

50/24 QUESTIONS AND PETITIONS [Item 4]

Surrey Pension Fund Committee – 13 September 2024

Item 4b - Public Questions

Written Response to supplementary question(s)Extract from the minutes:

SQ4 - Lucianna Cole - on Lucianna's behalf Jackie Macey: Welcomed that ocean biodiversity was the next theme, asked for the names of the companies that Robeco were engaging with on the issue.

The Border to Coast (BCPP) representative explained that once the engagement theme was finalised, the target companies would be identified; and a written response could be provided.

RESPONSE:

To follow.

SQ5 - Lindsey Coeur-Belle: Asked the Committee to demonstrate that its portfolio meets the Paris Agreement objectives of increasing funding for green solutions and reducing funding for polluting businesses and that fossil fuel producers in the portfolio have credible transition plans to achieve that. The Chairman noted that a written response would be provided.

A Committee member noted that BP did not have a credible transition plan and backtracked from previous plans, so the Fund voted against it but continued its investment.

RESPONSE:

Below is the level of net zero pathway alignment of the Fund's investments held through Border to Coast Pensions Partnership, BCPP.

Net Zero Pathway Alignment of % Financed Emissions of in-scope AUM by sub-fund
31 March
2024

	Net Zero	Aligned	Aligning	Committed to Aligning	Not aligned
UK Equity Alpha	0%	0%	34%	54%	12%
Emerging Markets Alpha	0%	0%	18%	54%	28%
Global Equity Alpha	0%	0%	49%	34%	17%
Listed Alts	0%	0%	37%	33%	30%

BCPP use forward-looking metrics, including the Transition Pathway Initiative (TPI) tool, CA100+ Net Zero Company Benchmark and the IIGCC's Net Zero Investment Framework (NZIF) Paris Alignment metric to assess companies' transition progress. They also consider the International Energy Agency (IEA) recommendations on key activities, by sector, needed to meet global Net Zero 2050 objectives and have real-world impact.

In August 2024, the TPI published Net Zero Standard for Oil & Gas Assessment Framework, developed by IIGCC. The aim of the assessment framework is to inform investors' corporate engagement priorities by developing metrics specific to the oil and gas sector that can be mapped to the IIGCC's Net Zero Investment Framework (NZIF) Paris Alignment metric to assess companies' transition progress. The new framework offers a sector-specific tool to assess the comprehensiveness and alignment of corporate transition plans, investigating aspects of transition planning disclosure that were historically not possible to assess due to low data availability such as corporate strategy and capital allocation disclosures.

The TPI's Management Quality score helps with their assessment of the quality of individual company climate governance, comparison with market peers across different geographies and identify areas where they are lagging to use as discussion points during engagement with the companies. TPI's Carbon Assessment scores helps with assessment of detailed aspects of each company's transition strategy, such as production plans and methane commitments. It separately assesses the level of company climate disclosure, the alignment of that disclosure with the IEA's NZE climate scenario, as well as strategies to diversify into low carbon activities along with capital allocation.

Currently the TPI has assessed 10 of the world's largest, publicly listed oil and gas companies against the Standard, five from Europe and five from North America.

The assessed oil and gas holdings relevant to Surrey are:

1. BP
2. ConocoPhillips
3. Shell

Under the NZIF alignment criteria, BP and Shell are classified as 'aligning to a net zero pathway' while ConocoPhillips is classified as 'committed to aligning'.

BCPP are incorporating the new assessment framework into our Carbon Risk Assessment for oil and gas companies and will monitor progress going forward.