Brent	**Brent Pension Fund Sub-Committee** 7 October 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: LAPPF Engagement Report Q2 2026
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 2026) and highlights the achievements during the relevant period (April – June).

Climate Change Mitigation: BP & Drax

5.2 LAPFF has maintained longstanding engagement with companies in the energy sector regarding climate transition risk, governance, and long-term resilience. LAPFF engaged with BP regarding concerns relating to its revised strategy of increased reliance on hydrocarbons and shareholder oversight of capital allocation. LAPFF supported the co-filing of a shareholder resolution seeking enhanced disclosure on how BP applies capital discipline to upstream oil and gas investments, including project competitiveness, execution risk and exploration expenditure, to enable shareholders to assess whether capital allocation decisions are aligned with long-term value creation. This aligns with the “managed decline model” promoted by the LAPFF. The resolution received 28% support, therefore requiring formal response from BP.

5.3 Concerns around governance matters at BP extended to proposals related to shareholders rights and climate disclosures, presented at their AGM. Subsequently, proposals attempting to revoke climate disclosure, remove shareholder oversight, and move to virtual-AGMs were defeated (by over 50%). Considering the broad governance issues, LAPFF issued a voting alert recommending members withdraw support for newly appointed Chair BP plc's Albert Manifold. At the AGM, Mr Manifold received more than 18% opposition from shareholders. He subsequently left the role, marking a further period of governance instability at the company following several Chair and CEO changes within a five-year period.

5.4 LAPFF met with the Senior Independent Director of Drax Group plc to discuss governance and internal controls following regulatory scrutiny, the credibility and transparency of biomass sourcing practices, the resilience of the company's business model under reduced government support, and the extent to which its transition strategy relies on Carbon Capture and Storage (CCS) and Bioenergy with Carbon Capture and Storage (BECCS). Drax stated that it maintains robust traceability and compliance processes across its supply chain and confirmed that it intends to cease using Canadian wood pellets at its UK power station, with biomass expected to be sourced exclusively from the United States by around 2027.

5.5 LAPFF continues to have concerns regarding supply chain transparency, dependence on public subsidies and the extent to which Drax's net zero strategy relies on carbon capture technologies that remain commercially and technically uncertain at scale. Engagement with the company will continue throughout 2026.

Climate Change Commitments: NatWest and HSBC

5.6 LAPFF engaged with NatWest Group PLC and HSBC Holdings PLC following revisions to their climate and environmental risk policies. LAPFF's engagement

focused on whether the changes remained consistent with the banks' stated net zero commitments and their management of climate-related financial risks.

5.7 During discussions, NatWest confirmed that it had moved away from its previous 1.5°C alignment framework and amended restrictions on fossil fuel financing. The bank stated that the changes would provide greater flexibility in financing opportunities while continuing to support its sustainable finance objectives. LAPFF challenged whether these changes weakened climate ambition and increased exposure to transition risk

5.8 HSBC outlined amendments to its sustainability risk framework, including changes to restrictions on oil and gas financing and revised expectations for thermal coal clients. LAPFF raised concerns regarding how these changes align with the bank's decarbonisation targets and long-term climate commitments.

5.9 As part of its stewardship activities, LAPFF issued voting alerts recommending that investors consider withholding support from the Chairs of both banks due to concerns regarding climate governance and policy rollbacks. Both companies experienced increased shareholder opposition at their respective Annual General Meetings. LAPFF will continue engaging with the banks to encourage stronger climate governance, disclosure and oversight of climate-related risks.

Climate Change Adaptation and Environment: Tesco

5.10 LAPFF engaged with Tesco on how it is managing physical climate risks across its food supply chains. The engagement focused on risks associated with extreme weather, drought, water stress and broader supply chain resilience. Tesco identified climate and nature-related risks as principal business risks and highlighted initiatives including agricultural innovation programmes, supplier partnerships and investment in supply chain risk mapping technology.

5.11 LAPFF will continue engagement with Tesco to better understand how climate adaptation measures are being implemented at commodity and farm level, particularly for higher-risk products. Future discussions will focus on traceability, resilience planning and how climate risk information informs operational and capital allocation decisions.

Modern Slavery: CCLA Benchmark

5.12 LAPFF engaged with companies identified within the lower tiers of the CCLA Modern Slavery Global Benchmark, including Philip Morris International, Salesforce and Amgen. The engagement assessed how companies identify, manage and remediate modern slavery risks within their operations and supply chains, with particular focus on governance, due diligence and supply chain transparency.

5.13 Whilst some companies demonstrated established supplier monitoring and oversight practices, LAPFF identified opportunities for stronger disclosure,

greater visibility beyond tier-one suppliers and improved evidence that modern slavery risks are being effectively managed in practice. LAPFF will continue to engage companies using the benchmark as a tool to assess progress and encourage improvements.

Mining: Vale

5.14 LAPFF continued engagement on human rights, environmental risk and climate resilience within the mining sector. During the quarter, LAPFF met with Earthworks to discuss concerns regarding tailings dam safety and the growing impact of climate-related physical risks within Vale's operations in Brazil. Attention was given to recent flooding events and the implications for operational resilience and affected communities.

5.15 As part of the PRI Advance initiative, LAPFF also sought further engagement with Vale on stakeholder engagement, community grievance mechanisms, climate resilience and board oversight of environmental and social risks. LAPFF will continue monitoring the company's progress and engagement with affected communities.

Conflict-Affected and High-Risk Areas (CAHRAs)

5.16 LAPFF continued its programme of engagement on conflict-affected and high-risk areas, focusing on how companies identify and manage heightened human rights risks associated with operations, supply chains and business relationships linked to conflict-affected regions. During the quarter, LAPFF reviewed company responses covering governance arrangements, due diligence processes and risk management frameworks.

5.17 LAPFF also raised these issues through AGM participation and investor engagement where disclosure was considered insufficient. Whilst some companies demonstrated structured approaches to managing conflict-related risks, LAPFF identified gaps relating to board oversight, accountability and transparency. Ongoing engagement and, where necessary, escalation will continue to encourage stronger implementation of human rights due diligence practices.

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 Equity, Diversity & Inclusion (EDI) Considerations

9.1 There are no equity 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 which is delivered through the LAPFF.

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