

<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> 2 December 2025
<b>SUMMARY OF REPORT:</b>  <p>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.</p>	
<b>Local Government Act 1972 – Access to Information</b> No documents requiring to be listed were used in the preparation of this report:  <b>Contact Officer:</b> Saul Omuco Head of Finance Treasury & Pensions Finance Corporate Services 5 Pancras Square London N1C 4AG  <b>Telephone:</b> 0207 974 7116 <b>Email</b> <a href="mailto:saoul.omuco@camden.gov.uk">saoul.omuco@camden.gov.uk</a>	
<b>RECOMMENDATIONS:</b>  The Committee is requested to note the contents of this report	
<b>Signed by</b>  <div style="display: flex; justify-content: space-between;"> <div>Director of Finance</div> <div>.....Agreed.....</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Date:</div> <div>.....xx/11/2025.....</div> </div>	

## 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.

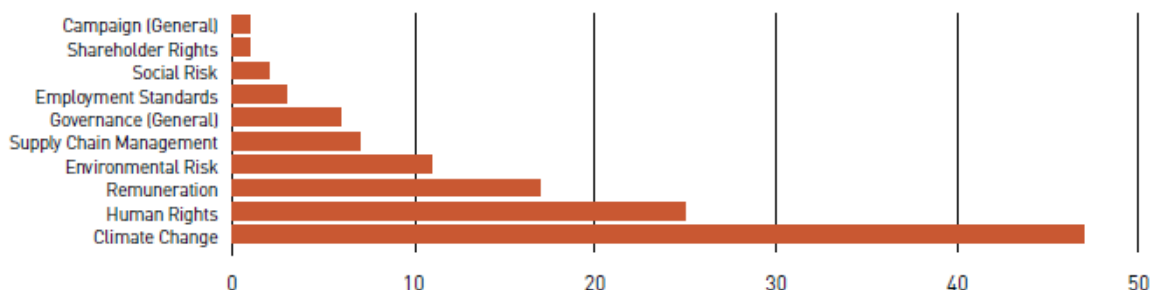
### **Quarterly Engagement Visual Data**

- 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, Human Rights and Remuneration have been the subject of the most engagement. Most of the companies engaged with were based in the USA followed by UK, 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 11 (Sustainable Cities and Communities), SDG 10 (Reduced Inequalities), SDG 16 (Peace Justice and Strong Institutions) and SDG 12 (Responsible Production and Consumption).

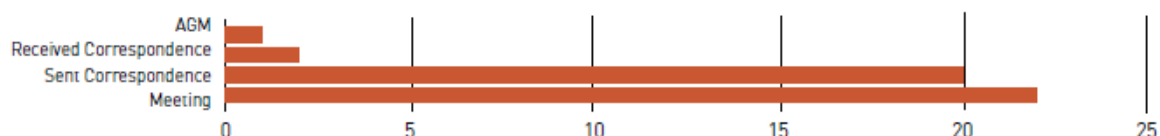
TABLE 1

## ENGAGEMENT DATA

### ENGAGEMENT TOPICS



### ACTIVITY

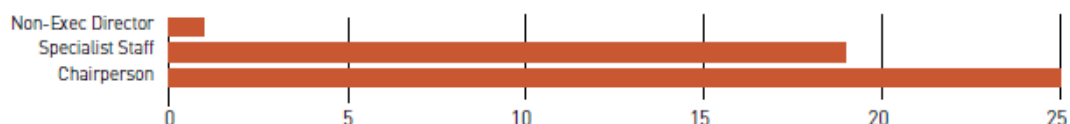


### MEETING ENGAGEMENT OUTCOMES\*



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

### POSITION ENGAGED



### COMPANY DOMICILES

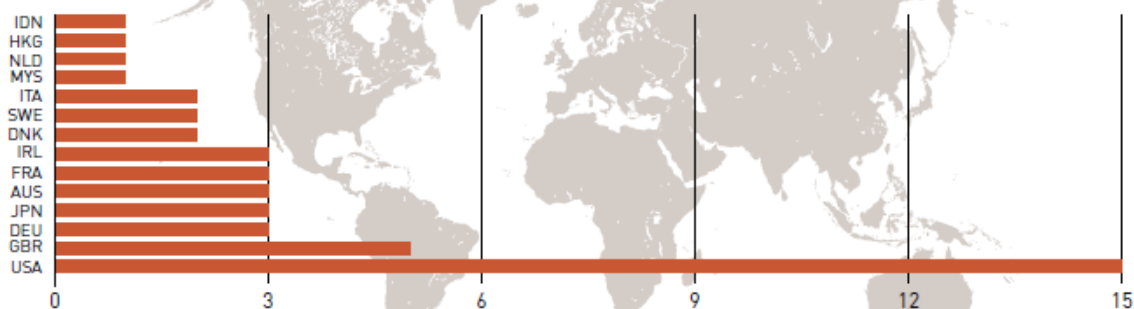
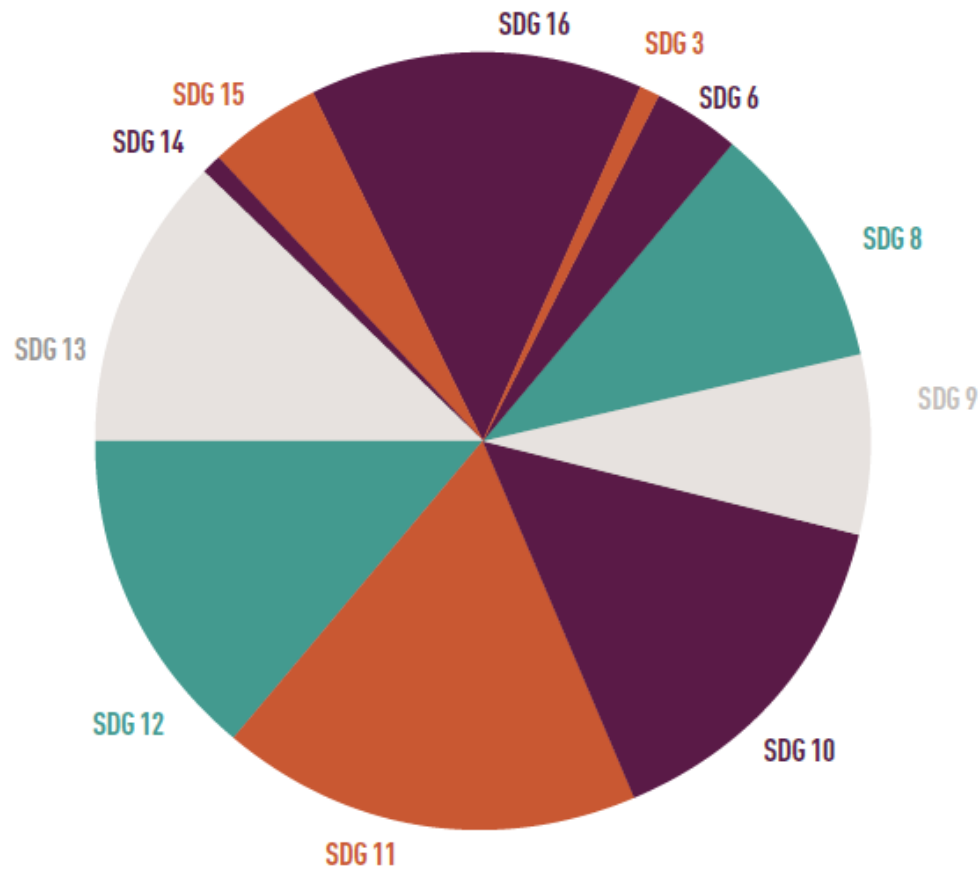


TABLE 2

ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS	
SDG 1: No Poverty	0
SDG 2: Zero Hunger	0
SDG 3: Good Health and Well-Being	1
SDG 4: Quality Education	0
SDG 5: Gender Equality	0
SDG 6: Clean Water and Sanitation	4
SDG 7: Affordable and Clean Energy	0
SDG 8: Decent Work and Economic Growth	11
SDG 9: Industry, Innovation, and Infrastructure	8
SDG 10: Reduced Inequalities	16
SDG 11: Sustainable Cities and Communities	19
SDG 12: Responsible Production and Consumption	15
SDG 13: Climate Action	13
SDG 14: Life Below Water	1
SDG 15: Life on Land	5
SDG 16: Peace, Justice, and Strong Institutions	15
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

## 2. COMPANY ENGAGEMENTS

### 2.1 CLIMATE & INDUSTRY TRANSITION

#### **Cement sector decarbonisation – Heidelberg & Cement Roadstone Holdings (CRH)**

Engagement focused on the credibility of transition plans in a sector responsible for up to 10% of a country's CO<sub>2</sub> emissions.

Key points:

- Heidelberg has delivered the world's first full-scale operational Carbon Capture and Storage (CCS) plant (Brevik, Norway), capturing c.400,000 tonnes of CO<sub>2</sub> annually.
- CRH showed progress in clinker substitution and alternative fuels (e.g. clinker factor down to 75.9%, alternative fuels up to 47%).

However, targets remain internal and undisclosed, limiting transparency—an important governance issue LAPFF will monitor.

#### **Asia energy transition – Engagement via Asia Research & Engagement**

Banks including Bank Mandiri and Commerce International Merchant Bankers (CIMB) were engaged on aligning lending portfolios with 1.5°C pathways.

Findings:

- Coal exposure remains significant in Indonesia and Malaysia despite national transition commitments.
- Data coverage gaps remain large (Mandiri emissions data covers only 56% of lending).
- LAPFF pressed for transition finance frameworks with measurable KPIs.

Relevance to Camden: Camden's LGIM portfolios hold several Asian financial institutions; transition misalignment poses long-term risk.

### 2.2 WATER STEWARDSHIP

#### **UK Water Utilities – Pennon & Severn Trent**

Engagement centred on:

- Storm overflow pollution
- Per- and Polyfluoroalkyl Substances (PFAS) “forever chemicals” in UK rivers
- Implications of the government's July decision to abolish OFWAT and create a single, consolidated regulator

Highlights:

- Pennon showed >50% reduction in pollution incidents but acknowledged geography-driven challenges.
- Severn Trent retains a 4-star EPA rating for five consecutive years and expects average spills to fall to 18 by end-2025.

LAPFF flagged that sector-wide regulatory uncertainty could materially affect future capital plans and investor confidence—important for Camden given indirect holdings.

### **Coca-Cola – Water strategy rollback**

LAPFF challenged:

- Removal of time-bound sustainable agriculture targets
- Dilution of watershed commitments (2030 → 2035)
- Lack of accountability mechanisms

The company maintains it “replenishes” 148% of water used in finished drinks, but LAPFF remains concerned about reliance on voluntary commitments.

## **2.3 HUMAN RIGHTS & CONFLICT-AFFECTED / HIGH-RISK AREAS (CAHRAs)**

Significant focus this quarter was on companies operating in environments with heightened human rights risks.

### **Banks (Australia)**

ANZ, CBA and NAB provided examples of:

- Heightened due diligence
- Decision-making processes in high-risk markets
- Influence exerted on clients to address unacceptable practices

### **Oil & Gas**

Engagement centred on Mozambique LNG and other CAHRA exposures.

#### **TotalEnergies:**

- Uses ex-military teams for conflict analysis
- Established a US\$200m community foundation in Cabo Delgado
- Stressed misuse of force as its key human rights focus

#### **Eni:**

- Demonstrated some best practice (mandatory HR clauses in JV agreements, conflict analysis in Nigeria/Mozambique)

### **UN Special Rapporteur Report – Palestinian Territories**

LAPFF wrote to several companies listed in the UN report.

Microsoft responded with materials and committed to addressing CAHRA exposures in its upcoming annual report.

## 2.4 NATURE, BIODIVERSITY & TNFD

LAPFF, through Nature Action 100, met Pfizer to review:

- Biodiversity risk assessments
- Impacts and dependencies
- Governance structures for nature-related risks

Pfizer's work is still at an early stage; nature is currently overshadowed by climate and water priorities.

Other letters were sent to Bunge, WH Group, Tyson Foods, International Paper, ADM—only Bunge responded.

## 2.5 GOVERNANCE & EXECUTIVE REMUNERATION

This quarter saw some of the most contentious pay-related engagements to date.

### **Prysmian**

Remuneration report received 58.9% shareholder opposition due to a contentious CEO severance package.

LAPFF challenged:

- Quantum
- Lack of performance safeguards
- Risk of inconsistent communication

### **Infineon**

Significant improvement after 43% shareholder dissent earlier in the year.

ESG elements retained at 20% weighting; TSR weighting reduced; more robust clawback and LTI reforms introduced.

### **Besi**

Payouts inflated due to share price appreciation under the old policy.

New 2024–2027 policy caps awards at 10× salary and removes discretionary elements.

### **Pandora**

47.8% shareholder dissent over a special CEO bonus.

LAPFF raised concerns over:

- Short vesting period
- Limited target disclosure
- Overlap with other incentive schemes

## 2.6 COLLABORATIVE ENGAGEMENTS

Key updates include:

- Reduction of emergency levels at multiple dams
- Full implementation of the Global Industry Standard on Tailings Management
- Progress towards 2030 Voluntary Forest Goal

- First Sustainability-Related Financial Information Report published under ISSB-aligned standards

Next steps include monitoring community feedback mechanisms and attendance at investor field trips.

## 2.7 NEXT STEPS

- i) **Escalation:** Where progress is slow, LAPFF will escalate to chairs or file shareholder resolutions. This includes:
  - CRH and Heidelberg (cement transition transparency)
  - Coca-Cola (water risk dilution)
  - Companies with CAHRA exposures where due diligence is weak
  - Executive pay at Prysmian, Pandora and Besi
- ii) **Water stewardship benchmarking:** Cross-company benchmarking (TNFD, VWFI) will be expanded.
- iii) **CAHRA policy transparency:** Further work with defence, oil & gas and financial institutions to embed heightened due diligence.
- iv) **Nature Action 100 focus:** Tracking biodiversity integration, particularly at Pfizer and Bunge.

## 3. VOTING

A total of 1,910 resolutions were voted upon across 134 meetings in the quarter. A summary is provided in the table below:

**TABLE 3: VOTING**

Vote	Occurrences	Proportion (%)
For	1,260	66%
Against (Oppose)	601	32%
Withhold	22	1%
Abstain	0	0%
Non-Voting	18	1%
Not Supported	0	0%
Withdrawn	8	0%
US Frequency Vote on Pay	1	0%
<b>Total</b>	<b>1,910</b>	<b>100%</b>

The majority of meetings took place in the UK (93).

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.

The companies at which PIRC voted during the quarter on behalf of Camden are listed in Appendix B for information. Further details are published quarterly here: Pensions - Camden Council (navigate to the Voting Information section).



4. **RESPONSIBLE INVESTOR COMMENT**

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.

5. **ENVIRONMENTAL IMPLICATIONS**

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.

6. **FINANCE COMMENTS OF THE DIRECTOR OF FINANCE**

The Director of Finance has no finance comments to add.

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

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.

8. **APPENDICES**

**Appendix A** - LAPFF quarterly engagement report Q3 2025

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