



Brent Pension Fund Sub-Committee
18 February 2026

**Report from the Corporate Director
of Finance and Resources**

LAPFF Engagement Report

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt:	Open
List of Appendices:	One Appendix 1: LAPFF Engagement Report Sep 2025
Background Papers:	N/A
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1.0 Executive Summary

- 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 to achieve its objectives.

2.0 Recommendation(s)

- 2.1 The Committee is recommended to note this report.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

- 3.2 The work of the Pension Fund is critical in ensuring that it undertakes statutory functions on behalf of the Local Government Pension Scheme and complying with legislation and best practice. Efficient and effective performance and service delivery of the Pension Fund underpins all Borough Plan priorities.

4.0 Background to LAPFF

- 4.1 LAPFF (the Local Authority Pension Fund Forum) represents 87 members and 7 pools with combined assets exceeding £425bn. With investments widespread in many sectors, LAPFF's 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.
- 4.2 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.
- 4.3 In October 2019, the Pension Fund 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.
- 4.4 Collaboration with other investors has the potential to strengthening the voice of Pension Funds, influence major companies on key ESG issues and help drive real-world change. Examples of the work carried out by LAPFF are provided below and in previous engagement reports to the committee. Individual funds, like Brent, engaging with companies on their own are unlikely to much of an impact and the Fund would require significant resources to do so effectively. Therefore, membership of collaboration groups such as LAPFF is considered to be more efficient whilst also likely to have greater impact.

5.0 Engagements Conducted by LAPFF

- 5.1 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. The full report is attached in Appendix 1 (as of September 2025) and highlights the achievements during the relevant period.

Water Stewardship

- 5.2 The LAPFF is engaging companies on water stewardship from two key perspectives: the risks of water resource use and scarcity, and the human rights impacts that arise when access to clean water is compromised. These issues are particularly material for water-intensive sectors such as mining and food and beverage, where poor management can heighten social, environmental, and financial risks.
- 5.3 At the same time, LAPFF is addressing water pollution, focusing on sewage discharges in the UK utilities sector and the growing threat of persistent contaminants such as “forever chemicals,” which pose long-term risks to ecosystems, public health, and corporate accountability.
- 5.4 LAPFF continues its engagement with UK water utilities in 2025 as the sector faces mounting scrutiny from the public, policymakers, regulators, and investors over environmental performance — particularly the persistent issue of storm overflow pollution. Further adding to the challenges the sector faces, in July 2025, the UK government announced that OFWAT will be abolished and replaced with a single, more powerful body combining the responsibilities of OFWAT, the Environment Agency, Natural England, and the Drinking Water Inspectorate. This arguably marks the most significant overhaul of water sector regulation since privatisation.
- 5.5 LAPFF met with Chair and outgoing CEO of Pannon Group, the utility firm which owns and operates South West Water, who confirmed active engagement with OFWAT and DEFRA, emphasising urgent action over discussion. The Independent Water Commission’s findings — that the UK’s regulatory system is broken — were discussed, and Pannon welcomed recommendations for leadership and reform. South West Water was named a major improver by the Environment Agency.
- 5.6 Its £3.2bn investment focuses on storm overflows and wastewater treatment, cutting pollution incidents by 50% in early 2025 and improving sewer performance. Key actions include redesigning pumping stations, expanding monitoring, and removing 15,000 spills. Pannon also strengthened data governance and CEO succession planning, with LAPFF noting its positive and forward-looking stance despite sector challenges.

Executive Remuneration

- 5.7 During Q3, LAPFF intensified its engagement with listed companies across Europe and the U.S., following a wave of significant shareholder dissent on remuneration during the 2025 AGM proxy season. These conversations focused on uncovering key drivers behind investor opposition and assessing how companies are responding to mounting shareholder concerns.

- 5.8 LAPFF engaged for the first time with Prysmian, an Italian multinational specialising in the design, manufacture and installation of energy and telecommunications cables and systems. The company's remuneration report was rejected by 58.9% of shareholder votes cast this year. Concerns centred around the severance package awarded to outgoing CEO Valerio Battista, who stepped down from the executive role but remained on the board. Shareholders viewed this as a "double benefit," inconsistent with a clean departure.
- 5.9 Prysmian explained that, as an Italian-listed company, executive contracts fall under the statutory 'Dirigente' category, which includes mandatory severance provisions, even in cases of consensual departure. The package had been agreed in 2015, fully disclosed, and later reduced. The board defended Mr Battista's continuation as a director, emphasising his central role in Prysmian's growth and the stability his presence provided.
- 5.10 The company addressed shareholder concerns over its long-term incentive (LTI) design, which is currently based on three-year relative Total Shareholder Return (TSR) performance. LAPFF encouraged the addition of safeguards such as an absolute TSR underpin or dual thresholds to ensure payouts reflect genuine value creation, particularly in volatile markets.
- 5.11 LAPFF will be watching closely to see how Prysmian responds to dissent on its remuneration report and whether the company strengthens performance safeguards, such as incorporating absolute measures alongside relative TSR to better align executive pay with long-term investor outcomes.

Nature & Biodiversity

- 5.12 It has been two years since the Taskforce on Nature-Related Financial Disclosure's (TNFD) final recommendations were published, encouraging businesses to assess, report and act on their nature-related dependencies, impacts, risks and opportunities. For those companies with the most material negative impacts on nature, LAPFF asks companies to make public commitments to mitigate nature loss. Companies are also expected to provide detailed disclosures on how these commitments inform their assessment and disclosure of material dependencies and impacts on nature.
- 5.13 As a part of its continued engagement with Nature Action 100 (NA100), a global, investor-led initiative aimed at halting loss of biodiversity, LAPFF held a meeting with Pfizer. This is the first time investors have met with the company as part of the initiative but builds on a wider set of engagements that LAPFF has been involved in with others in the pharmaceutical sector.
- 5.14 Pfizer acknowledged the link between climate change and biodiversity and outlined the findings of its first biodiversity risk assessments, conducted in 2023, which identified manufacturing and R&D sites near sensitive ecosystems. The group emphasised the importance of transparency around assessments of material impacts and dependencies, noting that disclosure of salient issues is

a foundational step before targets and governance structures can be integrated. Pfizer recognised this and noted that nature-related issues remain under consideration alongside its current resource prioritisation on net zero and water stewardship, including longstanding work on pharmaceuticals in the environment and antimicrobial resistance.

- 5.15 LAPFF is monitoring whether companies already engaged are beginning to translate commitment into tangible actions on biodiversity, water stewardship, and supply chain risks. It will also continue to assess company progress as further disclosures and reports are released. Where companies without sufficient approaches to mitigating negative impacts on nature and biodiversity, and do not respond to LAPFF's requests for engagement, escalation will be considered.

Consultation Responses

- 5.16 LAPFF submitted a response in September 2025 to a consultation on sustainability reporting. The framework for the proposed sustainability standards comes from the IFRS Foundation, and LAPFF raised concerns about the restrictive nature of a central premise within the consultation, that: "the updated framework will seek to ensure that only information that is decision-useful is required to be disclosed and that this is provided in a format that best meets the needs of investors and other users." LAPFF views the term 'decision useful' as problematic. It is not described in UK legislation and is described by accounting standard setters, which can lead to tensions between standards and UK law.
- 5.17 Directors are not considered "users" under the "decision useful" definition because they are assumed to have internal access to information. However, disclosure can still be relevant to directors by highlighting issues that might otherwise go unnoticed, such as workforce deaths or diversity metrics. LAPFF also noted concerns that restricting reporting to only what is decision-useful could exclude important social and environmental information. These risks, while potentially deemed immaterial to investors, may have wider systemic consequences.
- 5.18 In summary, LAPFF argued that the "decision useful" premise could restrict meaningful sustainability reporting, limit transparency, and fail to capture risks that affect both the company and the broader market. By narrowing the scope of disclosure to only what affects investor decisions, important social, environmental, and governance information may be underreported, potentially increasing systemic risks and reducing accountability across the corporate sector.

6.0 Stakeholder and ward member consultation and engagement

- 6.1 There are no direct considerations arising out of this report.

7.0 Financial Considerations

7.1 There are no direct financial considerations arising out of this report.

8.0 Legal Considerations

8.1 There are no legal considerations arising out of this report.

9.0 Equality, Diversity & Inclusion (EDI) Considerations

9.1 There are no equality considerations arising out of this report.

10.0 Climate Change and Environmental Considerations

10.1 The Brent Pension Fund is committed to being a responsible investor, which involves engaging with and encouraging companies to take positive action on environmental, social and governance (ESG) issues.

11.0 Human Resources/Property Considerations (if appropriate)

11.1 There are no HR or property considerations arising out this report.

12.0 Communication Considerations

12.1 There are no communication considerations arising out of this report.

Report sign off:

Minesh Patel

Corporate Director of Finance and Resources