



Quarterly Engagement Report

January-March
2021



National Grid, BHP, HSBC, Centrica, HSBC, Compass Group, Heidelberg Cement

CLIMATE EMERGENCY



National Grid Commits to Vote on Climate

Objective: LAPFF has promoted a ‘Say on Climate’ at the National Grid AGM as a crucial mechanism for investors to be able to approve (or otherwise) the company’s net zero transition plans, preferably on an annual basis.

Achieved: Following a series of meetings held with the chair, the board announced in March that an advisory vote would be provided for shareholders at the 2021 AGM to put the company’s climate change-related targets and action plan to the 2022 AGM for review and approval.

In Progress: Within the Climate Action 100+ (CA100+) investor initiative, National Grid has come to be identified as a ‘leader’ in many respects, not least due to its ambition to operate a zero-carbon electricity system in the UK by 2025 and for the entire company to be net zero by 2050. In engaging we have continued to push on the long-term objective for the company to set targets for its scope 3 emissions and for it to identify a 1.5 degree scenario for the business. For National Grid, the biggest challenge for scope 3 emissions comes from the US

“As a supporter of ‘Say on Climate’, LAPFF is pleased to have been part of securing a vote at this year’s AGM for the company’s climate change targets and action plan. We appreciate the serious consideration the board has given to the matter and very much welcome the company taking this opportunity to seek shareholder support’.

CLlr Rob Chapman, LAPFF vice-chair

electricity and gas distribution businesses and from the carbon-intensity of heat in UK homes. In October 2020, the company announced scope 3 carbon emission reduction targets for the electricity and gas sold to customers of 20% reduction by 2030. This was welcome, and was a target aligned with the Science Based Targets Initiative’s two degrees pathway. CA100+ has issued its benchmarking analysis for National Grid, and engagement will pick up on those areas where further action can better align the company with a 1.5 degree pathway.

Heidelberg Cement Commits to Review of Lobbying Activity

Objective: An ‘explicit and decisive’ response was sought from Heidelberg Cement to towards complying with investor expectations relating to corporate climate lobbying.

Achieved: A collaborative letter, under the auspices of the CA100+ initiative, set out a request for public disclosure of a comprehensive corporate lobbying review to assess the alignment of lobbying activities with the Paris Goals, and to set out what steps the Company intends to take in the event of areas identified in misalignment. After a call from lead investors, a response was forthcoming. The company noted it has pushed its associations to take a pro-active stance towards industry transformation in alignment with the Paris agreement and that these actions had already changed the stance of key organisations leading to the publication of carbon-neutrality roadmaps by them.

In Progress: The company has fully committed to a review to be published before the 2021 AGM.

CLIMATE EMERGENCY



HSBC Resolution Pulled after Shareholder Requests Met

Objective: A shareholder resolution was filed for the 2021 HSBC AGM asking for publication of a strategy, with short, medium and long-term targets, to reduce the company's exposure to fossil fuel assets on a timeline aligned with the goals of the Paris agreement.

Achieved: The LAPFF chair engaged with HSBC in July 2020 on the group's approach to climate change, with a particular focus on the insurance side of the business, raising concerns over the lack of clarity on climate and business strategy. Following the resolution filing, LAPFF participated in a meeting in February 2021 hosted by Investor Forum with the CEO & Chair to discuss the resolution. The company has acknowledged that 'expansion of coal-fired power is incompatible with the goals of the Paris agreement, and has committed to phasing out coal-fired power and thermal coal mining in the EU and OECD by 2030 and other regions by 2040. Further, in line with the resolution, HSBC has

committed to set, disclose and implement a strategy with short- and medium-term targets to align its financing across all sectors with the goals of the Paris climate agreement. It will use 1.5C pathways that are not overly reliant on negative emissions technologies.

In Progress: Commitments made by the company are set out in a special resolution tabled by the bank for its 2021 AGM. The bank has committed to publishing a new coal policy by the end of 2021.

New LAPFF Monitoring Pledge on Samarco Dam Collapse

Objective: LAPFF has been engaging with Vale and BHP for around two years now in relation to both the Samarco and Brumadinho dam collapses. Samarco is a particular concern in relation to the time it is taking to make appropriate reparations. Over five years from the dam collapse in Mariana, Brazil, only five of the over 500 houses destroyed have been re-built, and none of them are occupied. Houses represent only one aspect of the reparations needed, including a

restoration of water quality in the Doce River, community cohesion, and mental health services for people suffering from the impacts of the dam collapse.

The reparations were meant to be undertaken by the Renova Foundation, a joint venture established through Vale and BHP in partnership with Brazilian officials. However, Renova has been unable to follow through to date. Part of the problem appears to be that the affected communities do not trust Renova to act on their behalf. In fact, there has now been a lawsuit filed by the Brazilian Public Prosecutor in Minas Gerais, where Mariana is located, calling for Renova to be disbanded. The suit alleges that Renova has served to limit the liability of BHP and Vale rather than pursue the interests of the communities in the reparations process.

Given these obstacles and delays, LAPFF's primary objective is to put pressure on BHP, Vale, and Renova to speed up the reparations process. A corollary of this objective has been to determine what the specific community asks of the companies and of Renova are.

Achieved: While BHP Chair, Ken MacKenzie, does not appear to be eager to engage, Cllr McMurdo had another useful meeting with Sandra Guerra, a non-executive director at Vale. He also met with Renova Foundation's CEO, Andre de Freitas. Neither Ms. Guerra nor Mr. de Freitas is happy with the slow pace of reparations, but they both pointed to obstacles they believe have prevented a faster process.

Cllr McMurdo also joined Adam Matthews and John Howchin in LAPFF's quarterly discussion with affected community members. The community members present urged the investors to do more and emphasised the slow pace of reparations. The meeting was quite frustrating in that LAPFF was unable to ascertain exactly what the community is asking of BHP, Vale, and Renova. However, subsequently it became clear that they would like to see Renova disbanded and replaced with an entity that better respects and incorporates community voice into reparations decision-making.

LAPFF does not doubt that there are significant obstacles to providing reparations. Nonetheless, over five years on, it is also clear that no excuses can be made. Cllr McMurdo was clear

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in both meetings that notwithstanding the obstacles articulated, both Vale and Renova, along with BHP, must find a way to speed up the reparations process. LAPFF therefore expressed its intention to all three parties to post monthly on the LAPFF website the number of houses that have been re-built. It is hoped that

all houses will be re-built by 5 November, the next anniversary of the Samarco dam collapse. This first post on the LAPFF website will take place in early April. **In Progress:** LAPFF will continue to engage with BHP, Vale, the Renova Foundation, and affected communities in the hopes of speeding up reparations. It

will check in monthly with Renova and the communities to ensure that it has the accurate number of houses to post on the LAPFF website. This process highlights the importance of ensuring that companies prevent these disasters rather than scrambling to make reparations, where these are even possible, after the fact.

Resolution Copper Developments on Hold

Objective: LAPFF has been engaging with BHP and Rio Tinto on the joint venture, Resolution Copper, to ensure that the project is being undertaken responsibly. Concerns have been raised about the type of engagement the companies have had with communities affected by the project. In particular, the San Carlos Apache Tribe in Arizona has objected to the project, claiming that the proposed copper mine would destroy one of the tribe’s sacred sites. Other groups have expressed concerns that Resolution Copper and Rio Tinto – the operating partner in Resolution Copper – have not taken adequate steps to protect natural resources, such as water, affecting surrounding communities. Therefore, meaningful community engagement and protection of natural resources, including water, are the two overarching objectives of this engagement.

Achieved: For Resolution Copper to move forward, the US Forest Service must issue an impact assessment that allows for a land swap from the federal government to Rio Tinto. In the final days of the Trump Administration, this impact assessment was issued, and it was assumed that the land swap would follow within 60 days, as prescribed by the law governing the exchange. LAPFF spoke with representatives of Resolution Copper and Rio Tinto, including a representative of the Hopi tribe which, along with the San Carlos Apache, is affected by the Resolution Copper project to obtain the companies’ view of the project. LAPFF also reviewed the Forest Service impact assessment.

What emerged from this research was that there were huge gaps in the information provided by the Forest Service impact assessment. Neither the Resolution Copper nor Rio Tinto representatives have provided LAPFF with impact assessments of the mine itself,



despite repeated requests to both parties for this information. They only provided 36 cultural impact assessments pertaining to the land surrounding the mine. The Forest Service impact assessment also refused to assess the mine’s impact on the grounds that it would soon be private land and therefore not within the purview of its analysis. This assessment was issued notwithstanding the fact that the lands are still public and there is some question about the legality of transferring them to a private actor. In LAPFF’s view, the quality of this assessment was also extremely poor overall. Among other deficiencies, it failed to address water supply issues for the surrounding communities in any useful way.

The water concerns surfaced in a meeting between LAPFF Chair, Cllr Doug McMurdo, and Mayor of Superior, Arizona, Mila Besich. This meeting was very interesting because Mayor Besich is very keen for the Resolution Copper project to proceed. She believes it will bring



Top: Sunrise Dance on the San Carlos Indian Reservation Arizona

Above: Roy Chavez, a resident of Superior, Arizona, and former miner, shows a model detailing the subsidence that can occur from the block cave mining method at the Oak Flat Campground, which Chavez and others believe will be destroyed by eventual cave-in from the Resolution Copper mine.

Picture taken June 13, 2017

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significant economic benefits to her town, which has suffered from job losses and economic woes since the 1980s. However, she spoke about her struggles in engaging with Resolution Copper and Rio Tinto. Specifically, she found the companies dismissive of her community's needs, including access to water. Moreover, she expressed the opinion that what the companies needed to do to fix the water access concerns would have cost the equivalent of a rounding error to them.

LAPFF was concerned after this engagement that there was not enough information to make a good assessment about the risks of the project. Additionally, in LAPFF's view, it made no sense to proceed with the land swap without understanding if the project was viable first. Therefore, LAPFF wrote to Deb Haaland, who was confirmed on 15 March as the new – and first ever Native American – US Secretary of the Interior. The letter expressed LAPFF's concern about the risks surrounding the Resolution Copper project and the need for the companies to engage in a positive way with communities affected by their project.

Just after the Biden Administration took office, LAPFF received notification from a community representative that the US Forest Service impact assessment had been rescinded and that consequently the land swap would be postponed. The US Forest Service will issue a new impact assessment, presumably to help address some of the shortcomings of the rescinded assessment. The time frame for the new Forest Service assessment and land swap is not clear at this point.

In Progress: LAPFF has made clear to both BHP and Rio Tinto that there cannot be another Juukan Gorge (the event in Western Australia where Rio Tinto blew up two culturally significant caves against the will of the affected Aboriginal community). LAPFF has also made clear that it makes no sense for the land swap to proceed unless there is clear evidence of Resolution Copper's viability. There are continuing discussions with both BHP and Rio Tinto on these issues. LAPFF continues to be open to discussion with a San Carlos Apache representative who has been invited to discuss the issue with Cllr McMurdo. It is also hoped that with Ms. Haaland's confirmation, she might meet with Cllr McMurdo to share her thoughts on the project.

Compass Group Food Parcels Questioned

Objective: In January 2021, multiple media articles came to light about Chartwell (a subsidiary of Compass Group Plc) and its contract awarded by the government to supply £30 for free school meals. The articles and pictures of school meals in the press presented what a family had been supposedly been provided for ten days and were highly critical of the allocation. Cllr McMurdo immediately reached out to Compass Group to ascertain what had gone wrong in Chartwell's supply chain. He asked why there had been governance failings and what was being done to ensure this did not happen again.

Achieved: After a thorough conversation around where these failings had happened and why, Compass discussed how it was ensuring that this would not happen again with more thorough procedures in place in certain parts of theirs and Chartwell's business operations, to ensure that all food parcels were of adequate standard. Compass also publicly made a commitment that free breakfast was going to be included in the food parcels for every child eligible for free school meals from the 25th of January, as a gesture of goodwill.

In Progress: The Forum has since reached out to Compass Group to discuss the

company's governance as a whole during the pandemic and met with the company's Investor Relations representatives on the 31st of March.

Amazon Investor Letter Questions Company's Trade Union Practices

Objective: LAPFF signed onto a letter coordinated by Folksam and Ohman to ensure that Amazon is respecting workers' rights to free association and collective bargaining at the company's facility in Bessemer, Alabama in the US. The request includes reassurance that a free and fair union election will take place at the facility.

Achieved: There are now investors with just over US\$7.1 trillion in support of this initiative. To date, Amazon has responded in letter form that it has appropriate human rights and labour standards in place. The company stated that it respects trade union rights and has good relationships with its employees. However, the investors in this collaborative engagement have not been satisfied with the company's response. This is in part due to reports that Amazon has hired a consulting company to obstruct trade union activities.

In Progress: There has been a follow up letter sent requesting a meeting with Amazon to discuss this issue further. The investors are awaiting a response from the company.



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LAPFF Challenges Shell on Climate Transition Plan

Objective: LAPFF continues to engage with Shell. In addition to its own engagement, LAPFF is engaging via the CA100+ group of investors on Shell. The Forum is very keen to continue the collaboration with other investors, and make sure that investors collectively communicate a consistent and robust case to ensure all aspects of the company's financial outcomes and performance are understood fully.

Achieved: Last year, 2020, LAPFF recommended voting for a shareholder resolution at the Shell AGM that requested specific targets for Shell's claimed climate change ambitions. However, on 11 February 2021 Shell published goals that are ambiguous. For example, it claims to remove 120 million tonnes of carbon dioxide by introducing nature-based solutions (trees) by 2030. Achieving that target would require a mature forest the size of Washington State, which is difficult to envisage. In addition, Shell claims to want to remove 25 million tonnes of carbon dioxide by carbon capture and storage (CCS) by 2035. This has not been detailed or scheduled in any other material. The claim represents ten times the largest existing CCS project – [Gorgon Project](#) (Shell 25 percent, Chevron 75 percent) and this project in Australia continues to experience problems. Shell's announcement includes increasing liquid natural gas output by 20 percent by 2030 and only plans for a 17 percent reduction in oil extraction, compared to BPs 40 percent.

In Progress: Shell has proposed a non-binding shareholder resolution on its climate change plans. The LAPFF position will be guided by research and further engagement. At present, it is considered much more detail and evidence is required before any conclusions can be drawn about what vote is advisable.

Israeli-Palestinian Letters

Objective: The Israeli-Palestinian Territories have long been fraught with controversy. In February 2020, the Office of the United Nations High Commissioner for Human Rights published a list of 112 business entities that it had identified as having business activities related to settlements in these territories. The

Forum has been monitoring the ongoing situation in the territories and reached out to 16 companies in which a number of member funds hold to seek an engagement meeting. The aim of these engagement letters was to ascertain whether these companies had undertaken human rights impact assessments on their operations and if not, ask them to do so.

Achieved: Out of the 16 companies, LAPFF had one engagement meeting in the third quarter of 2020 with Altice Europe NV and received a number of responses from other companies. As a general blanket response from those whom responded in only written form, companies considered that they were acting in accordance with local law by not discriminating against any residents of the territories in which they were operating. These companies were concerned that simply operating in these areas was justification enough for them to be included on what many observers have dubbed a 'blacklist' from the UN.

In Progress: The Forum reached out to the UN OHCHR, seeking a meeting to engage on a couple of aspects of the UN list: (1) the methodology used when deciding what companies would be included on their list; and (2) what the UN considers companies have to do or provide for them to be removed from the list. This meeting took place at the end of March. The Forum has also been investigating models for a human rights impact assessments as a baseline to provide companies with in what the Forum might expect them to be undertaking.

Suzano and CA100+

Objective: Suzano, the Brazilian-based pulp and paper company, has been identified by CA100+ as critical to the net-zero energy transition. As one of two lead investors, LAPFF has been engaging with the company over the last 18 months, pushing it to take action to reduce greenhouse gas emissions, improve disclosures, and implement a strong governance framework from which company decision making can be made accountable. In January, LAPFF met with the company to encourage a response to the CA100+ net zero company benchmark. The benchmark will enable comparative assessment of the world's key emitters and the extent to which

businesses have aligned with a 1.5 degree global temperature rise.

Achieved: Since LAPFF began engaging with Suzano 18 months ago the company has set a target to reduce emissions intensity of scope 1 & 2 emissions by 15% by 2030. The company has also set a goal of removing an additional 40 million tons of carbon from the atmosphere by 2030, this on top of the already established target of carbon neutrality. Suzano has a forest base of approximately 2.2 million hectares and therefore the degree to which carbon can be sequestered naturally is significant. The company recognises the contribution its natural asset base can make to global net-zero efforts which is reflected in its carbon-negative ambition. In terms of disclosure, the company submitted a response to the CA100+ global benchmark during January 2021. After the data has been collated, LAPFF will be able to identify areas of the Suzano's carbon reduction strategy in which it is excelling as well as those areas improvements are required.

In Progress: LAPFF will continue to focus on the company's carbon reduction strategy with a focus on setting more ambitious scope 1 & 2 emission reduction targets. It is important that Suzano's natural offsetting capability is not used as a distraction from reducing its operational emissions. There is a finite carbon budget available all of which will be required to support industry in sectors that are harder to abate.

Tesco and Nutrition

Objective: During January 2021, LAPFF met with Tesco to discuss the company's long-term strategy relating to health and nutrition. Part of the objective of this engagement was to encourage the company to disclose metrics relating to the proportion of healthy versus unhealthy produce available to customers and to set relevant targets to improve the availability of healthy items. This engagement aligns with the Healthy Markets initiative being coordinated by ShareAction.

Achieved: Tesco outlined that it already collected data relating to health and nutrition. Since the engagement took place, ShareAction has announced the filing of a resolution at the upcoming Tesco AGM requesting that the company disclose the share of total food and

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non-alcoholic drink annual sales by volume made up of healthier products and publish a target to significantly increase that share by 2030.

In Progress: LAPFF is monitoring the company response to the shareholder resolution and will issue guidance to members in due course.

Volkswagen and General Motors on Electric Vehicles and Climate Change

Objective: Vehicle emissions are a major contributor to carbon emissions. As a result, carmakers are facing tightening regulatory environments. Rapidly changing emissions standards present financial risks to those carmakers not seeking to move to electric vehicle production. LAPFF has sought to engage with the auto industry to ascertain how car makers will be approaching the challenges of electrifying their fleets, to push for net zero commitments, and to ensure that plans would support a just transition to net zero.

Achieved: The Forum met with General Motors (GM) and Volkswagen (VW). Both companies outlined their commitments to investing in and scaling up electric vehicle production. VW stated that it was committed to achieving net zero by 2050 and highlighted the reputational damage to the company caused by the emissions scandal.

GM stated that it was aiming for an all-electric future, was aiming for carbon neutrality, and was working with the Science-Based Taskforce Initiative on this aim. Two weeks after the engagement GM formally announced its plans for carbon neutrality by 2040 in products and operations and its aspiration to eliminate tailpipe emission for light-duty vehicles by 2035. The meeting also covered the level of investment in carbon reduction methods relative to other carmakers in electric vehicles and when price parity between electric and internal combustion engine vehicles would be achieved.

At both meetings, the just transition to net zero was discussed. This discussion included assurances from both companies about how they were seeking to support their workforce and ensure high standards within their supply chain, including the human rights of miners in the Congo.

In Progress: LAPFF hopes that manufacturers that haven't already set



Lithium Ion Battery for Chevrolet Volt Electric Car

science-based targets for their scope 3 emissions will do so imminently and also expects investee companies to ensure that they are sufficiently capable of electrifying their fleets. The Forum intends to continue engagements with carmakers to ensure that they are meeting their targets and that short-term emission reductions are being achieved. This goal is especially important given the rise in the sales of larger vehicles which in some cases is offsetting gains from greater fuel efficiency and increased electric vehicle sales.

AngloAmerican on Climate

Objective: LAPFF wrote to AngloAmerican in November 2020 as part of a collaborative initiative coordinated by Sarasin and Partners, underscoring the vital role of accounting and audit in driving the net-zero transition. An Investor Expectation document provided guidance for ensuring material climate risks associated with the transition to a 2050 net zero pathway are fully incorporated into the financial statements. The letter asked that the guide be shared with all members of the Audit Committee as well as the auditor, from whom independent assurance on Paris-alignment is also being sought.

Achieved: One of the best responses received to date to a total of 36 letters sent to European companies in the

energy, transportation and materials sectors was from the Audit Committee Chair who clearly understands what was asked for and addresses it directly. He stated that the company has undertaken a review of climate risks in its financial statements and will publish the results in the forthcoming Annual Report and Accounts. The committee chair referred to specific risk areas including valuation of assets (i.e. impairment testing) where the committee considers carbon pricing and the impacts for assets and to asset exposure to physical risks – specifically the Chile copper mines to water scarcity – all of which feeds into the viability statement analysis.

In Progress: The audit committee chair has asked that, due to clear parallels, issues raised in this engagement be aligned with CA100+ engagement. LAPFF is also a member of the CA100+ collaborative investor group for Anglo-American.

LAPFF Socio-Economic Diversity Engagement Kicks Off

Objective: LAPFF seeks to enhance the diversity of both boards and the workforce at investee companies. Ensuring diversity across a range of characteristics within boards helps to tackle group think while improving diversity in the workplace helps ensure that all talent

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available to companies is utilised.

Achieved: HM Treasury and BEIS have commissioned an independent taskforce to improve socio-economic diversity at senior levels in financial and professional services across the UK. The taskforce is being run by City of London Corporation with support from Deloitte. LAPFF met with a representative from Deloitte to discuss the taskforce and highlight the role of investors. Alongside this meeting, the Forum also attended the latest meeting of 30% Club investor group.

In Progress: Over the next quarter the Forum will be meeting with companies from the financial services sector, which has a wide gender pay gap, to push for greater diversity. The Forum intends to stay in contact with the socio-economic diversity taskforce.

COLLABORATIVE ENGAGEMENTS

Asset Manager Engagements

LAPFF Chair, Cllr Doug McMurdo, has met with a range of large global asset managers to discuss their approaches to responsible investment. Topics have covered climate change, human rights, and audit, among others. The goal of these engagements is to ensure that asset managers are engaging on behalf of LAPFF members in a way that facilitates LAPFF's responsible investment policies and objectives. There is some indication that asset managers are starting to take LAPFF's input on board and engage more meaningfully on areas like climate and human rights in the wake of these meetings, but it appears there is a long way to go.

CCLA and Rathbones Modern Slavery Engagements

LAPFF has signed up to CCLA's 'Find It, Fix It, Prevent It' engagement and has re-joined the Rathbones modern slavery engagement. Both initiatives pair LAPFF with other responsible investment partners to improve employment standards in companies' supply chains. Rathbones is re-running its vote against slavery engagement in 2021 with 69 FTSE350 companies after success in 2020 in getting target companies to comply with the UK Modern Slavery Act.

WEBINAR



Webinar on securities lending and responsible investment

Webinar with Colombian Community Representatives Affected by Cerrejon

The burning of wood by Drax. Is it net zero, sustainable, and replicable?

Addressing Rio Tinto's legacy on Bougainville: ongoing environmental and human rights impacts of the Panguna mine

"We continue to hear from community members affected by mining companies how little the companies engage with them, if at all. The companies then tell us they are engaging with communities and cherry pick people to extol the companies' virtues. This goes across the industry. Such a massive failure of communication is astounding to me. How do the companies begin to assess their social and environmental risks if they are so selective in their engagements that they don't speak to the people they are impacting the most?"

Cllr Doug McMurdo, LAPFF Chair

IIGCC Shareholder Resolutions Sub-Group meeting

LAPFF has been participating nearly weekly in the IIGCC shareholder resolutions sub-group meeting regarding climate resolutions expected to arise over the course of 2021.

IOPA ENGAGEMENT MEETINGS

LAPFF has participated in the monthly IOPA meetings around after signing on to a number of letters last year calling for better governance at big pharmaceutical companies around employee safety and bonus structures in light of the current pandemic. There have been multiple resolutions filed through IOPA, one of which recently saw investors revolt against a 'Say on Pay' vote at AmerisourceBergen with 48% of all investors voting against the pay which was made up of 72% non-insiders.

CONSULTATION RESPONSES

LAPFF Just Transition Inquiry

LAPFF has now held two inquiry sessions on the just transition through the All Party Parliamentary Group on local government. In the first session, attendees heard from Rachel McEwen, SSE PLC & Scottish Just Transition Commission, Katrina Szwarc, Grantham Research Institute on Climate Change, Tom Harrington, GMPF, and Alison Tate, International Trade Union Confederation. Lord Deben (Chair, Committee on Climate Change) and Polly Billington (Chief Executive, UK100) spoke at the next evidence session in mid-March. This inquiry will span the whole of 2021 and interim findings are reported at quarterly LAPFF Business Meetings. A final report will be made at the end of the year. A video of the launch on 20th January is [available here](#).

EU Human Rights and Environmental Due Diligence Consultation

LAPFF submitted a response to the European Union's consultation on whether to implement a legal framework on human rights and environmental due diligence. This consultation prompted over 100,000 responses, according to Didier Reynerds of the EU. The EU's consultation comes after passage of and referenda on such laws in EU countries including France and Germany. Switzerland also narrowly rejected a

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human rights and environmental due diligence law, although the proposal received the majority of the popular vote.

LAPFF supported the proposal for an EU legal framework on human rights and environmental due diligence. This position is rooted in LAPFF’s engagement work which suggests that there are real financial benefits linked to good social and environmental conduct by investee companies. LAPFF’s consultation response pointed to LAPFF engagements on climate and human rights to demonstrate how these issues are financially material. On climate, LAPFF has seen the fear of stranded assets come into full focus during the Covid pandemic with companies like Shell failing to offer cogent and convincing climate transition plans. On human rights, LAPFF’s work with community members affected by mining projects has highlighted the importance of companies’ social licenses to operate as a means of producing sustainable financial returns for investors.

It remains to be seen whether the EU decides to enact such legislation. All indications are that it will. However, there was a lot of debate about what the law might look like, including the role of director duties in this legislation, so we will have to see what form the draft law ultimately takes.

MEDIA COVERAGE

<https://www.ipe.com/news/lapff-backed-parliamentary-group-launches-just-transition-inquiry/10050135.article>

<https://www.reuters.com/article/resolution-copper-lapff/uk-local-government-pension-group-raises-concerns-over-rio-bhp-arizona-mine-idUSL1N2JJ1XN>

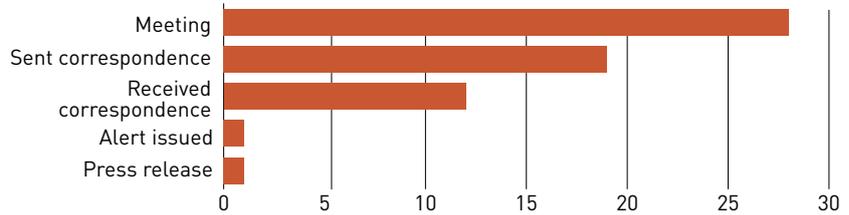
<https://www.ft.com/content/30d2fc62-aa44-11e9-984c-fac8325aaa04>

<https://www.newsroom.co.nz/2019/08/20/762606/nz-super-fund-corrals-15tn-for-livestreaming-action>

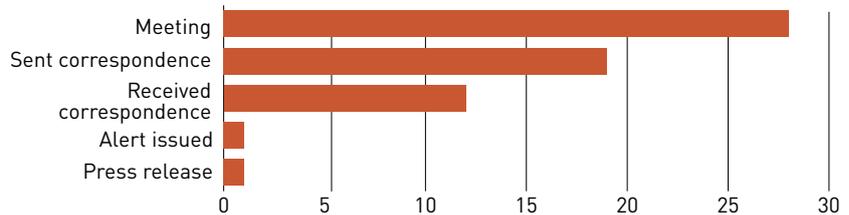
<https://www.itv.com/news/2021-03-25/will-deliveroo-stumble-on-its-stock-market-debut>

ENGAGEMENT DATA

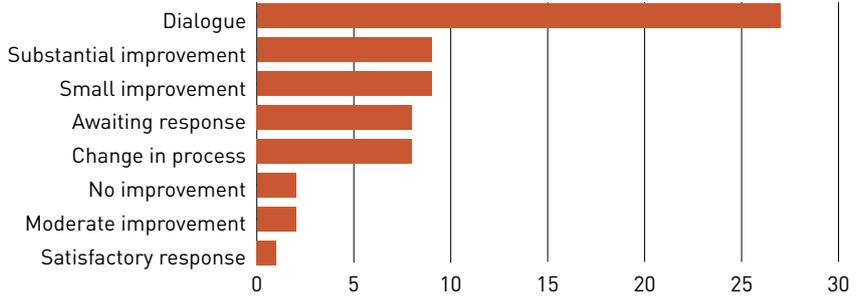
ENGAGEMENT TOPICS



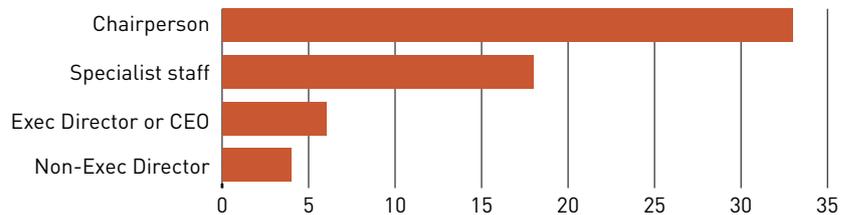
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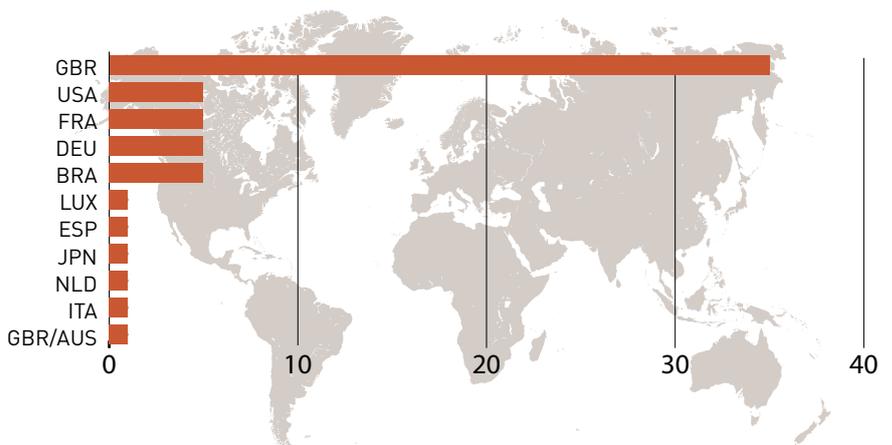
MEETING ENGAGEMENT OUTCOMES



POSITION ENGAGED



COMPANY DOMICILES



COMPANY PROGRESS REPORT

38 Companies engaged over the quarter

*The table below is a consolidated representation of engagements so reflects the number of companies engaged, not the number of engagements

Company/Index	Activity	Topic	Outcome
AIR LIQUIDE SA	Sent Correspondence	Climate Change	Dialogue
AMAZON.COM INC.	Sent Correspondence	Employment Standards	Dialogue
ANGLO AMERICAN PLC	Received Correspondence	Climate Change	Substantial Improvement
ARCELORMITTAL SA	Meeting	Climate Change	Dialogue
AVIVA PLC	Sent Correspondence	Board Composition	Awaiting Response
BARCLAYS PLC	Meeting	Climate Change	Small Improvement
BHP GROUP PLC	Sent Correspondence	Human Rights	Dialogue
BLACKROCK INC	Meeting	Climate Change	Satisfactory Response
CAPITA PLC	Meeting	Employment Standards	Dialogue
CENTRICA PLC	Meeting	Climate Change	Change in Process
CITIGROUP INC.	Meeting	Climate Change	Small Improvement
COMPAGNIE DE SAINT GOBAIN	Received Correspondence	Climate Change	Change in Process
COMPASS GROUP PLC	Meeting	Governance (General)	Small Improvement
DAIMLER AG	Received Correspondence	Climate Change	Dialogue
DIXONS CARPHONE PLC	Meeting	Environmental Risk	Dialogue
E.ON SE	Meeting	Climate Change	Small Improvement
ENDESA SA	Received Correspondence	Climate Change	Substantial Improvement
ENEL SPA	Received Correspondence	Climate Change	Substantial Improvement
ENGIE SA.	Sent Correspondence	Climate Change	Dialogue
GENERAL MOTORS COMPANY	Meeting	Climate Change	Small Improvement
HEIDELBERGCEMENT AG	Received Correspondence	Climate Change	Substantial Improvement
HSBC HOLDINGS PLC	Meeting	Climate Change	Moderate Improvement
LLOYDS BANKING GROUP PLC	Sent Correspondence	Board Composition	Awaiting Response
LONDONMETRIC PROPERTY PLC	Received Correspondence	Governance (General)	Substantial Improvement
LYONDELLBASELL INDUSTRIES N.V.	Sent Correspondence	Climate Change	Change in Process
RIO TINTO PLC	Meeting	Climate Change	Substantial Improvement
ROYAL DUTCH SHELL PLC	Meeting	Climate Change	No Improvement
SAINSBURY (J) PLC	Received Correspondence	Environmental Risk	Dialogue
SERCO GROUP PLC	Sent Correspondence	Employment Standards	Awaiting Response
ST JAMES'S PLACE PLC	Sent Correspondence	Audit Practices	Awaiting Response
STANDARD LIFE ABERDEEN PLC	Received Correspondence	Board Composition	Dialogue
SUMITOMO MITSUI FINANCIAL GROUP	Meeting	Board Composition	Change in Process
SUZANO SA	Meeting	Climate Change	Small Improvement
TELEPERFORMANCE SE	Sent Correspondence	Employment Standards	Awaiting Response
TESCO PLC	Meeting	Other	Dialogue
TOTAL SE	Sent Correspondence	Climate Change	Moderate Improvement
VALE SA	Meeting	Governance (General)	Dialogue
VOLKSWAGEN AG	Meeting	Climate Change	Change in Process

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund	Ealing (London Borough of)	Leicestershire	Suffolk County Council Pension Fund
Barking and Dagenham (London Borough of)	East Riding of Yorkshire Council	Lewisham (London Borough of)	Surrey County Council
Barnet LB	East Sussex Pension Fund	Lincolnshire County Council	Sutton (London Borough of)
Bedfordshire Pension Fund	Enfield (London Borough of)	London Pension Fund Authority	Teesside Pension Fund
Bexley (London Borough of)	Environment Agency Pension Fund	Lothian Pension Fund	Tower Hamlets (London Borough of)
Berkshire Pension Fund	Essex Pension Fund	Merseyside Pension Fund	Tyne and Wear Pension Fund
Brent (London Borough of)	Falkirk Council	Merton (London Borough of)	Waltham Forest (London Borough of)
Camden (London Borough of)	Gloucestershire Pension Fund	Newham (London Borough of)	Wandsworth (London Borough of)
Cardiff and Vale of Glamorgan Pension Fund	Greater Gwent Fund	Norfolk Pension Fund	Warwickshire Pension Fund
Cambridgeshire Pension Fund	Greater Manchester Pension Fund	North East Scotland Pension Fund	West Midlands Pension Fund
Cheshire Pension Fund	Greenwich Pension Fund	North Yorkshire County Council Pension Fund	West Yorkshire Pension Fund
City and County of Swansea Pension Fund	Gwynedd Pension Fund	Northamptonshire County Council	Westminster CC
City of London Corporation	Hackney (London Borough of)	Nottinghamshire County Council	Wiltshire County Council
Clwyd Pension Fund	Hammersmith and Fulham (London Borough of)	Oxfordshire Pension Fund	Worcestershire County Council
Cornwall Pension Fund	Haringey (London Borough of)	Powys County Council Pension Fund	
Croydon LB	Harrow (London Borough of)	Redbridge (London Borough of)	Pool Company Members
Cumbria Pension Scheme	Havering LB	Rhondda Cynon Taf	Border to Coast Pensions Partnership
Derbyshire County Council	Hertfordshire	Shropshire Council	Brunel Pensions Partnership
Devon County Council	Hounslow (London Borough of)	Somerset County Council	LGPS Central
Dorset County Pension Fund	Islington (London Borough of)	South Yorkshire Pensions Authority	Local Pensions Partnership
Durham Pension Fund	Kingston upon Thames Pension Fund	Southwark (London Borough of)	London CIV
Dyfed Pension Fund	Lambeth (London Borough of)	Staffordshire Pension Fund	Northern LGPS
	Lancashire County Pension Fund	Strathclyde Pension Fund	Wales Pension Partnership