

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE: Engagement Report	
REPORT OF: Executive Director Corporate Services	
FOR SUBMISSION TO: Pension Committee	DATE: 10 March 2025
SUMMARY OF REPORT: This report brings Members up to date with engagement activity undertaken by the Fund and on its behalf by LAPFF (the Local Authority Pension Fund Forum) since the last Committee meeting. This work is important to the Fund's ambition to be a fully engaged investor and demonstrates its commitment to Responsible Investment and engagement in Environmental, Social and Governance (ESG) issues as the Fund works to maximise returns on investment.	
Local Government Act 1972 – Access to Information No documents requiring to be listed were used in the preparation of this report: Contact Officer: Priya Nair Treasury & Pension Fund Manager Finance Corporate Services 5 Pancras Square London N1C 4AG Telephone: 0207 974 2349 Email priya.nair@camden.gov.uk	
RECOMMENDATIONS: The Committee is requested to note the contents of this report	
Signed by Director of Finance Agreed Date: 26/02/2025	

1. LOCAL AUTHORITY PENSION FUND FORUM (LAPFF)

- 1.1 The Local Authority Pension Fund Forum (LAPFF) is a voluntary association of 87 local authority pension funds and 7 Local Government Pension Scheme (LGPS) pools, with combined assets of over £350bn. It exists to promote the investment interests of member funds, and to maximise their influence as shareholders to promote high standards of corporate governance and corporate responsibility amongst the companies in which they invest.
- 1.2 Members of the Pension Committee are welcome to attend meetings of the Forum. As a member of LAPFF the Fund is entitled to contribute to and participate in the work plan organised by the Forum around issues of common concern.
- 1.3 LAPFF produce a **Quarterly Engagement Report** to give an overview of the work undertaken. This is attached as **Appendix A** to this report and highlights the achievements during the quarter. It also lists engagement undertaken with several companies. **Table 3** lists the value of the Fund's equity holdings with those companies, as at 31 December 2024.

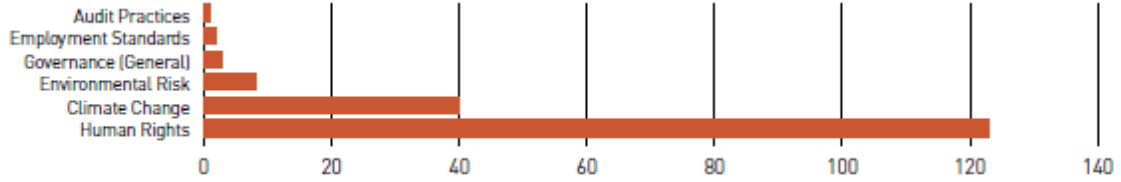
Quarterly Engagement Visual Data

- 1.4 A visual representation has also been included in LAPFF's report which provides a snapshot into the types of engagement undertaken by LAPFF over the quarter and can be seen below in Table 1. The charts present data on: topic, activity, outcomes, position engaged and company domiciles.
- 1.5 Human Rights and Climate Change have been the subject of the most engagement, followed by Environmental Risk. Most of the companies engaged with were based in the UK followed by USA, and Germany.
- 1.6 LAPFF also provide data on what types of issues are being discussed during engagements and their frequency relating to Sustainable Development Goals (SDGs) in Table 2. These were adopted by the United Nations in 2015 and also link to the Fund's Investment beliefs. Over the quarter, LAPFF has done most engagement with companies over: SDG 10 (Reduced Inequalities), SDG 16 (Peace, Justice & Strong Institutions) and SDG 13 (Climate Action).

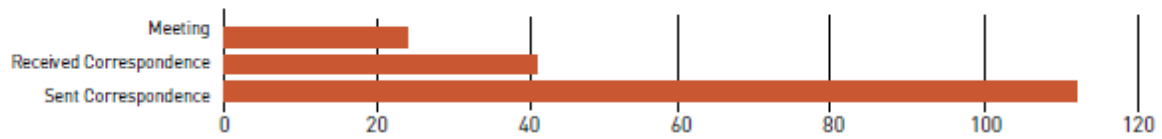
TABLE 1

ENGAGEMENT DATA

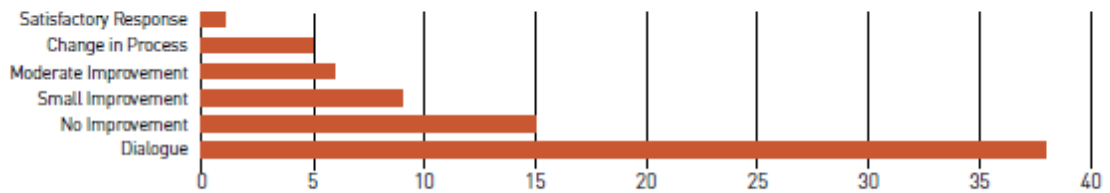
ENGAGEMENT TOPICS



ACTIVITY

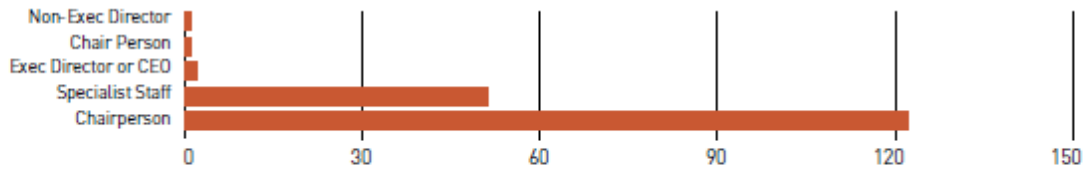


MEETING ENGAGEMENT OUTCOMES*



*Outcomes data is taken from 'Meetings', 'AGMs' and 'Received Correspondence' only

POSITION ENGAGED



COMPANY DOMICILES

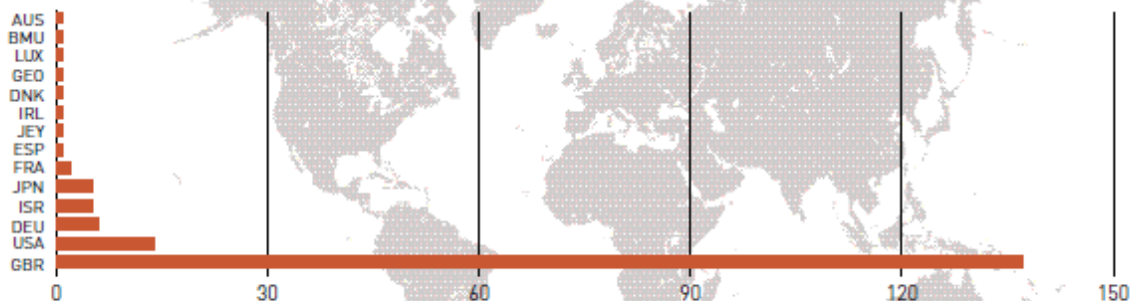
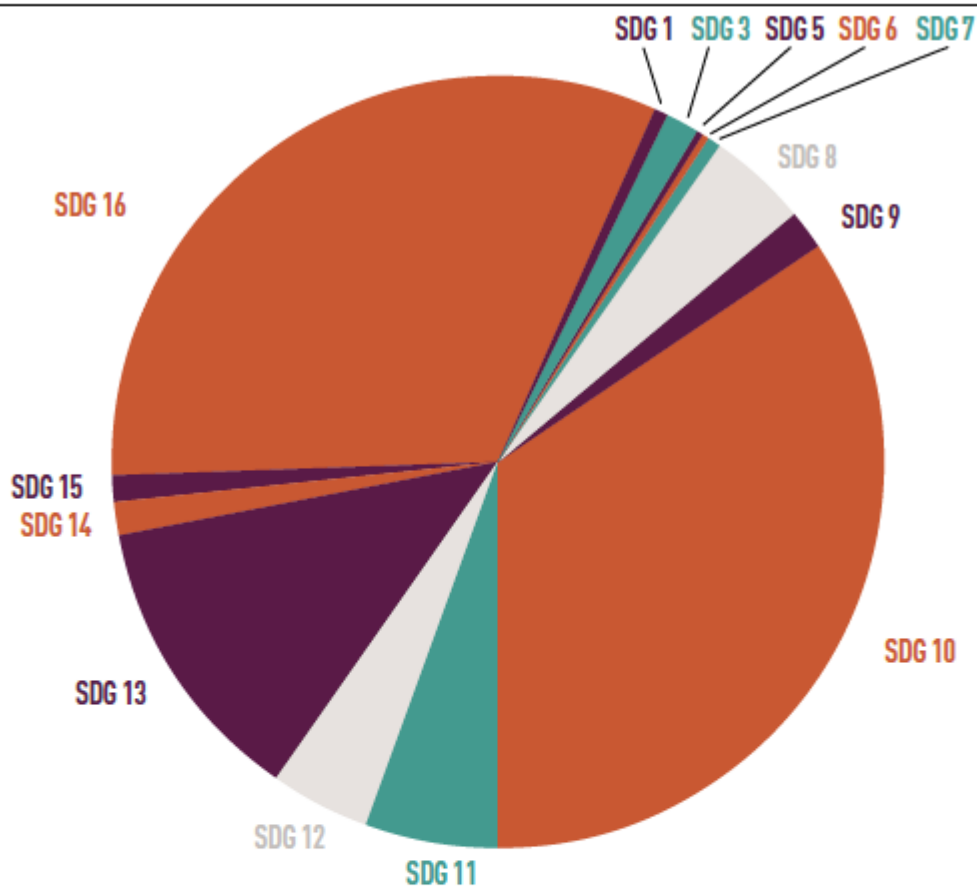


TABLE 2

ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	2
SDG 2: Zero Hunger	0
SDG 3: Good Health and Well-Being	5
SDG 4: Quality Education	0
SDG 5: Gender Equality	1
SDG 6: Clean Water and Sanitation	1
SDG 7: Affordable and Clean Energy	2
SDG 8: Decent Work and Economic Growth	15
SDG 9: Industry, Innovation, and Infrastructure	6
SDG 10: Reduced Inequalities	121
SDG 11: Sustainable Cities and Communities	19
SDG12: Responsible Production and Consumption	15
SDG 13: Climate Action	43
SDG 14: Life Below Water	4
SDG 15: Life on Land	4
SDG 16: Peace, Justice, and Strong Institutions	113
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

1.7 The **Quarterly Engagement Report** for the quarter ended December 2024 discussed a number of important issues and some of these issues are summarised in the following paragraphs, the full report is appended as **Appendix A**.

2. **COMPANY ENGAGEMENTS**

2.1 **Climate Engagements**

- LAPFF continued to engage with companies on climate-related risks and transition strategies. Engagement with Drax Group focused on its bioenergy model and concerns over its dependency on government subsidies. LAPFF raised questions about Drax's proposed BioEnergy Carbon Capture and Storage (BECCS) project, noting the significant financial and environmental risks associated with the technology
- As part of its Say on Climate initiative, LAPFF sent letters to FTSE 100 companies urging them to introduce shareholder votes on their transition plans. The engagement saw some progress, with several companies committing to improving climate disclosures and governance
- LAPFF also maintained its focus on supply chain emissions, engaging with companies in the automotive sector to assess the integration of low-carbon materials. Engagements with BMW and General Motors centred on ethical cobalt and lithium sourcing, with companies outlining steps taken to improve supply chain transparency.

2.2 **Human Rights Engagements**

- LAPFF intensified its focus on corporate responsibilities in conflict-affected and high-risk areas (CAHRAs). A key development was LAPFF's engagement with Volkswagen, where the company announced its decision to exit its joint venture in China's Xinjiang region following human rights due diligence concerns
- Additionally, LAPFF engaged Rio Tinto and Anglo American regarding their water stewardship and human rights risks in mining operations. These discussions aimed to improve corporate accountability in extractive industries
- LAPFF also continued its engagement with Chipotle, focusing on its water stewardship efforts. The company recently set a goal to support watershed restoration in key agricultural supply regions

2.3 **Governance and Employment Standards**

- LAPFF engaged with companies over zero-hours contracts (ZHCs) and precarious employment practices. Hollywood Bowl reported progress in phasing out ZHCs, while InterContinental Hotels Group (IHG) confirmed it had already eliminated ZHCs in its directly owned operations.
- LAPFF also pursued corporate governance concerns, particularly regarding capital markets regulation. The Forum raised concerns with the London Stock Exchange Group (LSEG) over weakened listing standards, seeking enhanced investor protection measures

2.4 Next Steps

LAPFF will continue engaging with companies on their climate transition plans, focusing on carbon pricing, supply chain sustainability, and biodiversity risks. It will also track corporate responses to the Employment Rights Bill, particularly in industries reliant on precarious work arrangements. Additionally, LAPFF will monitor ongoing geopolitical risks affecting companies operating in CAHRAs, ensuring that companies adopt heightened human rights due diligence (hHRDD)

3. LAPFF BUSINESS MEETING – January 2025

Business meetings provide members with updates on overall engagement activity over the previous quarter as well as hearing from LAPFF executive members on specific company engagements. These meetings also enable members to debate current initiatives and help shape new proposals. The programme often includes a presentation from an external speaker on a responsible investment topic related to the work plan or member interests.

3.1 Climate Strategy

- Refined Climate Engagement Approach:
LAPFF continued evolving its approach to climate change by focusing on systemic change rather than an exclusively emissions-driven strategy. Recognizing the inadequacies of past corporate transition plans, LAPFF emphasized broader risks including economic disruptions, regulatory policy shifts, and corporate governance issues affecting decarbonization.
- Transition Risks & Industry Disruptions:
The Forum acknowledged that significant transitions in industrial sectors, such as renewables and electric vehicles, tend to be highly disruptive. Companies leading these transitions must navigate volatile markets, while legacy industries face existential risks. LAPFF remains cautious of unproven climate mitigation technologies such as Carbon Capture and Storage (CCS) and instead advocates for credible transition plans with measurable milestones.
- Global Climate Policy & COP29 Implications:
Following COP29, LAPFF reiterated concerns that global climate policies must balance decarbonization efforts with real-world economic constraints. The Forum emphasized the need for investors to critically assess corporate climate disclosures and scrutinize companies relying on long-term offsets or CCS without meaningful emissions reductions in the short term.

3.2 UK Climate Policy

- UK's Changing Regulatory Landscape & Investor Confidence:
LAPFF expressed concern that recent UK government policy changes risk undermining investor confidence in the country's net-zero strategy. The forum highlighted the need for policy stability, particularly as international markets, such as the US and EU, continue advancing their green investment incentives.
- Criticism of UK's Climate Infrastructure Investment:
LAPFF warned against the UK's over-reliance on CCS and hydrogen

projects for home heating, deeming them inefficient and costly compared to electrification strategies. The Forum also called for a shift in government funding towards proven technologies such as energy storage and grid modernization.

3.3 Corporate Governance & Market Regulations

- London Stock Exchange & UK Listing Rules:
LAPFF's Capital Markets Working Group continued to challenge proposed changes to UK listing rules, citing concerns about reduced investor protections. The Forum engaged with regulators and asset managers to ensure governance standards remain robust.
- Double Materiality & Sustainability Standards:
LAPFF reviewed the adoption of International Sustainability Standards Board (ISSB) guidelines for ESG reporting and emphasized the importance of double materiality, where companies report not just how climate affects them financially, but also how they impact climate and society.

3.4 Engagement on Social and Environmental Issues

- Human Rights & Conflict-Affected Areas:
The Forum increased engagement in Conflict-Affected and High-Risk Areas (CAHRAs), particularly focusing on supply chain abuses and corporate accountability in industries like mining, agriculture, and energy.
- Water Stewardship & Biodiversity Risks:
LAPFF identified water security and biodiversity loss as emerging risk factors for investors, pushing for improved corporate disclosure and mitigation strategies.
- Employment Standards & Just Transition:
The Forum engaged with companies on employment practices, focusing on zero-hour contracts and fair wages. LAPFF also emphasized the need for a Just Transition, ensuring that low-carbon transitions do not disproportionately affect low-income workers.

3.5 LAPFF Draft Workplan 2025/2026

- Expanded Focus on Climate & Social Risks:
The workplan for 2025/2026 continues to prioritize hydrocarbon demand reduction, climate resilience, and biodiversity, alongside social engagement initiatives covering employment rights and supply chain ethics.
- Company Engagement Strategy:
LAPFF aims to escalate engagements where companies fail to demonstrate credible climate and governance transitions. It will strengthen partnerships with industry initiatives to push for higher accountability in corporate climate action.
- Capital Market Reforms & Reliable Financial Reporting:
LAPFF is increasing its focus on financial reporting integrity, challenging misleading disclosures and greenwashing tactics that obscure true climate-related financial risks.

3.6 Future meeting dates are:

Business Meeting, Wednesday 23 April

Business Meeting, Wednesday 9 July

Business Meeting & AGM, Wednesday 15 October

TABLE 3: EQUITY HOLDINGS IN RELATION TO LAPFF'S Q4 2024 COMPANY ENGAGEMENTS

3.7 LAPFF engaged 24 companies during the quarter. The following table shows Camden's holdings in the companies that were engaged.

Company	BG (£000)	Harris (£000)	L&G - Global (£000)	L&G - Future World (£000)	TOTAL (£000)	Topic
BAYERISCHE MOTOREN WERKE AG	0	0	192	109	301	Human Rights
BHP GROUP LIMITED (AUS)	0	0	813	467	1,280	Environmental Risk
BOOKING HOLDINGS INC.	0	0	1,110	964	2,074	Human Rights
BRITISH AMERICAN TOBACCO PLC	0	0	502	324	826	Environmental Risk
CHIPOTLE MEXICAN GRILL INC	0	0	556	427	983	Environmental Risk
DRAX GROUP PLC	0	0	0	0	0	Environmental Risk
FORD MOTOR COMPANY	0	0	262	157	419	Human Rights
GENERAL MOTORS COMPANY	0	1,910	393	307	2,610	Human Rights
HOLLYWOOD BOWL GROUP PLC	0	0	0	0	0	Employment Standards
INTERCONTINENTAL HOTELS GROUP PLC	0	0	139	0	139	Employment Standards
INTERNATIONAL CONSOLIDATED AIRLINES	0	0	0	0	0	Climate Change
MERCEDES-BENZ GROUP AG	0	3,894	312	231	4,437	Human Rights
MERCK & CO. INC.	0	0	1,702	1,848	3,550	Environmental Risk
MITSUBISHI UFJ FINANCIAL GRP	0	0	932	768	1,700	Climate Change
MIZUHO FINANCIAL GROUP INC	0	0	420	375	795	Climate Change
MOTOROLA SOLUTIONS INC.	0	0	514	411	925	Human Rights
NATIONAL GRID PLC	0	0	405	182	587	Environmental Risk
NOVO NORDISK A/S	2,676	0	1,803	1,607	6,086	Environmental Risk
PERSIMMON PLC	0	0	34	0	34	Audit Practices
SUMITOMO MITSUI FINANCIAL GROUP	0	0	710	647	1,357	Climate Change
TBC BANK GROUP PLC	0	0	0	0	0	Governance (General)
VOLKSWAGEN AG	0	0	133	50	183	Human Rights
WIZZ AIR HOLDINGS PLC	0	0	0	0	0	Climate Change
ZOETIS INC.	0	0	503	515	1,018	Environmental Risk
TOTAL	2,676	5,804	11,435	9,389	29,304	

4. VOTING

- 4.1 A total of 1,665 resolutions were voted upon across 167 meetings in the quarter. A summary is provided in the table below:

TABLE 4: VOTING

Vote	Occurrences	Proportion (%)
For	1,075	65%
Against	557	33%
Withhold	17	1%
Abstain	0	0%
Non-Voting	12	1%
Not Supported	3	0%
Withdrawn	0	0%
US Frequency Vote on Pay	1	0%
Total	1,665	100%

- 4.2 The majority of these meetings took place in the UK (115). Resolutions on annual reports were 52% FOR, on Directors were 69% FOR, on Executive Pay were 20% FOR, and Dividends were 99% FOR.
- 4.3 A non-vote occurs where there is an agenda item that does not require a vote but is merely there for information. 'Withhold' votes are the equivalent of "oppose" votes. In the US and Canada, often shareholders may not vote against or abstain on directors and can only withhold their votes. "Withdrawn" means an item was originally on the agenda but the company withdrew it after publication, for instance where there was a death or resignation of the director standing for election.
- 4.4 The companies at which PIRC voted during the quarter are listed in **Appendix B** for information. Further details are published quarterly here: [Pensions - Camden Council](#) (navigate to the Voting Information section).

5. RESPONSIBLE INVESTOR COMMENT

- 5.1 Understanding how the Fund engages with firms, both individually and as part of LAPFF, is a key part of exercising the Fund's influence as a responsible investor, helping to ensure that the assets in which the Fund invests align with Camden's investment beliefs.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 Further to the Responsible Investment Comment above, a firm understanding of how the Fund engages with firms in which it holds investments improves the Fund's ability to invest in line with our investment principles.

7. FINANCE COMMENTS OF THE EXECUTIVE DIRECTOR CORPORATE SERVICES

7.1 The Executive Director Corporate Services has no finance comments to add.

8. **LEGAL COMMENTS OF THE BOROUGH SOLICITOR**

8.1 The Local Government Pension Scheme Guidance on Preparing and Maintaining an Investment Strategy Statement states that an Administering Authority should publish an annual report on voting activity. This report is part of the process of discharging that responsibility.

9. **APPENDICES**

Appendix A - LAPFF quarterly engagement report Q4 2024

Appendix B - The companies at which PIRC voted during the quarter.