



Pensions Fund Sub-Committee
21st February 2022

Pension Board
24 March 2022

Report from the Director of Finance

LAPFF Engagement Report

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	OPEN
No. of Appendices:	1. LAPFF Engagement Report Q4 2021
Background Papers:	▪ N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Sawan Shah, Senior Finance Analyst Rubia Jalil, Finance Analyst

1.0 Purpose of the Report

1.1 This report is for noting and presents members with an update on engagement activity undertaken by LAPFF (the Local Authority Pension Fund Forum) on behalf of the Fund. The Fund's commitment with LAPFF and its work demonstrates its commitment to Responsible Investment and engagement as a way to achieve its objectives.

2.0 Recommendation

2.1 The Committee is recommended to note this report.

3.0 Background of LAPFF

3.1 LAPFF (the Local Authority Pension Fund Forum) has 84 members, 7 pools and combined assets exceeding £300bn. With investments widespread in

many sectors, LAPFFs aim is to act together with the majority of the UK's local authority pension funds and pool companies to promote the highest standards of corporate governance in order to protect the long-term value of local authority pension funds.

- 3.2 Leading the way on issues such as campaigns against excessive executive pay, environmental and human rights campaign, reliable accounting and a just transition to a net zero economy, the Forum engages directly with company chairs and boards to affect change at investee companies. LAPFF engages with companies and its stakeholders, such as employees and local communities, to understand their views on a company's behaviour and risks. Some issues extend beyond the behaviour of individual companies to the way markets function. The engagement is member led and on behalf of the Brent Pension Fund and other local authorities, LAPFF are able to challenge regulators and deliver reforms that advance corporate responsibility and responsible investment.
- 3.3 In October 2019, the Pension Sub-committee approved Brent Pension Fund's membership into LAPFF. Members of the Pension Sub-committee are welcome to attend meetings of the Forum. As a member of LAPFF, Brent Pension Fund are entitled to contribute to and participate in the work plan organised by the Forum around issues of common concern.

4.0 Engagement Report

- 4.1 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. A summary of key engagement work has been provided in this report. However the full report is attached in Appendix 1 and highlights the achievements during the most recent quarter.

Engagement Conducted by LAPFF

BHP

- 4.2 LAPFF have continued to engage with BHP, Vale and the affected communities in the hopes of speeding up reparations. The joint venture between BHP and Vale established to undertake compensation and reparations in relation to Mariana, and a general reference to Samarco operations re-starting. It was explained that the company's upstream tailings dams will not be de-characterised until 2035 at the earliest. The company officials stated the safety measures would be taken at these dams in the meantime.
- 4.3 LAPFF Recommends voting to oppose BHP's climate plan for its lack of alignment with the Paris Agreement. The LAPFF chair states climate change is not a negotiation. The number of plans that fail to meet the goals of the Paris Agreement is considered a concern.

Barratt Developments

- 4.4 The property sector is a major contributor to carbon emissions. The emissions come from when buildings are occupied and the sector is facing higher environmental standards from government. LAPFF have gained assurances about plans that Barrett development are making towards achieving net zero for homes and for their operations. Barrett developments are engaging with their supply chain to meet the government's future homes standard.

Pharmaceutical Company Engagements

- 4.5 LAPFF are engaging with pharmaceutical companies discuss whether Covid-19 has forced them to change their business models or business strategies. The companies which responded have focused on operational changes, such as how staff work together online and determining the right balance of working from home and working from offices. There might be further developments to consider in respect of business models and strategies before companies can decide whether they are well-placed with their existing structures or whether they need to make adjustments in the longer-term.

Brazilian community members

- 4.6 The LAPFF chair engaged with four members of the affected Mariana communities to discuss their current situation. Concerns have been raised over lack of progress made in respect of either housing or other reparations.

Arizona community members

- 4.7 The LAPFF chair engaged with the mining reform coalition of the Arizona, who has raised concerns about the cultural heritage impacts of the BHP-Rio into resolution copper project and also about the water impacts. There has been no real assessment of the projects impact on water resources by the companies.

5.0 Financial Implications

- 5.1 Not applicable.

6.0 Legal Implications

- 6.1 Not applicable.

7.0 Equality Implications

- 7.1 Not applicable.

8.0 Consultation with Ward Members and Stakeholders

- 8.1 Not applicable.

9.0 Human Resources

9.1 Not applicable.

Report sign off:

Minesh Patel
Director of Finance