborative engagement with UK-listed integrated miners, Rio Tinto, Anglo-American and Glencore continues, following the strategic resilience resolutions passed at 2016 AGMs, for which a number of member funds were co-filers.

   Monitoring of progress and outcomes includes LAPFF's participation in the Transition Pathway Initiative, which aids understanding of where companies are placed in the transition to a low carbon economy and their competence to manage this transition.

   LAPFF supports the recommendations of the Financial Stability Board's (FSB) Task Force on Climate Disclosure (TFCD) report and considers all market participants should be encouraged to aim for full implementation. The LAPFF has long promoted mandatory climate risk reporting. The mechanism for this is already in place under the Companies Act requirements for companies to report financially material risks in their annual report. LAPFF has also suggested that in positioning themselves for the required low carbon future, companies should disclose a transition plan.

   Recently the LAPFF has partnered with the '50-50' initiative to engage with companies on climate risk and encourage climate resilience planning.

   In conclusion, as shown above, we believe that engagement continues to be an effective and appropriate approach to reducing carbon exposure.

2. **Question Submitted by Barry Staff – 02/05/2018**

   Do those members of the committee who were democratically elected through local elections feel that they have a moral and ethical responsibility to their electorate to stop investing in fossil fuels, the use of which is the overwhelming cause of devastating global heating?

   RESPONSE:

   The 2016 Investment Regulations sets out the following key elements that must guide an administering authority's responsible investment policy:-

Page 13

- Schemes should make the pursuit of a financial return their predominant concern;
- Schemes should consider any factors that are financially material to the performance of their investments, including social, environmental and corporate governance factors;
- They may also take purely non-financial considerations into account provided that doing so would not involves significant risk of financial detriment to the fund and where they have good reason to think that scheme members would support their decision.

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

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 a carbon footprint audit has been carried out, the results of which will be presented at the meeting of 8 June 2018.A summary of the results of this audit show that the Surrey Pension Fund equity portfolio has a lower carbon footprint than its benchmark.

Further to this the committee will continue to consider further mitigating its carbon footprint, while remaining consistent with its statutory obligations.

3. **Question Submitted by Sally Elias – 09/05/2018**

Why will the SPF committee not follow the logical and ethical examples of other investment funds in the UK and around the world, who are increasingly divesting from fossil fuels?

RESPONSE:

Refer to the answer given to Barry Staff

4. **Question Submitted by Vicky Elcote – 21/05/2018**

I would like to know why the committee continues to invest very large sums of pension funds (£ 130 million as reported at the meeting of 09 Feb) in 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.

RESPONSE:

Refer to the answer given to Barry Staff

5. **Question Submitted by Stephen McDonald – 24/05/2018**

Please could the Committee explain to me how they justify continued pension fund investment investment into fossil fuels, particularly as we know that 1) There is no

Page 14

legal barrier to divestment and 2) it is well known and understood that fossil fuel investments are not required in order to provide strong returns for pension members

RESPONSE:

Refer to the answer given to Barry Staff

6. **Question Submitted by Pat Horitz – 25/05/2018**

What is the committee's future investment strategy in relation to fossil fuel companies, bearing in mind the major contribution fossil fuels are making towards the highly damaging increase in global temperatures, and the responsibility each one of us has for reducing the impact as far as we can?

RESPONSE:

Refer to the answer given to Barry Staff

Page 15

This page is intentionally left blank

Supplementary questions submitted on 8 June 2018

1. *Cllr Jonathan Essex submitted by on behalf of Sarah Finch:* Please can the Committee request the LAPFF confirm what transition plans exist for oil and gas investments to a 1.5C warming scenario and provide evidence that this approach has delivered a reduction in carbon exposure to date.

   RESPONSE from the LAPFF:

   "To date, few oil and gas companies have evidenced specific transition plans for a 1.5° warming scenario, the emphasis has been on first getting companies to present scenarios setting out their analysis, then pushing for them to stress test these. These are measures that a large body of institutional shareholders are willing to support.

   As an example, the shareholder resolutions at the 2015 AGMs of BP and Shell, co-filed by many LAPFF funds, asked the companies to set out the asset portfolio resilience to the International Energy Agency's (IEA's) scenarios including the '450 Scenario'. This was supported by nearly all shareholders. Engagement is now focussed on the IEA sustainable development scenario, issued in November 2017 which reduces CO_2 emissions in line with the objectives of the Paris agreement.

   The Forum considers that in positioning themselves for the required low carbon future, oil and gas companies should disclose a transition plan. This is promoted through engagement and voting recommendations to members. As an example, LAPFF issued voting alerts to member funds for the 2016, 2017 and 2018 Chevron AGMs supporting shareholder resolutions on the company adapting its business model and disclosing a strategic business transition plan to shareholders. However, fewer institutional shareholders are willing to support such resolutions and the most recent resolution only garnered 8% support.

   There is evidence for reduction in carbon exposure at a number of companies, but it is not clear that this can be directly linked to specific transition plans. However, statements by companies have indicated they are aware of the challenge and are taking certain steps, for example in November 2017, Shell issued an 'ambition' to cut the net carbon footprint of its energy products by around half by 2050. BP has a focus on nearer term targets, looking to keep its methane intensity at 0.2% capped at 0.3%. The issue of controlling methane emissions had been raised previously in engagement with the company, as of course the switch to gas from other non-renewable fuels is only climatically beneficial if leakages are sufficiently small.

   LAPFF is a member of the Climate Action 100+ initiative. One of the three goals of this initiative is to engage with companies to reduce emissions across the value chain.

   To enable member funds to tackle carbon risk exposure, LAPFF has issued a 'Climate Change Investment Policy Framework' to help guide their policy approach to current and future investment risks and opportunities that result from the impacts of climate change."

2

2. *Question submitted by Sally Elias:* It was noted that other comparable funds and organisations were looking at disinvestment in fossil fuels. Does the Surrey Pension Fund invest in Suncor with its tar sands interests and what does it take to convince the Committee to take your funds out of such an environmentally damaging business?

   RESPONSE:

   The Surrey Pension Fund currently invests c£6.5m in Suncor through its global portfolio with the Newton Global Equity Fund.

   Consistent with our ESG policy, the Fund believes that the best way to influence companies is through engagement; therefore the Surrey Pension Fund will not divest from companies principally on social, ethical or environmental reasons.

3. *Question submitted by Vicki Elcoate:* I understand that Surrey CC Pension fund has over £45m invested in BP. Are Pension Fund members aware that BP holds nearly a 20% stake in Russian state oil company Rosneft and sits on its board? This is despite the Russian oil giant having one of the world's worst records on safety and spills. It also no longer seems very sound in terms of investment to have your pension fund associated with the Russian regime. What does it take to convince the Board that the fossil fuel business involves dirty money and it's time to get out?

   RESPONSE:

   The Surrey Pension Fund's investment strategy is incorporated in its Investment Strategy Statement within the regulatory and legal context. This includes our ESG policy and the adoption of the Responsible Investment Policy (RIP) of Border to Coast Pensions Partnership (BCPP). The RIP of BCPP explicitly states the following approach:

   "The best way to influence companies is through engagement; therefore BCPP will not divest from companies principally on social, ethical or environmental reasons. As responsible investors, the approach taken will be to influence companies' governance standards, environmental, human rights and other policies by constructive shareholder engagement and the use of voting rights. The services of specialist providers may be used when necessary to identify issues of concern."

   In establishing these policies, both the Surrey Pension Fund Committee and BCPP have regard to the views of the Local Authority Pension Fund Forum and it remains our belief that divestment alone is a blunt tool that deprives investors of leverage to influence companies.

4. *Question submitted by Janet Baker on behalf of Pat Horitz:*On the question of fiduciary responsibility, would the SPF committee bear in mind that the increasing support for moving investments out of fossil fuels and into Socially Responsible Investments and that investment in SRIs is bringing healthy returns capable of outperforming conventional investments?

   RESPONSE:

   The Committee, with guidance from its investment consultant and independent advisor, is committed to investigate all viable investment options.

Under current consideration is a new investment to funds with a focus on sustainable or renewable energy.

5. *Question submitted by Stephen McDonald:* I referred firstly to an extract from a LAPFF report produced in conjunction with Carbon Tracker which states in its' introduction, "most oil companies seem to plan their business on the assumption that the action on climate change needed to deliver a 2deg C scenario will not emerge in the foreseeable future"

   I added, "the SPF know this only too well as the Shell website reveals some 21 new fossil fuel extraction projects supported by c. £ 60 million of Surrey Pension Fund investments"

   My question was, "If we assume that the Pension Fund Trustees supported by a range of different Pension professionals are aware of the outcomes of their investment decisions, could the committee tell me what is the environmental outcome of the £ 130 million currently invested in the fossil fuel industry?"

   It would make the point that an environmental outcome would be expressed in environmental terms; temperature, flooding, extreme weather events, sea level rise, ecosystem breakdown etc.

   This question was not answered in section 4 of the meeting (questions and petitions) and was referred forward to the carbon asset exposure review section. Nor was in answered in this section.

   RESPONSE:

   The Surrey Pension Fund does not believe it is possible to give a reliable and quantifiable answer within the terms of this question with specific reference to the Surrey Pension Fund's holdings.

   Environmental outcomes are not associated with a specific level of investment in one sector. These outcomes are linked to other sectors, including the transport and energy utility sectors as well as other high emitting industries such as steel and cement.

   However, you will be aware that a wider scoped carbon footprint audit was recently carried out and the Surrey Pension Fund continues to actively manage this risk through its portfolio.

This page is intentionally left blank