

LONDON BOROUGH OF CAMDEN	WARD: All
REPORT TITLE: Responsible Investment Policy – Including Conflict Zone Exposure Framework	
REPORT OF: Executive Director Corporate Services	
FOR SUBMISSION TO: Pension Committee	DATE: 2 December 2025
SUMMARY OF REPORT: This report presents the Draft Responsible Investment (RI) Policy for the Camden Pension Fund. The report outlines the steps taken to reach this stage, including the market engagement exercise with specialist ESG and geopolitical consultants, the decision to utilise the RepRisk AI platform for portfolio screening, and subsequent work with Isio to translate the analytical findings into a practical policy framework. Appendix 1 provides sample analysis outputs generated from the RepRisk platform, and Appendix 2 sets out the draft RI Policy.	
Local Government Act 1972 – Access to Information No documents required to be listed were used in the preparation of this report. Contact Officer: Saul Omuco Head of Finance Treasury & Pensions Finance Corporate Services 5 Pancras Square London N1C 4AG Telephone 0207 974 7116 Email saul.omuco@camden.gov.uk	
RECOMMENDATIONS: The Committee is asked to: 1. Review and note that ongoing use of RepRisk ESG incident-monitoring platform (Appendix 1) by the Fund 2. Review and comment on the Draft Responsible Investment Policy (Appendix 2) noting that it is subject to final legal clearance 3. Note that the final Responsible Investment Policy will be brought back to Committee in March 2026 for formal approval.	
Signed by Director of Finance Agreed Date xx/11/2025	

1. REASON FOR URGENCY

- 1.1 The UK Government has now published its response to the Fit for the Future consultation, confirming its plans to reform the Local Government Pension Scheme (LGPS). These reforms carry significant implications for administering authorities and the LGPS asset pools.
- 1.2 Under the new requirements, all administering authorities must take steps to comply with asset pooling rules, including the transfer of assets into the pools by 31 March 2026.
- 1.3 The regulations underpinning these changes will be enacted through the Pension Bill, currently progressing through Parliament and expected to receive Royal Assent in early 2026. Once in force, amongst other things the regulations will require each administering authority to set, publish, and maintain an investment strategy and this strategy must cover approaches responsible investment.
- 1.4 Failure to have this strategy properly considered and agreed by the March deadline would risk non-compliance with statutory requirements.

2. INTRODUCTION

- 2.1 At its meeting in March 2025, the Committee agreed to strengthen the Fund's approach to Responsible Investment (RI) through a series of actions.
- 2.2 These actions included commissioning an independent review of the Fund's holdings for potential exposure to companies linked with conflict-affected and high-risk areas and developing an explicit Conflict Zone Exposure Policy within Camden's ESG framework.
- 2.3 Subsequent reports to the July 2025 and October 2025 Committees detailed the progress of this work, including the drafting of the Terms of Reference (ToR) for the independent review, consultation with potential providers, and early engagement with LCIV on embedding the outputs into the Fund's overarching RI Policy.

3. MARKET ENGAGEMENT AND SCOPE

- 3.1 Officers undertook a market-testing exercise to identify suitable providers capable of performing the required analysis.
- 3.2 The Terms of Reference (ToR) approved by the Committee in July 2025 were issued as the formal scope of work.
- 3.3 The ToR required providers to:
 - Review the Fund's holdings for exposure to defence or other companies deriving revenues from activities in conflict-affected regions, including the Occupied Palestinian Territories.
 - Align analysis to recognised international frameworks (UN OHCHR conflict-affected and high-risk areas List, UN Global Compact, OECD Guidelines).
 - Identify holdings by company, sector and geography.
 - Provide findings suitable to inform a future Conflict Zone Exposure Policy.

4. OUTCOMES OF THE CONSULTATION

- 4.1 The market engagement produced the following key findings:
 - i. Advisory limitations: Most providers were able to produce factual or data-only reports but were unwilling to provide policy recommendations due to reputational and methodological uncertainty in this evolving area.

- ii. Delivery time: Consultancy-based reviews required three to five months, which would not align with the Committee's December 2025 timetable.
- iii. Static versus dynamic output: Most proposals offered a one-off "point-in-time" report, whereas officers sought a tool that could be refreshed dynamically as holdings changed.
- iv. Future pooling considerations: Given the March 2026 pooling mandate, entering long-term consultancy contracts was not considered efficient or practical.

5. DECISION AND IMPLEMENTATION

- 5.1 Following consultation with the Chair and Director of Finance, officers determined that a technology-driven approach would best meet Camden's objectives.
- 5.2 The Fund therefore subscribed to the RepRisk ESG incident-monitoring platform, which provides:
- An independent, automated and methodologically consistent analysis of portfolio exposure to human-rights, climate and conflict-related risks.
 - Real-time capability and the ability to rerun analyses as holdings change.
 - Output mapped to recognised frameworks (SASB Issue Categories and UN Global Compact Principles).
- 5.3 The RepRisk subscription provided the evidence base for the subsequent drafting of Camden's Conflict Zone Exposure Policy.
- 5.4 Officers then engaged Isio, Camden's investment consultant, to:
- interpret and contextualise the RepRisk findings,
 - draft a Conflict Zone Exposure Policy aligned to Camden's fiduciary duties and RI principles, and
 - integrate that policy section into the Draft Responsible Investment Policy for the Camden Pension Fund.
- 5.5 This approach ensures continuity between data analytics, policy formulation, and future application within the Fund's Investment Strategy Statement (ISS).

6. FINANCE COMMENTS OF THE DIRECTOR OF FINANCE

The RepRisk subscription cost £17,000 (including setup). Future updates of the analysis can be undertaken within existing budgets and officer capacity.

Other finance comments of the Director of Finance are contained within the report.

7. LEGAL COMMENTS OF THE BOROUGH SOLICITOR

This report provides an update on the Camden Pension Fund's progress in implementing actions agreed by the Pension Committee in March 2025 relating to responsible investment, human rights, and exposures to Conflict-Affected and High-Risk Areas. The activities set out in the report are consistent with the Fund's duties under the Local Government Pension Scheme Regulations 2013, particularly the requirement to act in the best interests of scheme members and beneficiaries. They also align with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which require administering authorities to formulate and maintain an investment strategy that includes consideration of environmental, social and governance (ESG) factors.

8. ENVIRONMENTAL IMPLICATIONS

The Responsible Investment Policy strengthens the Fund's approach to managing environmental, social and governance (ESG) risks, including climate-related risks. The policy does not introduce any immediate changes to asset allocation but supports improved oversight of environmental exposures through enhanced stewardship, clearer expectations of investment managers, and increased transparency. The Policy remains fully aligned with fiduciary duty and the Council's obligations under the LGPS Regulations.

There are no direct environmental impacts arising from the approval of this report.

9. APPENDICES

APPENDIX 1 – RepRisk Analytical Outputs – Human Rights and Conflict Exposure

APPENDIX 2 – Draft Responsible Investment Policy