

<b>LONDON BOROUGH OF CAMDEN</b>	<b>WARDS: All</b>
<b>REPORT TITLE:</b> Engagement Report	
<b>REPORT OF:</b> Executive Director Corporate Services	
<b>FOR SUBMISSION TO:</b> Pension Committee	<b>DATE:</b> 02 December 2024
<b>SUMMARY OF REPORT:</b>  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.	
<b>Local Government Act 1972 – Access to Information</b> No documents requiring to be listed were used in the preparation of this report:	
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<b>RECOMMENDATIONS:</b>  The Committee is requested to note the contents of this report	
<b>Signed by</b>	
Executive Director Corporate Services	..... <b>Agreed</b> .....
Date:	..... <b>18/11/2024</b> .....

## 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 30 September 2024.

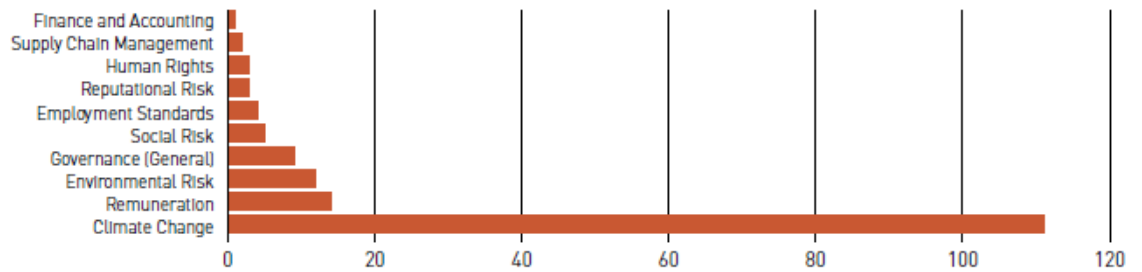
### **Quarterly Engagement Visual Data**

- 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 Climate change, Remuneration and Environmental Risk have been the subject of the most engagement, followed by Governance and Social Risk. Most of the companies engaged with were UK based although Irish, US, and Danish companies also featured.
- 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 13 (Climate Action), SDG 10 (Reduced Inequalities) and SDG 9 (Industry, Innovation and Infrastructure).

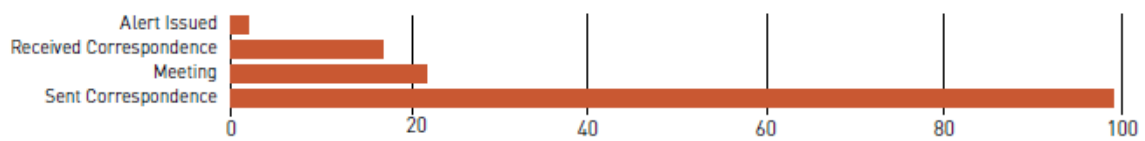
**TABLE 1**

**ENGAGEMENT DATA**

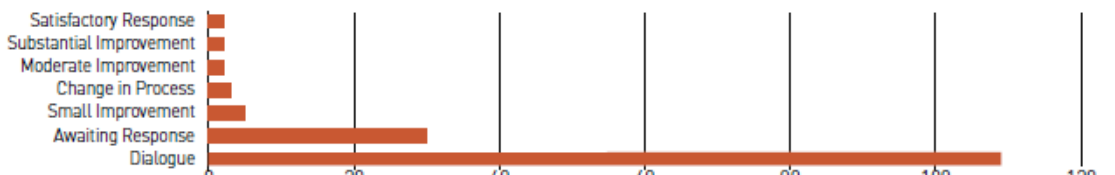
**ENGAGEMENT TOPICS**



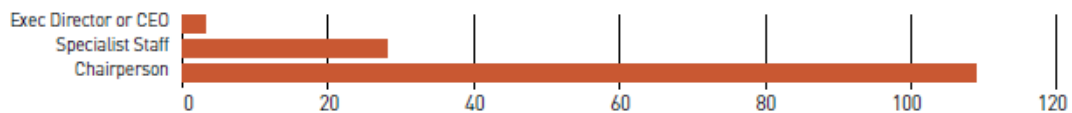
**ACTIVITY**



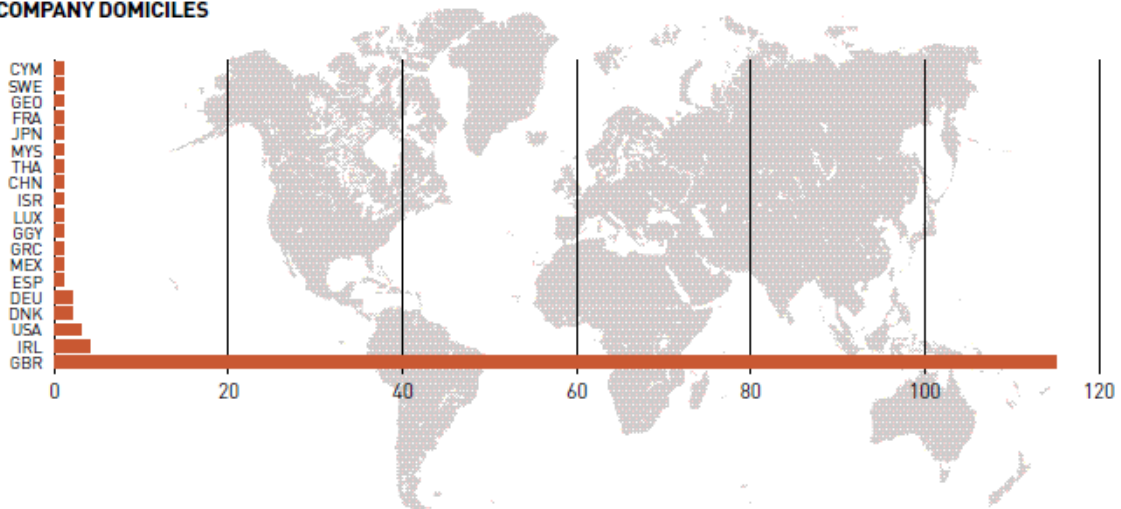
**MEETING ENGAGEMENT OUTCOMES**



**POSITION ENGAGED**

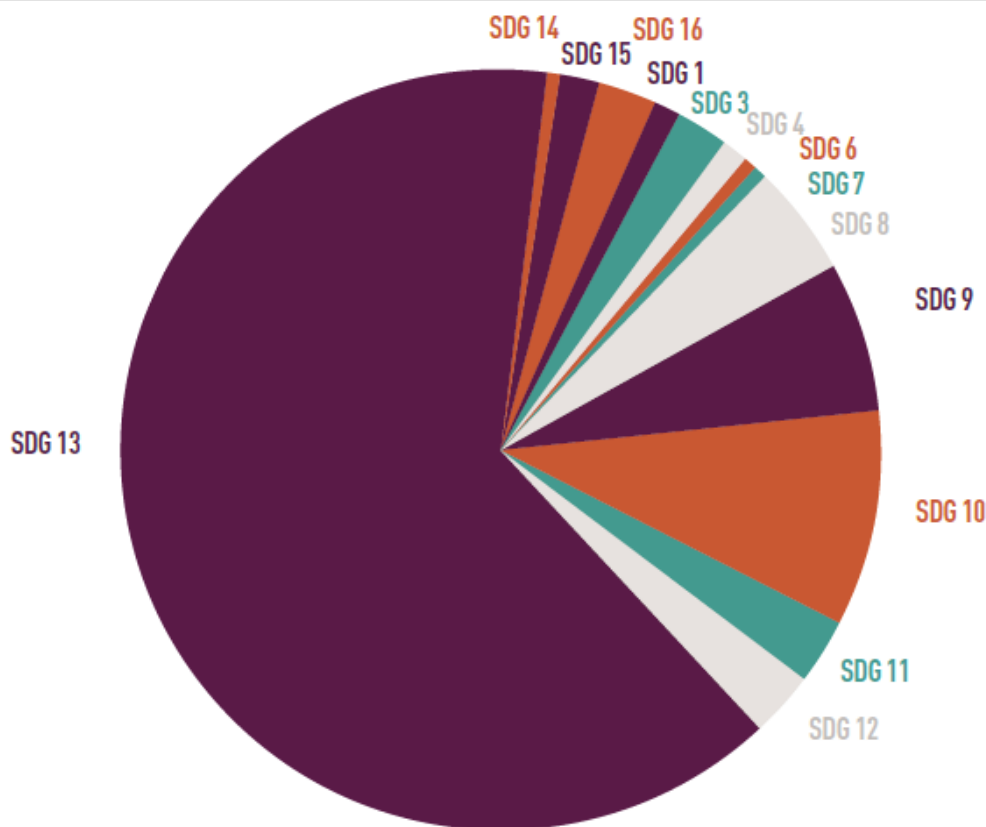


**COMPANY DOMICILES**



**TABLE 2**

**ENGAGEMENT DATA**



**LAPFF SDG ENGAGEMENTS**

SDG 1: No Poverty	2
SDG 2: Zero Hunger	0
SDG 3: Good Health and Well-Being	4
SDG 4: Quality Education	2
SDG 5: Gender Equality	0
SDG 6: Clean Water and Sanitation	1
SDG 7: Affordable and Clean Energy	1
SDG 8: Decent Work and Economic Growth	8
SDG 9: Industry, Innovation, and Infrastructure	11
SDG 10: Reduced Inequalities	16
SDG 11: Sustainable Cities and Communities	5
SDG 12: Responsible Production and Consumption	5
SDG 13: Climate Action	111
SDG 14: Life Below Water	1
SDG 15: Life on Land	3
SDG 16: Peace, Justice, and Strong Institutions	4
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 September 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 and Energy Transition**

#### **Oil & Gas (BP & Shell)**

LAPFF engaged with BP and Shell to assess their decarbonization strategies, with a focus on realistic transition goals. BP outlined its growth in hydrogen and electric vehicle (EV) charging while scaling back some climate targets. Engagements with Shell questioned its reliance on carbon capture and storage (CCS) and encouraged better integration of climate goals with financial planning.

#### **Biomass (Drax)**

Concerns over Drax's biomass energy model prompted LAPFF to engage on environmental and financial sustainability issues, including reliance on government subsidies and wood pellet sourcing. LAPFF continues to challenge Drax's claims of achieving "net-zero" through CCS.

#### **Steel (SSAB & ThyssenKrupp)**

LAPFF supported SSAB and ThyssenKrupp's efforts in low-carbon steel production, focusing on their shift to hydrogen-based processes. ThyssenKrupp highlighted its transition to direct reduction of iron, reducing its dependence on fossil fuels.

### 2.2 **Water and Nature Stewardship**

#### **Water Stewardship (Constellation Brands)**

LAPFF promoted water management targets in regions with scarce resources. Constellation Brands received strong investor support for water-related resolutions, highlighting growing awareness of water risk in supply chains.

#### **Nature Stewardship (Novo Nordisk)**

Through the Nature Action 100 initiative, LAPFF engaged Novo Nordisk on biodiversity issues, supporting its alignment with Science-Based Targets. Future engagements will monitor COP16 benchmarks to guide corporate biodiversity goals.

### 2.3 **Industry-Specific Sustainability Initiatives**

#### **Aviation (Ryanair)**

To encourage sustainable fuel adoption in aviation, LAPFF engaged with Ryanair, which committed to achieving 12% Sustainable Aviation Fuel (SAF) usage by 2030, surpassing EU and UK targets.

### **Cement (CRH)**

LAPFF discussed CRH's progress in renewable energy and decarbonization, focusing on carbon capture and storage (CCS) as a viable strategy for long-term emission reductions in the cement sector.

### **Tobacco and Plastics (Philip Morris, Imperial Brands, Japan Tobacco)**

Engaging with major tobacco firms, LAPFF addressed plastic waste in cigarette filters. Companies acknowledged challenges in replacing plastic filters but are exploring sustainable alternatives.

## **2.4 Social Responsibility and Employment Standards**

### **Zero-Hour Contracts (Compass Group, Hollywood Bowl)**

LAPFF engaged with companies on reducing reliance on zero-hour contracts. Hollywood Bowl shared its plans to transition some staff to fixed-term contracts as part of ongoing improvements.

### **Water Companies (Severn Trent)**

LAPFF continued its focus on storm overflow management and environmental targets with Severn Trent, which committed to reducing sewer overflows and enhancing infrastructure for sustainability.

## **2.5 Governance and Shareholder Rights**

### **Climate Transition Plans**

LAPFF coordinated a letter encouraging FTSE 100 companies to adopt "say on climate" votes, which garnered significant investor support, underscoring the demand for Paris-aligned climate plans.

### **Executive Remuneration (AstraZeneca, Pearson, Synthomer)**

Engaging with companies on executive compensation, LAPFF emphasized the need to balance talent retention with fair compensation that aligns pay with performance.

### **Capital Markets Governance (London Stock Exchange Group)**

LAPFF raised concerns over recent listing standards changes and urged the London Stock Exchange Group to maintain investor protections amid regulatory adjustments.

## 2.6 Political and Industry Engagement

### Party Conferences:

LAPFF hosted discussions at major UK political conferences, advocating for sustainable investment policies and responsible corporate governance. Topics included green investments, employment standards, and the role of pension funds in driving sustainability initiatives.

## 3. LAPFF BUSINESS MEETING - October 2024

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.

The **October 2024 LAPFF Business Meeting** focused on enhancing company accountability in environmental and governance areas, especially for high-impact sectors.

- On policy, LAPFF discussed the risks of operating in Conflict-Affected and High-Risk Areas (**CAHRAs**), urging companies to follow stringent human rights and environmental protocols per UN guidelines. Engagements with companies like Maersk and defence contractors aim to improve risk management practices. LAPFF plans to survey FTSE 100 companies on their CAHRA protocols to strengthen oversight.
- **Aviation decarbonization** challenges, particularly synthetic fuel development, were highlighted. Alternatives such as hydrogen and synthetic fuels face hurdles in terms of scale and feasibility for large aircraft, but these will be ongoing focal points for sector engagement. The cement industry's significant emissions were another priority, where carbon capture and storage (CCS) remains a critical, though costly, decarbonization tool. LAPFF supports further engagement with companies like Cemex and Heidelberg, noting Heidelberg's upcoming CCS facility in Norway as a benchmark project.
- LAPFF's **Quarterly Engagement Report** reviewed dialogues on biodiversity, climate policies, and pollution control. The Nature Action 100 initiative saw engagements around biodiversity with firms such as Novo Nordisk. UK water companies, like United Utilities, discussed strategies to mitigate pollution, while Canadian banks and firms in the oil, steel, and tobacco industries were approached regarding climate-aligned policies.
- **Governance** improvements continued through the "100 Companies" initiative, aimed at facilitating shareholder resolutions in UK companies. A subcommittee will assess legal frameworks to support this. The Honorary Treasurer presented positive financial updates, reporting budget underspend and a surplus in reserves.
- Finally, the **Capital Markets Working Group** criticized recent changes by the Financial Conduct Authority, which LAPFF believes weaken shareholder rights. The group will continue to advocate for more evidence-based regulatory adjustments, particularly around listing standards and shareholder protections.

### 3.1 Future meeting dates are:

LAPFF Annual Conference 4-6 December 2024

Business Meeting, Wednesday 29 January 2024

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 Q3 2024 COMPANY ENGAGEMENTS

3.2 LAPFF engaged 42 companies during the quarter. The following table shows Camden's holdings in the companies that were engaged.

Company	Harris (£000)	BG (£000)	L&G Future World (£000)	L&G Global (£000)	TOTAL (£000)	Topic
ALIMENTATION COUCHE-TARD INC.	0	0	130	275	405	Dialogue
AP MOLLER - MAERSK AS	0	0	0	59	59	Dialogue
ASTRAZENECA PLC	0	0	996	1501	2497	No Improvement
BARRATT DEVELOPMENTS PLC	0	0	44	57	101	Awaiting Response
BELLWAY PLC	0	930	0	0	930	Small Improvement
BERKELEY GROUP HOLDINGS PLC	0	0	0	41	41	Awaiting Response
BP PLC	0	0	321	569	890	Dialogue
BURBERRY GROUP PLC	0	0	0	22	22	Small Improvement
CEMEX SAB DE CV	0	0	0	55	55	Awaiting Response
CIMB GROUP HOLDINGS BERHAD	0	0	98	98	196	Moderate Improvement
CLARKSON PLC	0	0	0	0	0	Awaiting Response
COMPASS GROUP PLC	0	0	294	353	647	Dialogue
CRH PLC	0	3736	146	409	4291	Change in Process
FRASERS GROUP PLC	0	0	0	22	22	Satisfactory Response
HEIDELBERG MATERIALS AG	0	0	0	91	91	Awaiting Response
HOLLYWOOD BOWL GROUP PLC	0	0	0	0	0	Change in Process
HUANENG POWER INTERNATIONAL	0	0	0	17	17	Moderate Improvement
HUNTING PLC	0	0	0	0	0	Awaiting Response
IMPERIAL BRANDS PLC	0	0	112	162	274	Dialogue
JAPAN TOBACCO INC	0	0	173	217	390	Dialogue
KASIKORNBANK PCL	0	0	54	48	102	Small Improvement
LOREAL SA	0	0	552	647	1199	Substantial Improvement
MITIE GROUP PLC	0	0	0	0	0	Dialogue



NIKE INC.	0	0	610	673	1283	Dialogue
NOVO NORDISK A/S	0	3416	2069	2290	7775	Dialogue
PEARSON PLC	0	0	76	60	136	No Improvement
PERSIMMON PLC	0	0	0	45	45	Awaiting Response
PHILIP MORRIS INTERNATIONAL INC.	0	0	1089	1194	2283	Small Improvement
PLUS500 LTD	0	0	0	0	0	Awaiting Response
PURETECH HEALTH PLC	0	0	0	0	0	Awaiting Response
RYANAIR HOLDINGS PLC	0	0	40	0	40	Dialogue
SEVERN TRENT PLC	0	0	0	60	60	Dialogue
SMITH & NEPHEW PLC	0	0	56	87	143	Awaiting Response
SPIRENT COMMUNICATIONS PLC	0	0	0	0	0	Awaiting Response
SSAB (SVENSKT STAL AB)	0	0	0	27	27	Dialogue
STANDARD BANK	0	0	131	112	243	Awaiting Response
SYNTHOMER PLC	0	0	0	0	0	No Improvement
TAYLOR WIMPEY PLC	0	0	39	50	89	Awaiting Response
TBC BANK GROUP PLC	0	0	0	0	0	Awaiting Response
THYSSENKRUPP AG	0	0	0	0	0	Dialogue
TRAVIS PERKINS PLC	0	0	0	0	0	Awaiting Response
VISTRY GROUP PLC	0	0	0	0	0	Small Improvement
<b>TOTAL</b>	<b>0</b>	<b>8,082</b>	<b>7,030</b>	<b>9,241</b>	<b>24,353</b>	

#### 4. VOTING

4.1 A total of 3,021 resolutions were voted upon across 221 meetings in the quarter. A summary is provided in the table below:

**TABLE 4: VOTING**

<b>Vote</b>	<b>Occurrences</b>	<b>Proportion (%)</b>
For	1,938	64.2
Against	1,041	34.5
Withhold	11	0.4
Abstain	1	0
Non-Voting	25	0.8
Not Supported	3	0.1
Withdrawn	1	0
US Frequency Vote on Pay	1	0
<b>Total</b>	<b>3,021</b>	<b>100%</b>

4.2 The majority of these meetings took place in the UK (168). Resolutions on annual reports were 50% FOR, on Directors were 80% FOR, on Executive Pay were 0% FOR, and Dividends were 100% 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 LAPFF 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 Q3 2024

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