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SURREY COUNTY COUNCIL**PENSION FUND COMMITTEE****DATE: 23 SEPTEMBER 2022****LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR CORPORATE FINANCIAL & COMMERCIAL****SUBJECT: TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT****SUMMARY OF ISSUE:**

The Surrey Pension Fund Committee has committed to publishing a Task Force on Climate-related Financial Disclosures (TCFD) report annually. The report for the financial year 2021-22 can be found in Annexe 1.

RECOMMENDATIONS:

It is recommended that the Pension Fund Committee:

1. Approves the Surrey Pension Fund TCFD report for the financial year 2021-22.

REASON FOR RECOMMENDATIONS:

To continue the commitment of the Fund to publish a TCFD report.

BACKGROUND:

1. The Task Force on Climate-related Financial Disclosures is an industry-led initiative, created by the Financial Stability Board in December 2015. The aim of the TCFD is to develop voluntary, consistent, climate-related financial risk disclosures across a wide range of sectors, demonstrating the risk that climate change poses at a macro-economic level. This will then provide useful decision-making information for investors, lenders, insurers and other stakeholders. The disclosures enable organisations to identify and consider relevant information about material climate-related financial risks and opportunities that can have an impact on the decisions made by their stakeholders.
2. The recommendations are also applicable to asset owners and asset managers. As of October 2021, more than 2600 organisations globally had declared their support for the TCFD, representing a market capitalisation of over \$25 trillion [Source: 2021 Status Report] Since its launch, TCFD has become the de-facto climate framework for global regulators. In November 2020, the UK Chancellor of the Exchequer announced that in order to accelerate progress on climate risk disclosures, the UK will move towards mandatory TCFD reporting across major segments of the UK economy by 2025, with a significant portion of requirements to be introduced by 2023.

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- Surrey Pension Fund became a supporter of TCFD in June 2019, because the Fund recognised the importance of understanding climate risks and opportunities relative to its role as an institutional investor. Over the past 12 months, the number of organisations expressing support for the TCFD has grown more than a third, emphasising the significance of having a standardised set of disclosures for all organisations to follow at a global level. This will provide a familiar and useful reporting format for the benefit of all stakeholders.

DETAILS:

- The TCFD report for the financial year 2021-22 can be found in Annexe 1
- The data used in this report is as at 30 September 2021 and highlights the reduction in carbon emissions within the Fund in the preceding 3 months.

CONSULTATION:

- The Chair of the Pension Fund Committee has been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

- The consideration of risk related issues, including investment, governance and reputational risk, are an integral part of this project and will be considered as part of the project development.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

- There are no financial and value for money implications contained in this report.

DIRECTOR CORPORATE FINANCIAL & COMMERCIAL

- The Director Corporate Financial & Commercial is satisfied that all material, financial and business issues, and possibility of risks have been considered and addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER

- There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

- There are no equality or diversity issues.

OTHER IMPLICATIONS

- There are no potential implications for council priorities and policy areas.

WHAT HAPPENS NEXT

- The following next steps are planned:

- a) If approved by the Committee, the TCFD report will be published on the Surrey Pension Fund website.
 - b) Future reports will use data as at the end of March each year and establish a base year for future comparison.
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Contact Officer:

Lloyd Whitworth, Head of Investment & Stewardship

Consulted:

Pension Fund Committee Chair

Annexes:

- 1. TCFD - Draft TCFD report (Part 2)

Sources/background papers:

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