

Mr. Joel M Benjamin  
By email

24 November 2016  
Our ref: 2931395

Dear Mr. Benjamin

Thank you for your request for information received on 28 October 2016.

This request is being handled under the Freedom of Information Act 2000.

I can confirm that Harrow Council holds the information you requested. However, we are withholding some of that information since we consider that the following exemptions apply to it, for Questions 3 and 4. Please see below the information that is not being withheld.

We consider that the absolute exemption set out in Section 41 (Information provided in confidence) applies to the information requested. Therefore, we have decided to withhold the information.

We consider that the qualified exemption set out in Section 43 (Prejudicial to commercial interests) subsection 2 applies to the information requested. Therefore, we have decided to withhold the information.

In applying this exemption, we have had to balance the public interest in withholding the information against the interest in favour of disclosure.

#### **Factors in favour of disclosure**

In order to be open accountable and transparent.

#### **Factors in favour of withholding**

We consider that the qualified exemption set out in Section 43 (Prejudicial to commercial interests) subsection 2 applies to the information requested. Therefore, we have decided to withhold the information.

In applying this exemption, we have had to balance the public interest in withholding the information against the interest in favour of disclosure.

This qualified exemption is set out in Section 43 of the Act. Section 43(2) provides a qualified exemption against disclosure where the information is likely to prejudice the commercial interests of Harrow Council and that mentioned in Questions 3 and 4. We believe it is applicable in this case because its release would significantly impact (refer to Questions 3 and 4) and the ability to operate in the open market.

In all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

You requested (**please see our answers in bold below**):

(1) Please provide the two most recent versions of the Statement of Investment Principles (SIP).

**The two most recent versions are available on the Council's website as Appendix 4 to the Pension Fund annual reports of 2014-15 and 2015-16.**

(2) Will the fund be reviewing its SIP documents to pursue best practice and review carbon risk management and investment mandates in advance of LGPS pooling? If so when?

**The Fund will be considering its Investment Strategy Statement, the successor to the SIP, at its meeting on 7 March 2017.**

(3) Please provide current contract and procurement documents for the Investment Adviser(s) to the Pension Fund Committee.

**The Pension Fund's investment adviser is Aon Hewitt. They were appointed via the consultancy framework facilitated by the London Borough of Croydon. The information requested is exempt under sections 41 and 43 of the Freedom of Information Act.**

(4) Please provide current procurement and contract documentation for the external fund manager(s) as set out in investment management agreements.

**The information requested is exempt under sections 41 and 43 of the Freedom of Information Act.**

(5) Please provide a list of compliance breaches identified by the Head of Finance/ s.151 officer and brought to the attention of the Pension Fund Committee, during the last three (3) financial years.

**The only breach identified in the last three years is that, due to the constraints of our IT systems, we are not able to put every income and expenditure transaction through the Pension Fund bank account. However, internal procedures and controls are in place to ensure that all Pension Fund transactions are properly recorded and that the accounts are accurately maintained.**

(6) What steps have the Pension Fund Committee and Board taken to address the financial risks posed by climate change?

**Prior to their meeting on 8 September 2015 The Pension Fund Committee received a presentation from ShareAction which included specific reference to the "Green Light campaign" the purpose of which is "To transform the investment system to enable orderly transition to low carbon economy and mitigate financial risks associated with material, policy and competitive pressures of climate change." The presentation included:**

- **Measure climate risk in portfolios using e.g. carbon footprinting**
- **Manage and assess stranded asset risk: movement from high carbon to low carbon areas**
- **Coal divestment**

- **Invest in renewable energy**
- **Support public policy to tackle climate change**

**The Committee have also considered ESG issues in various reports presented to them.**

(7) Since the December 2015 Paris COP agreement, Peabody bankruptcy, and Exxon Mobil downgrade, has the pension fund changed its approach to climate change risks and investment in carbon stocks?

**Whilst officers and members are acquainted with these matters and raise them with investment managers no formal changes in approach have been made.**

(8) Please provide Pension Fund Committee and Board meeting minutes where climate change, and carbon bubble investment risk was discussed, and minuted 2014 - 2016.

**All the agendas and minutes of the Pension Fund Committee and the Pension Board are available on the Council's website.**

(9) Have you surveyed or formally consulted with your individual members or employers for their views on your ESG policies or practices in the last 10 years?

**Not on a formal structured basis.**

(10) How much does the fund spend on ESG engagement services and can you give any examples of engagement activities relating to climate change/carbon risk from the last 10 years?

**The Harrow Pension Fund is a member of the Local Authorities Pension Fund Forum for which an annual fee of £8,250 is payable. The Forum undertakes numerous engagement activities with companies relating to climate change/carbon risk a few of which, over the last year have been:**

- **Meeting with Chair of Rio Tinto**
- **Response to BHP Billiton "Climate Change Portfolio Analysis"**
- **Co-filing of strategic resilience resolutions for 2016 AGMs of Glencore, Anglo American and Rio Tinto**
- **Agreement to carbon strategy paper "Engaging with Energy Companies."**
- **Response to Task Force on Climate Disclosure Phase I Consultation**

If you are dissatisfied with the way your request for information has been handled, you can request an internal review of Harrow Council's decision by writing to:

Ms Dawn Calvert  
 Director of Finance (Interim)  
 Harrow Council  
 Civic Centre 1 (3<sup>rd</sup> Floor West Wing)  
 Station Road  
 Harrow  
 HA1 2XY

Email: [dawn.calvert@harrow.gov.uk](mailto:dawn.calvert@harrow.gov.uk)

If you remain dissatisfied with the handling of your request or complaint, you have a right to appeal to the Information Commissioner at:

The Information Commissioner's Office, Wycliffe House,  
Water Lane, Wilmslow, Cheshire, SK9 5AF

Telephone: 0303 123 1113

Website: <http://www.ico.org.uk/complaints/handling/complain>

There is no charge for making an appeal.

Yours sincerely

Anna Batoryk  
FOI Officer - Business Support  
Resources  
[anna.batoryk@harrow.gov.uk](mailto:anna.batoryk@harrow.gov.uk)