



London Borough of Enfield

Report Title	LAPFF Quarterly Engagement Update for June 2023
Report to	Local Pension Board
Date of Meeting	13 September 2023
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
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Purpose of Report

1. This report provides an update on various Environmental, Social & Governance (ESG) issues that the Local Authority Pension Fund Forum (LAPFF) have been engaged with for the quarter ending June 2023, for the attention of the Pension Board.

Recommendations

2. The Pension Board are recommended to note the contents of this report and the attached appendix which give details on the LAPFF company engagements for the quarter.

Background and Options

3. The Enfield Pension Fund (“the Fund”) is a member of the Local Authority Pension Fund Forum (LAPFF) and the Fund has previously agreed that its votes will be casted at investor meetings in line with LAPFF voting recommendations where the Fund’s investment managers do not have a proxy voting policy.
4. The LAPFF, currently comprises 71 local authority pension funds with combined assets of over £210 billion. The Forum exists to promote the investment interests of local authority pension funds, and in particular to maximise their influence as shareholders to promote corporate social responsibility and high standards of corporate governance amongst the companies in which they invest.

5. The Fund currently delegates the exercise of its voting rights to its external equity managers, who are asked to comply as far as possible with the Fund's voting policies (generally LAPFF voting recommendations). The move to a pooled structure (with London CIV) over the medium term may impact this arrangement as voting rights would need to be exercised at pool level rather than fund level. The Fund will therefore need to ensure that it works with other London funds as well as the pool itself to ensure that in the future it is able to effectively express its views through the exercise of voting rights.

LAPFF engagement

6. For this reporting period, LAPFF engaged with various companies on different topics including Human Rights, Climate change and Governance. There was a particular focus on engagement with Technology companies. Historically, US companies do not have a culture of engaging with investors in the way UK companies do. Therefore, while voting alerts are part of an engagement escalation strategy in most markets, LAPFF often issues voting alerts as an initial point of engagement. LAPFF continues to have concerns about corporate governance and social practices at large US technology companies.
7. LAPFF issued voting alerts for Amazon, Tesla, Meta Platforms, and Alphabet, supporting shareholder resolutions on platform content and improved corporate governance practices, among others. Details of this engagement can be found in Appendix 1- LAPFF Quarterly engagement report.

Reason for Recommendation

8. The exercise of voting rights and engagement with investee companies are a key part of the Fund's role as a long-term steward of assets. Ensuring a high level of Responsible Investing including good corporate governance, the adoption of sustainable business models at the companies in which the Fund invests should over the longer term ensure that they are able to deliver superior returns to the Fund.

Relevance to Council Plans and Strategies

9. Clean and green places
10. Strong Healthy and safe communities
11. Thriving children and young people
12. An economy that works for everyone

Financial Implications

13. This is a noting report and there are no direct financial implications as a result of the contents of this report.
14. The exercise of voting rights and engagement with investee companies are a key part of the Fund's role as a long term steward of assets. Ensuring good corporate governance and the adoption of sustainable business models at the

companies in which the Fund invests should over the longer term ensure that they are able to deliver superior returns to the Fund. Poor corporate governance and unsustainable business practices can impact on share prices and increases the risk that the Fund may experience a loss of value in its investments in the future.

Workforce Implications

15. The employer's contribution is a significant element of the Council's budget and consequently any improvement in investment performance will enhance the Council's ability to meet this obligation easily and could also make resources available for other corporate priorities.

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Appendices

Appendix 1: LAPFF Quarterly Engagement Report