LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE: Engagement Report	
REPORT OF: Executive Director Corporate Services	
FOR SUBMISSION TO: Pension Committee	**DATE:** 3 March 2020

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 as a way to achieve its objectives.

Local Government Act 1972 – Access to Information
No documents requiring to be listed were used in the preparation of this report:

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RECOMMENDATIONS:

The Committee is requested to note the contents of this report.

Signed by

Director of Finance **………… …Agreed……..**

Date **...20.02.2020……**

1 LOCAL AUTHORITY PENSION FUND FORUM (LAPFF) BUSINESS MEETINGS

1.1 LAPFF has 82 members, 6 pools and combined assets of £250bn. 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.

1.2 The LAPFF policy on confidentiality requires that all company correspondence (letters and meeting notes) remain confidential; however 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 a number of companies. Of these companies the Fund held interests as identified in **Table 1** further down below.

1.3 The Forum held a business meeting on 29 January 2020 and the agenda is summarised below, but the full reports can be provided if members require further details. Cllr Johnson and the Head of Treasury and Financial Services attended the meeting.

Summary of LAPFF Business Meeting Reports

1.4 LAPFF considers how best to engage with **infrastructure investments**, which are typically in unlisted assets or alternatives, which many LGPS funds are now invested in. Their first step is to map the current situation - the investment managers used, the size of allocation etc - in order to analyse where best to focus efforts. Preliminary findings suggest there are a relatively small number of funds run by a limited selection of managers. LAPFF will likely engage with the UN's PRI (United Nations' Principles for Responsible Investment), who have conducted some initial research into responsible infrastructure investment. LAPFF will also investigate their future involvement with the GRESB Infrastructure benchmark.

1.5 LAPFF agreed to review infrastructure allocations, managers used and data disclosed in annual reports. They will also identify initiatives where the forum can be active and collaborate.

1.6 **Stock lending** – a common practice whereby shares are lent from one investor to another in exchange for collateral – was discussed at the business meeting, to work out how LAPFF should approach this topic. This is a legitimate practice typically used to facilitate short selling, that occurs in anticipation of falling stock values; usually when companies are expected to perform poorly. This can then lead to a fall in voting turnout when companies are in troubled times which is clearly a governance concern. Also, the acceptance of collateral by an asset manager, acting on behalf of say a pension fund, could temporarily lead to a fund holding equities above their target levels. Stock lending can also be used to by-pass taxes, whereby stock is lent to another tax jurisdiction. However, the upside of stock lending is that revenue is generated for banks and fund managers that in turn helps to reduce their management charges for clients like pension funds. LAPFF therefore seeks to liaise with pools to ascertain current practice and to learn from the Japanese Government Pension Investment Fund after it recently suspended its stock lending activity of overseas equities.

1.7 **LAPFF will collect asset manager votes** at all companies where LAPFF issued Voting Alerts during 2019 and will collect asset manager votes at FTSE 100 companies to assess their voting profiles. This is in response to a previous brief review of votes back in July that found significant differences between managers' voting records on issues where LAPFF Alerts had been issued. Furthermore, some managers still did not make their voting records public. The research from such analysis should help LAPFF influence investment managers who deviate from LAPFF Alerts and could prove particularly useful for influencing passive fund managers, who have very substantial equity holdings in companies and multiple stakeholder needs to satisfy.

1.8 LAPFF has produced a report on **Reliable Accounts and Capital Markets**. It makes the case that many analysts fail to identify balance sheet stress and investors should be more aware of this. The *resilience* of balance sheets is of most relevance, which is not clearly highlighted in financial statements. Balance sheets should instead "present fairly in material respects" rather than a "true and fair view" and therefore disclose the actual distributable reserves when they are close to running out. LAPFF has written many letters to various bodies, including the Competition and Markets Authority, outlining the above and their issues with International Financial Reporting Standards. This builds upon the Brydon Review, which calls for the audit profession to be split from the accounting profession and to consider the public interest when auditing, rather than merely being a "tick box exercise". LAPFF also want a rotation of auditors every few years to help prevent auditing failures again such as the Carillion scandal.

1.9 **Audit, Reporting and Governance Authority (ARGA)** - this report considered the progress of the transformation from the FRC to the new ARGA and continues to focus on misleading account and audits and places more emphasis on fund managers to spot anomalies. Legislation will be discussed in Parliament and LAPFF continues to influence the debate on the role of ARGA.

1.10 **Climate Change Survey** - the report considered the LAPFF climate change survey results. LAPFF will develop an approach to working with policymakers and update their climate change policy framework. LAPFF continue to make the case for engagement and its impact and will consider how best to engage with asset managers.

1.11 The survey showed that Asset managers are viewed as important in engaging companies and managing climate risk, but few think their performance is very effective.

1.12 Company engagement is seen as very important, specifically collaborative engagements. Engagement with the energy sector is seen as most important followed by transport.

1.13 A significant minority of fund managers are tilting away from carbon intensive investment stocks. There is also support for the Forum making the case for engagement over divestment. Members value outlining the impact of LAPFF engagements and training.

1.14 **Modern Slavery** - the UK Modern Slavery Act requires UK companies with an annual turnover of £36 million or more to publish an annual modern slavery statement on their websites.

1.15 LAPFF is not subject to this requirement, but it was suggested that the Forum adopt an appropriate modern slavery statement to demonstrate support for the intent and obligations set out under the Act.

Quarterly Engagement Report (Q4 2019)

1.16 **ArcelorMittal** - LAPFF and other Climate Action 100 investors had a teleconference with the steelmaker. They have now announced plans to cut carbon emissions by

30% by 2030. However, more information has been requested as to whether these emissions include scope 3 emissions or not. They will publish their trade body memberships in their next Climate Action Report due in 2020.

1.17 **National Grid** - following a meeting between National Grid, LAPFF and other Climate Action 100 investors, the National Grid announced a new sensitivity analysis for the "net zero carbon emissions by 2050" pledge. They have an ambition to operate a zero-carbon grid by 2025 and they have joined the Powering Past Coal Alliance: to progress the transition away from coal power. LAPFF would like to see more progress from the National Grid on the rollout of electric vehicle charging points and on TCFD (Task Force on Climate-related Financial Disclosures) in their US business reporting.

1.18 **Southern** - LAPFF has been part of collaborative engagement with Southern and so have welcomed the news that Southern Company has dropped its membership of the American Coalition for Clean Coal Electricity (ACCCE). They have a detailed transition plan to a net zero emissions by 2050 and this cancellation of membership in ACCCE is a positive step for those hoping they will invest more in renewables.

1.19 **LaFargeHolcim**, the cements and building materials company, had its carbon targets validated by the Science-Based Targets initiative in December. The targets are deemed "adequate and consistent with the global effort to keep temperatures below 2 degrees Celcius". LAPFF and Climate Action 100 have been engaging with the company over time.

1.20 LAPFF has joined other investors in a public letter calling on the **Australian extractive sector** to do more to direct their trade associations and industry bodies in enabling policymaking that is aligned with the Paris Treaty.

1.21 **National Express** - after a decade of engagement with National Express, the company has finally reached an agreement with the trade union, after years of anti-union activity in the company's US operations.

1.22 **Boeing** has separated its CEO and Chair roles and has committed to an independent assessment of its governance. This may or may not play into alleviating safety concerns following the plane crashes in Ethiopia and Indonesia, but LAPFF will still continue its engagement with Boeing on safety and the war in Yemen (please see the November 19 committee engagement report for more on this).

1.23 In October, LAPFF and the **London Mining Network** held an event for investors to meet with community members in South America affected by **BHP**'s mining operations. The aim was to allow community members to share their human right and environmental health concerns and to provide investors with additional information to feed into their investment decisions.

1.24 The Camden pension fund has exposure to mining firms BHP (0.9%) and Albemarle (0.6%) through Baillie Gifford. BHP has had 6 fatalities at 67 "extreme risk" tailings dams and according to Baillie Gifford, they are being very active in addressing this issue. Their Governance and Safety team attended a Mining Tailings Safety Initiative at which BHP attended. This is a positive step because the MTSI has had considerable success in improving disclosure and influencing company behaviour. The UN PRI is completing a review on the safety of tailings dams, which will no doubt encourage mining firms to improve their standards.

1.25 This quarter has seen LAPFF members file shareholder resolutions at **Chevron, Amazon, Alphabet, Eli Lilly, Citigroup and Honeywell**. This will put pressure on companies to improve their strategies on climate resilience. There are new proposed rules on filing shareholder resolutions in the USA that will soon make it harder to do so.

1.26 **Sainsbury's** is to release a sustainability strategy in early 2020, following a meeting between LAPFF and the Chair about better understanding the Board's strategy for sustainable business practices, including plastic reduction, and a commitment to a zero carbon business using a just transition approach. Sainsbury's has already announced a target of cutting single use plastic by 50% by 2025 and to report in line with the TFCD in its 2020 annual report.

1.27 A LAPFF meeting with **BP** in November enabled BP to outline how it is progressing with alignment to the Paris goals. LAPFF would like to see more detail as to how capital projects are assessed on carbon intensity and how this feeds into BP's scenario analyses, using multiple IPCC scenarios and varying commodity prices assumptions.

1.28 Other engagements this quarter included **BALPA** and **ITF** unions about industrial relations at Ryanair. In total, 35 companies were engaged with in Q4 2019, in 50 engagements.

1.29 Voting alerts issued by LAPFF this quarter relate to **BHP** and **ANZ** Annual General Meetings. Both alerts addressed climate lobbying, in particular their memberships of trade associations that have poor policies and records on tackling climate change.

Table 1: LAPFF Engagement and Camden Pension Fund holdings in Q4 2019 (£)

Company	Harris	L&G UK	L&G Global	Baillie Gifford (LCIV)	Topics	Outcome
ALPHABET INC	11,112,662	0	4,887,365	Holds stock	Human Rights	Dialogue
AMAZON.COM INC.		0	4,657,411	Holds stock	Human Rights	Dialogue
ANGLO AMERICAN PLC		227,433	3,121,924		Environmental Risk	No Improvement
ANGLO AMERICAN PLC					Governance (General)	Dialogue
ANGLO AMERICAN PLC					Climate Change	Substantial Improvement
ANZ-AUSTRALIA & NEW ZEALAND BANK		0	291,585		Governance (General)	Dialogue
ANZ-AUSTRALIA & NEW ZEALAND BANK					Governance (General)	Dialogue
ANZ-AUSTRALIA & NEW ZEALAND BANK					Governance (General)	Dialogue
ARCELORMITTAL SA		0	62,719		Climate Change	Substantial Improvement
BHP GROUP PLC		310,210	4,716,744	Holds stock	Social Risk	Small Improvement
BHP GROUP PLC				Holds stock	Human Rights	Dialogue
BHP GROUP PLC				Holds stock	Human Rights	Dialogue
BP PLC		788,271	10,730,627		Climate Change	Dialogue
BRITISH AMERICAN TOBACCO PLC		616,800	8,452,687		Reputational Risk	No Improvement
CHARTER COMMUNICATIONS INC	8,294,420	0	454,786		Governance (General)	Dialogue
CHEVRON CORPORATION		0	1,399,912		Climate Change	Dialogue
CHEVRON CORPORATION					Governance (General)	Dialogue
CHIPOTLE MEXICAN GRILL INC		0	129,888	Holds stock	Environmental Risk	Small Improvement
CITIGROUP INC.	5,988,358	0	26,008		Governance (General)	Awaiting Response
DRAX GROUP PLC		0	141,431		Other	Dialogue
EASYJET PLC		23,537	404,796		Employment Standards	Awaiting Response

ELI LILLY AND COMPANY		0	682,039		Campaign (General)	Dialogue
HONEYWELL INTERNATIONAL INC.		0	775,231		Governance (General)	Dialogue
MARKS & SPENCER GROUP PLC		0	472,220		Employment Standards	Awaiting Response
MCDONALD'S CORPORATION		0	907,036		Remuneration	Dialogue
NATIONAL GRID PLC		276,515	3,764,348		Climate Change	Substantial Improvement
PEPSICO INC.		0	1,166,252		Environmental Risk	Moderate Improvement
PHILIP MORRIS INTERNATIONAL INC.		0	805,850		Governance (General)	Small Improvement
REACH PLC		0	41,649		Reputational Risk	Moderate Improvement
RIO TINTO GROUP (GBP)		415,538	5,665,484		Employment Standards	Awaiting Response
ROYAL DUTCH SHELL PLC		1,505,683	20,393,583		Audit Practices	Dialogue
RYANAIR HOLDINGS PLC				Holds stock	Governance (General)	Dialogue
SAINSBURY (J) PLC		31,131	415,574		Climate Change	Small Improvement
SAINSBURY (J) PLC					Environmental Risk	Small Improvement
SEVERN TRENT PLC		46,819	692,321		Employment Standards	Awaiting Response
SEVERN TRENT PLC					Governance (General)	Small Improvement
SMITH & NEPHEW PLC		134,516	1,819,146		Employment Standards	Awaiting Response
SOUTHERN COMPANY		0	403,462		Climate Change	Dialogue
SOUTHERN COMPANY					Climate Change	Substantial Improvement
SUZANO SA		0	42,010		Climate Change	Small Improvement
SUZANO SA					Environmental Risk	Change in Process
THE BOEING COMPANY		0	1,050,699		Governance (General)	Dialogue
THE BOEING COMPANY					Governance (General)	No Improvement

THE CHARLES SCHWAB CORPORATION		0	332,674		Governance (General)	Awaiting Response
THE WALT DISNEY COMPANY		0	1,538,653		Governance (General)	Dialogue
TOTAL SA		0	775,259		Governance (General)	Dialogue
VALE SA		0	245,374		Human Rights	Dialogue
VALE SA					Human Rights	No Improvement
VODAFONE GROUP PLC		327,617	4,521,866		Employment Standards	Awaiting Response
	25,395,440	**4,704,068**	**85,988,614**			

2 VOTING

2.1 A total of 1,294 resolution votes were cast during the quarter, across 121 meetings. A summary of the voting results is in the table below.

Table 2: Quarterly Voting Statistics

Vote	Occurrences	Proportion
For	974	75.3%
Against	317	24.5%
Withhold	3	0.2%
Abstain	0	
Non-Voting / Withdrawn	0	
Total	**1,294**	**100.0%**

2.2 All the meetings voted were in the UK & British Overseas. 75% of the votes cast were in support of the resolution being voted on and 25% against. The notable categories of voting that recorded the greatest opposition as a percentage of overall votes cast were: election/re-election of directors (41%), share issues/repurchases (21%), annual reports (23%), and auditor reappointment (6%).

2.3 A non-vote will occur 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.

2.4 The companies at which LAPFF voted during the quarter are listed in **Appendix B** for information.

3 ENVIRONMENTAL ENGAGEMENT

3.1 The Vice Chair of Pension Committee wrote to Legal and General (L&G), with whom we indirectly hold Barclays stock in a pooled fund, asking L&G to support the climate resolution co-filed by 11 institutional investors and co-ordinated by ShareAction, ahead of the Barclays AGM in May.

3.2 The resolution asks Barclays to set and disclose targets to phase out the provision of financial services to the energy sector (as defined by the Global Industry Classification Standard) and electric and gas utility companies that are not aligned with Articles 2.1(a) and 4.1 of the Paris Agreement (‘the Paris goals’). The timelines for phase out must be aligned with the Paris goals.

3.3 L&G’s response was that they supported 95% of shareholder resolutions which called for additional transparency and information on climate change exposures and strategy. They have had discussions with Barclays over the past two years on the importance of aligning the bank with Paris, how this may impact their strategy and their disclosures to the market on climate related exposures. They are continuing with correspondence and discussions with Barclays.

3.4 At the November committee, there was a deputation from Unison and Divest Camden, where they asked for the pension fund’s exposure to the Carbon Underground Top 200 (CU200) fossil fuel companies. These are all in the Oil & Gas sector (mostly level 2-4 TPIs) and coal companies (mostly level 1 TPI). The responses from our investment managers are summarised from paragraph 3.5 onwards with details of any engagement. The TPI (Transition Pathway Initiative) level next to each company, where it has one, is also detailed on a scale 0-4 which means:

- Level 0 – company doesn't even acknowledge climate change as a significant issue
- Level 1 – the company acknowledges climate change as a business issue (e.g. has a policy commitment to action on climate)
- Level 2 – the company is building capacity (e.g. has set emission reduction targets, published information on scope 1 and 2 greenhouse gas emissions)
- Level 3 – the company is integrating climate change into operational decision making (e.g. reporting on Scope 3 emissions, has a process to manage climate-related risks, has quantitative targets for reducing its emissions)
- Level 4 – strategic assessment underway (e.g. climate change risks and opportunities incorporated into their strategy, climate scenario planning etc)

3.5 **Legal and General** hold passive funds on our behalf and they have calculated Camden's exposure as being very small, with the most significant holdings detailed in the table below. L&G engage regularly with the world's largest fossil fuel producers – primarily under the Climate Impact Pledge. Case studies of their engagements with some of the companies on the list (BP, Shell, Equinor/Statoil, Exxon, Occidental, Rosneft) – including examples of progress made by companies, and of voting action taken on laggards can be found in their annual Climate Impact Pledge results and their quarterly ESG impact reports. They have on offer a range of funds, known as the Future World, which excludes many controversial companies such as coal producers as well a weapons manufacturers etc.

Rank	Company	Percentage (%)	TPI
157	Royal Dutch Shell	3.35	4
29	BP	1.857	3
155	Rio Tinto	0.98	4
11	Anglo American	0.546	4
77	Glencore	0.506	4
38	Chevron	0.225	3
50	Concho Resources	0.170	2

Company	2016	Company	2017	Company	2018
Anglo American	0.72%	Anglo American	0.66%	Anglo American	0.90%
BHP Billiton PLC	1.24%	BHP Billiton PLC	1.36%		
BP	4.36%	BP	4.32%	BP	5.02%
Centrica	0.60%	Centrica	0.33%	Cenovus Energy	0.39%
Glencore	1.45%	Glencore	1.95%	Glencore	1.73%
Premier Oil	0.02%	Premier Oil	0.02%	Premier Oil	0.03%
Royal Dutch Shell	8.43%	Royal Dutch Shell	8.87%	Royal Dutch Shell	9.99%

3.6 **Harris** only have exposure to Glencore (5.15%) in the CU200 and this has been the case for the last three years. Harris have had nine meetings with Glencore in 2019 alone and have conducted 17 senior management meetings between 2014-18. Glencore are not completely misaligned with the environment because they mine cobalt that is used in batteries, for example. They spoke with the CEO and CFO in February 2020 on the company's plan to cap coal production at 150 million tons and the Glencore's management does not want more coal exposure via M&A. When valuing the company, Harris assesses key ESG issues including carbon emisions, location of operations and corporate governance. Each issue is reviewed, factored into the valuation model accordingly and continually assessed on a go-forward basis.

3.7 **Baillie Gifford** prefer the Carbon Disclosure Project (CDP) to the CU200 index and have been a signatory to the CDP since 2002. This provides carbon footprinting and engagement with carbon intensive companies and non-disclosing companies. They do not report to the CDP as they are not a listed entity. The exposure Camden has to the Carbon Underground 200 index through them is:

- BHP (0.9% of fund and TPI level 4) – it's a responsibly managed business, in their opinion, with exposure to areas of growing demand (including copper for electrification of cars). They believe it is under-valued for its earnings and even though it owns coal assets, this is mainly for use in the production of steel rather than for power stations. They have been engaging with them for 4-5 years. BHP has been very open and accessible to discussions on difficult topics and they feel that they act responsibly. The CEO feels that BHP's diversity and intellectual capital are key for a transition and they test their investment plans against a range of climate change policy and impact scenarios.
- Apache (0.9%) & EOG (1.2%) and TPI levels 3 and 2 – these are US exploration & production companies principally involved in US natural gas (so it does include fracking). Baillie Gifford believe that there will be continued demand for gas as the transition from more polluting resources, such as coal, to renewables takes place, and that EOG and Apache are the most attractive in their sector as superior operators and owners of undervalued assets.

3.8 Over the past three years, from 31 December 2016, Baillie Gifford have invested 3-5% of Camden's portfolio into fossil fuel businesses, as defined by MSCI classifications rather than the CU200 index. This then includes Jardine Mathieson and Jefferies, but neither are pure fossil fuel businesses and Baillie Gifford has had ongoing engagement with them.

3.9 Baillie Gifford believe that US companies are generally behind their global peers when it comes to addressing climate risk, hence one of their Governance & Sustainability team visited the US last October. Whilst there, they also engaged with high emitters Martin Marietta Materials (TPI level 2) and Kirby.

3.10 **Ruffer** are managers on the CIV platform (LCIV Absolute Return fund) and Camden's exposure to the CU200, with them is within (at June 2019):

- Exxon Mobil (1.1%) and TPI level 3 – "we see Exxon as an investment in an out of favour, high quality company (in an out of favour sector) that, assuming no severe global recession, offers a sustainable dividend regardless of the oil price and is characterised by restructuring potential. The appeal of ExxonMobil's investment case is the long term free cash flow potential of the business, and the positive impact from investing more capital counter cyclically"
- BP (1.0%) and TPI level 3 – "we own it as part of our exposure to more economically sensitive equities in portfolios. As with Exxon, we own BP as a relatively defensive expression of this theme." Ruffer have been engaging with them since 2017, with Climate Action 100+. BP has stressed its commitment to make all energy cleaner and its new framework to reduce emissions, improve its products and create new low-carbon businesses, which has the full support of the board. In achieving this, BP also stressed its commitment to the Paris Agreement. The board also highlighted the work being done to improve the measurement of methane emissions to better understand the current level, before making further commitments. In 2019, Ruffer has been part of two other resolutions on climate change, one was asking BP to set out in more detail exactly how its strategy is aligned with the Paris goals.

3.11 Ruffer also held, at June 2019, ArcelorMittal and Equinor (Statoil) at 0.3% and 0.6% respectively (and TPI levels of 4). Ruffer's overall argument for holding such stocks is that it sees them as being economically sensitive, cyclical stocks to help diversify the portfolio. They also see companies like BP, Exxon etc as being part of the solution to climate change, despite being part of the problem too.

3.12 The **CQS** multi asset fund has an exposure of 3.10% to the Carbon Underground 200 index at the end of December 2019. Their comments are summarised in the table (and please note that no TPIs are available for these companies):

Issuer	NAV	Comment
Antero Resources	0.96%	We hold high yield bonds issued by Antero Resources and Antero Midstream. We initiated a position going into Q2 2019 attracted by a strong relative value proposition. Like SouthWestern, our

		analysis indicates Antero has a high quality balance sheet with a favourable hedge for natural gas (primary product), circa $200m in dividends per year from Antero Midstream and a clear path to becoming cashflow positive as it grows into pipeline capacity. From an ESG perspective, we like that Antero is a leader in water conservation and reducing carbon emissions within the natural gas E&P industry.
California Resources Corp	0.22%	We hold a term loan issued by California Resources. California Resources is a company engaged in hydrocarbon exploration in California. The significant asset value and coverage has made this loan an attractive investment from a risk-return standpoint. We continually monitor the risk-adjusted return of this investment to determine relative value. We view CRC as a leader when dealing with sustainability and conservation. The increased scrutiny from the State of California also adds an additional layer of regulatory oversight. Our engagement with the company has been in the form of quarterly conference calls and periodic follow ups with management. We both utilize and monitor the MSCI ESG scores for CRC.
EP Energy	0.51%	We hold high yield bonds issued by EP Energy. Our analysis showed that the company had meaningful asset value but too much debt, and we went into the senior secured bonds below par in anticipation of a restructuring where our bonds would be made whole at 100. We like this bond because returns are uncorrelated to the broader market, and because we continue to believe the bonds are covered by assets. From an ESG perspective, we like EP Energy because in an industry which can be water and energy intensive, they work to set the standard for efficient development of hydrocarbons in the US.
Gulfport Energy Corp	0.22%	We hold high yield bonds issued by GulfPort Energy. We like Gulfport as one of the few natural gas producers that are generating positive free cash. Free cashflow had been used to buy back shares, but we entered the trade on the catalyst that management would switch its focus to buying back bonds. Additionally, Gulfport is selling its water assets and has noted plans to use proceeds to retire more debt (expected to be roughly ~5% of debt). From an ESG perspective, engagement has been led by our US team, who have met with management giving us comfort that the company is

		committed to investing in the economic and social well-being of the communities where they reside and to continue to look for innovative ways to minimize the environmental impact of their activities
Mitsubishi Chem Holdings Group	0.03%	We hold a very small position in a convertible bond issued by Mitsubishi Chemical Holdings Corporation. Mitsubishi Chemical Holdings has a robust approach to ESG issues and this is reflected in the fact that it has been selected for the past three consecutive years as a member of the Dow Jones Sustainability Index.
Prairie Eci Acqu	0.56%	We hold a term loan issued by Prairie ECI. We hold the Tallgrass loans based on their attractive risk adjusted spread, and potential for a near-term refinancing or amendment that would be credit accretive for the loans on the back of the Blackstone acquisition. Our engagement with the company has been in the form of quarterly conference calls and periodic follow ups with management
Southwestern Energy Co	0.59%	We hold high yield bonds issued by SouthWestern Energy. Our analysis indicates that SouthWestern has a best-in-class balance sheet and will be free cashflow positive in 2020, indicating the bonds are attractively valued. From an ESG perspective, water conservation is vitally important for natural gas producers as drilling is highly water-intensive, as is the relationship with local communities. Our US team led engagement with Southwestern Energy, conducting a site visit and meeting with the CEO. In the course of this we were able to verify their water conservation policy and confirm local community engagement in the form of a project to clean and make a local lake safe again for swimming by local residents after decades of industrial pollution.

3.13 **HarbourVest, Insight, Partners** had no exposure to the CU200. **CBRE** do not have the granularity of tenancy data from the managers of the underlying holdings, but are investigating further on this query.

3.14 For fossil fuels in general, rather than just the CU200 index, the exposure the Camden fund has in its main equity funds are detailed below and compared to the last quarter. Overall, it remains a small percentage of the fund but either the way, the fund favours engagement over divestment at this stage.

£m	L&G	Harris	Baillie Gifford	Total
Total Fund at Dec-19	579	267	428	1,274
Fossil fuel stock	52	19	13	83
% of NAV in fossil fuels for equities at Dec-19				**6.52%**

Total Fund at Sep-19	567	252	303	1,122
Fossil Fuel stock	50	1	10	61
% of NAV in fossil fuels for equities at Sep-19				**5.43%**

4 FINANCE COMMENTS OF THE EXECUTIVE DIRECTOR CORPORATE SERVICES

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

5 LEGAL COMMENTS OF THE BOROUGH SOLICITOR

5.1 The Local Government Pension Scheme Guidance on Preparing and Maintaining an Investment Strategy Statement states that an Administering Authority should publish a report an annual report on voting activity.

6 APPENDICES

Appendix A - LAPFF quarterly engagement report Q4 2019
Appendix B - The companies at which LAPFF voted during the quarter