

SURREY PENSION FUND COMMITTEE – 8 FEBRUARY 2019

PROCEDURAL MATTERS – QUESTIONS

1. Question submitted by Chris Neill

As a Surrey resident concerned about climate change, I was shocked to discover that the Surrey Pension Fund has £145 million invested directly in the fossil fuel industry. At a time of serious climate emergency I find this very difficult to understand. It seems quite irrational. Please would you explain why you are persisting with such investments and in particular how you reconcile this approach with your responsibilities as public servants.

2. Question submitted by Stephen McDonald

150 species become extinct every single day as a resultant of our society's continued use of fossil fuels. This is just one statistic among many others that warn us of the rapidly approaching break down of our earth's ecosystems with the consequential horrendous effect it will have on our children and grandchildren.

The United Nations have told the world to make immediate and massive reductions in our FF usage, but the SPF still have well over £ 100 million invested in them, even after over three years of lobbying. We must take heed of what the UN says or, quite seriously, our world will be lost.

My passionate ask of you is please, for the sake of our future, why will you not take urgent steps to take all direct funds out of fossil fuels?

3. Question submitted by Pat Smith

The Universities Superannuation Scheme recently wrote, in response to a member's question:

- *The Ombudsman is saying that the benefit of members is generally their financial interest, but they are also recognizing that the interest is represented by members' views and moral issues. Thus, **the Ombudsman itself is recognizing that the strict financial approach to fiduciary duty is not a dogma**, and I agree with you that it could be leveraged to ask for a survey of members concerning climate change, cluster bombs, tobacco, etc.*
 - *I think that climate change (and other env-social issues with a long term material impact) may be leveraged to show that **USS is not taking into consideration the interest of future members but only the short term return for current members**.*
 - *But I believe that first and foremost **it's the case to dismantle the myth of fiduciary duty as purely financial**, which I think is already happening with the latest intervention of the law commission.*

How do you plan to change your interpretation of fiduciary duty and move towards rapid divestment from the fossil fuel industry?

4. Question submitted by Jonathan Roberts

The Surrey Pension Fund, in response to previous questions, has stated it supports engagement rather than divestment as a means to addressing climate change. Please could you provide details of the engagement strategy being pursued with Exxon, Shell, Total and BP with respect to the urgent climate crisis? What are your goals for this engagement process, what assessment has been made of their progress towards these goals and what action will you take if these goals are not met?

5. Question submitted by Jay Ginn

Since the fiduciary duty allows consideration of social and environmental issues as well as attention to performance and risk to members pensions, and given that financial experts have highlighted the risk of fossil fuel investments becoming stranded assets, as well as preventing the UK meeting its agreed carbon emission target, will the SCC now urgently commit to divestment from fossil fuels?

Engagement with oil companies has brought only trivial change, and I believe the majority of scheme members would support such divestment.

6. Question submitted by Leonard Beighton

In their recent statement the trustees said that consideration is given to environmental, social and governance issues 'where ever appropriate'. When is it not appropriate to take account of the catastrophic damage to the world's eco-systems which climate change will bring unless every effort to limit it is taken? Do the trustees accept that disinvestment from fossil fuel companies need not affect the financial performance of the fund and hence would not only meet the relevant ESG issues but be consistent with their fiduciary responsibilities.

COMBINED RESPONSE TO QUESTIONS RECEIVED:

Thank you for your questions, as set out in previous responses to public questions to this Committee, the Surrey Pension Fund's approach to the issue of climate change and engagement is set out in its Investment Strategy Statement which can be found, alongside other key policy documents, on the Surrey Pension Fund's website <http://www.surreypensionfund.org/client-area/news/the-surrey-pension-fund-and-esg-issues/>

The Surrey Pension Fund Committee regularly reviews its Investment Strategy Statement and an update to this is due to be considered and approved at the meeting today.

As questions on this matter have been asked at several other Surrey Pension Fund Committee meetings, I would also refer you back to the formal responses previously provided to public questions at these meetings.

Mr Tim Evans
Chairman of the Surrey Pension Fund Committee
8 February 2019