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Mary Creagh MP
Chair of the Environmental Audit Committee
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Dear Ms Creagh

Thank you for your letter dated 28 February 2018. I am pleased to respond to your request. I have provided below information about how the Ford Salaried, Hourly Paid Contributory & Senior Staff Pension Funds have considered the strategic risks faced by the Funds and their actions and plans.

Over the last five years, the three Funds have undertaken a substantial programme of de-risking across their investment portfolios, after careful consideration of the most material risks to the Funds and in conjunction with their professional advisors. The Funds have not formally considered climate change risk in isolation.

This has resulted in the Funds holding or planning to hold the majority of their asset portfolios in UK government issued securities. Overall, the trustees believe that this leads to an investment approach that substantially reduces the exposure to the many risks that the Funds are faced with – which would include those arising from climate change – and gives the best opportunity to provide for the benefits promised to their members.

In line with regulations, the Funds do maintain and update their Statements of Investment Principles as required. When doing so, the trustees of each Fund consider the extent to which they should take into account social, environmental and ethical factors. The Funds' investment managers are encouraged to take such considerations into account where consistent with their established investment criteria. Fund managers are instructed, where relevant, to consider that companies are managed in the long term interests of their shareholders and they should encourage companies to publish and follow codes of conduct which support the company's business objectives and ensure compliance with internal controls and all external regulations while also having regard for the environment and society as a whole.

The Funds are not currently planning to explicitly incorporate the TCFD recommendations into their reporting.

Further assistance from the Pensions Regulator on climate change related issues would be welcomed however an integrated risk management relies on consideration of the many and varied risks that each pension fund faces, and so any mandatory requirements on one single aspect of risk could be counterproductive if not considered in that broader framework.

Yours sincerely

Mrs Denise Fisher
Pensions Manager