



## Quarterly Engagement Report

July-September  
2022



# Brazil, Water Stewardship, Ford, National Grid, Uyghurs

## BRAZIL



The collapsed tailings dam at Brumadino and the excavations taking place to find the four remaining bodies

# LAPFF Chair Visits Tailings Dam-Affected Communities in Brazil

LAPFF Chair, Cllr Doug McMurdo spent three weeks in Brazil this quarter investigating the situation of communities affected by tailings dams in Conceição do Mato Dentro, Mariana, and Brumadinho. This trip was part of LAPFF's broader work on mining and human rights. The context for the trip is available in the [mining and human rights report](#) LAPFF published in April 2022. The motivation for the trip reflects LAPFF's view that social and environmental impacts by investee companies are financially material for investors.

During his trip, Cllr McMurdo met with communities affected by the 2015 Mariana and 2019 Brumadinho dam collapses. BHP and Vale own the Mariana Fundão dam through their joint venture operator, Samarco. Vale owns the Córrego do Feijão dam that collapsed in Brumadinho. He also visited communities in Conceição do Mato Dentro who live in areas affected by Anglo American's Minas Rio tailings

# BRAZIL



dam. Water quality and availability and house design in resettlements are two major concerns cited by affected community members with whom LAPFF spoke. Air quality due to dust from mines was another concern expressed by communities in all three areas.

After meeting with affected community members, Cllr McMurdo spent two days with the Chair of Vale, José Penido, and senior executives from the company. Mr Penido accompanied Cllr McMurdo to the Paracatu and Bento Rodrigues resettlements in Mariana, sites hit hard by the Samarco tailings dam collapse in 2015. Andre de Freitas, CEO of the Renova Foundation which was established to provide reparations following the Mariana tailings dam collapse in November 2015, led the visits to the resettlements. Mr Penido also accompanied Cllr McMurdo to the site of the 2019 Brumadinho tailings dam collapse. Mr Penido and his colleagues explained in Vale’s geomonitoring centre what steps the company has been taking to prevent further dam collapses. LAPFF extended an invitation to meet a BHP representa-



**“It is clear that Vale has taken steps to improve its corporate culture and its dam safety practices. LAPFF’s objective is to be a critical friend to the company in fostering better and faster delivery of required reparations and dam safety measures.”**

**Cllr Doug McMurdo,  
LAPFF Chair**

tive during Cllr McMurdo’s trip, but the invitation was declined by the company.

At the end of the trip, Cllr McMurdo met with a number of Brazilian investors led by ESG-focused asset manager, JGP Asset Management, with whom LAPFF has been partnering on this project for a couple of years. Collectively, the investor group worked with senior executives of Vale to set in motion a process to increase the pace and quality of reparations following the tailings dam collapses.

The largest impediment to completing reparations in Mariana quickly enough and to an adequate standard appears to be the Renova Foundation. Vale, BHP, and Samarco – but no affected community members – sit on the board of this organisation which was established to provide reparations following the Mariana tailings dam collapse in November 2015. The Foundation has an overly complex governance structure, similar in some ways to that of a joint venture, and does not have adequate independence in its governance. Both shortcomings have led to poor and drawn-out execution of reparations.

# COMPANY ENGAGEMENT

## National Grid

In July, LAPFF issued a voting alert recommending a vote against National Grid's transition plan. It flagged concerns that despite draft climate action plans from Massachusetts and New York state agencies proposing nearly 10 million households change their heating systems to electric heat pumps by 2050, National Grid still envisaged 50 percent of households in these states having some form of gas burning system by 2050.

**Objective:** A meeting was held with Duncan Burt, the Head of Sustainability, and Justine Campbell, the Company secretary, prior to the AGM to discuss these concerns. This was followed by attendance at the company AGM to ask about Scope 3 targets being aligned with the remaining global carbon budget, on processes to ensure lobbying was aligned with the goals of the Paris agreement, and on disclosing progress against the CA100+ benchmark.

**Achieved:** At the meeting, National Grid representatives provided more detail on 1.5°C alignment and the challenge for the gas business in the US. At the AGM, LAPFF representing the lead investors for the CA100+ group, noted the importance of government, regulators and companies working constructively together to deliver the energy transition, and commended National Grid for the adoption of real zero as a goal. The chair, Paula Reynolds, and the Chief Executive, John Pettigrew, both responded positively, with further information being provided on Science-Based Target initiative (SBTi) certification in the UK and committing to an assessment against the benchmark. The full AGM transcript is provided on the company website.

**In Progress:** As part of engagement coordinated through Climate Action 100+ correspondence has been sent to the company to identify and unlock potential policy barriers to the delivery of decarbonisation of the power & utilities sector. An initial response suggests a focus on legislative challenges, measures to accelerate net zero infrastructure, actions around affordability, and a fair and just transition.



## SSE Plc

LAPFF issued a voting alert ahead of the SSE AGM. LAPFF previously advised members to abstain on whether to improve the company's net zero transition report in 2021 due to concerns about important omissions related to Scope 3 emissions, capital allocation and alignment with Paris Agreement targets. This year a recommendation was issued to vote in favour at the company's 2022 AGM. SSE has made notable progress in its ambition to reach net zero emissions across its business between AGMs, adding more Science Based Targets with alignment to 1.5°C.

## Mizuho

**Objective:** Following a collaborative meeting in July that confirmed medium-term targets had been established for carbon intensity of the electric power sector, more information was sought on the transitional pathway and strategy Mizuho has developed to achieve these targets.

**Achieved:** Further detail was provided on targets, based on the lower end of the International Energy Agency (IEA) Net Zero Emissions by 2050 Scenario, and the upper end of the IEA's Sustainable Development Scenario. Mizuho has an engagement policy to support clients'

capabilities for dealing with transition risks, whereby a review is triggered if the client shows no willingness or strategy to address transition risks after one year of engagement.

**In Progress:** LAPFF continues to engage collaboratively with a range of Asia-based utilities and financial companies, including ongoing dialogue with Mizuho.

## Electric Vehicle Manufacturers

**Objective:** After beginning to engage with electric vehicle manufacturers earlier in the year to discuss approaches to responsible mineral sourcing and a 'Fair and Just Transition', LAPFF has continued to reach out to companies to discuss this issue.

**Achieved:** LAPFF met with Ford to discuss its approach to human rights and responsible mineral sourcing. The meeting was a short one, although the company's participation in the Initiative for Responsible Mining Assurance was discussed.

**In Progress:** The meeting with Ford was followed up with a range of questions, which the company has promised to answer. The Forum is also coordinating calls with Renault and Volvo.

# COLLABORATIVE ENGAGEMENT

## COLLABORATIVE INVESTOR MEETINGS

### Uyghur Engagement

**Objective:** LAPFF has continued to investigate issues of Uyghur forced labour in Xinjiang and other regions of China. After two engagements with companies earlier in the year, LAPFF has been looking at potential ways forward through collaborative engagement on the issue.

**Achieved:** LAPFF joined the Investor Alliance for Human Rights Uyghur Region Engagement Group earlier in the year and has attended a quarterly meeting, gaining insight into what other investors have learned in their engagements. The Forum also reached out to the Australian Strategic Policy Institute (ASPI), which produced the report 'Uyghurs for Sale' in March 2020, linking 82 global brands to factories in the Xinjiang region with suggestions of forced Uyghur Labour.

LAPFF met with ASPI representatives to discuss the work it had done for this report and for a wider discussion on its work around the issue. The conversation implied that companies operating in the Xinjiang region could not undertake the thorough levels of due diligence they were claiming to be able to do. LAPFF followed up with questions to both Cisco and Dell after meetings earlier in the year, but neither company responded to these questions.

**In Progress:** LAPFF is currently looking at ways to progress dialogue with companies already engaged on this issue and how to get non-responders to engage in a meaningful manner.

### ShareAction Good Work Coalition

**Objective:** Following meetings with Sainsbury in Q1 and Q2 2020, LAPFF has maintained an interest in ShareAction's Good Work Coalition which looks at the living wage and insecure work, amongst other issues.

**Achieved:** LAPFF joined a collaborative call, organised by ShareAction, with Marks & Spencer representatives to discuss the company's approach to pay. M&S representatives noted that it was

considered workers were paid wages at a fair standard as they are already above the Real Living Wage (RLW) as defined by the Living Wage Foundation (LWF). However, this wage level is not currently matched for the company's third-party contractors. M&S appears keen to maintain a dialogue with the LWF to see where it can improve but did not appear to want to work towards LWF accreditation. This was due to concerns about a loss of independence of a large portion of its cash flow.

**In Progress:** LAPFF continues to monitor work on the RLW and work undertaken by ShareAction's Good Work Coalition.

### Rathbones Votes Against Slavery

**Objective:** Rathbones' Votes Against Slavery engagement targets companies in the FTSE350 that fail to comply with Section 54 of the UK's Modern Slavery Act. At the beginning of this year's engagement, 46 of these companies failed to meet the minimum reporting standards of the act, and with the engagement having had a strong success rate since its inception in 2019, LAPFF continued to support the initiative.

**Achieved:** ITV was included in the engagement based on an out-of-date statement, although this inclusion appeared to be due to an administrative error on the website rather than the statement actually being out of date. LAPFF joined

Rathbones on a call with ITV representatives to discuss the company's approach to modern slavery in July after this topic had been broached between Rathbones and ITV. ITV provided an overview of some of the work it has been doing around due diligence and its updated grievance mechanisms. The company provides a more comprehensive Modern Slavery Statement than a number of others companies in the FTSE350, and also provides case studies of enhanced due diligence.

**In Progress:** LAPFF continues to support Rathbones' Votes Against Slavery and other engagements on modern slavery. It has also volunteered to lead on upcoming company engagements with CCLA's 'Find It, Fix it, Prevent It' engagement, which seeks out companies to identify issues on modern slavery in their supply chains more proactively.

### Access to Nutrition Index (Kellogg)

**Objective:** Continuing engagement on the role food producers play on public health, the Forum maintains a dialogue with companies through the Access to Nutrition Index (ATNI). LAPFF acts as co-lead for engagement with Kellogg's and met with company representatives for the first time in February 2022, agreeing to maintain a continuing dialogue. LAPFF met with Kellogg's for the second time under this engagement in August.



# ENGAGEMENT

**Achieved:** Since the first meeting, the company announced its decision to split into three stand-alone publicly listed companies. In the meeting, the company's approach to governance, lobbying, labelling and responsible marketing was discussed. It was unclear how these issues were going to be approached when looking at the split into three companies although the company appears to be making progress across all of the topics covered.

**In Progress:** A newer iteration of ATNI's annual report is set to be released later in 2022 and dialogue with Kellogg's is set to continue alongside this.

## 30% Club Investor Group

**Objective:** Looking further afield from FTSE listed companies, the 30% Club Investor Group has started a global engagement looking at laggards on gender board diversity in the USA.

**Achieved:** LAPFF joined a number of investors in writing to three companies, Charter Communications, Liberty Media and Transdigm Group. No meetings have yet been arranged from this correspondence; Liberty Media provided a one sentence response.

**In Progress:** Pressure will continue to be placed on these companies for a meeting, and other global companies will be sought out for engagement on board diversity.

## CONSULTATION RESPONSES

### Transition Plan Taskforce

**Objective:** The Transition Plan Taskforce (TPT) was set up by the UK government to develop a 'gold standard' for climate transition plans. Launched by HM Treasury, the TPT aims to help financial institutions and companies prepare rigorous transition plans. A Call for Evidence on a Sector-Neutral Framework for private sector transition plans closed in mid-July.

**Achieved:** LAPFF's [response](#) draws upon the Forum's experience of engaging with private sector companies on climate plans and a just transition and sets out expectations that there should be a principle-based transition plan template. Different sectors can then apply existing and developing guidance in identifying risks and opportunities, and setting strategy, targets and timeframes aligned with remaining objectives within the scientifically identified global carbon budget. Principles that LAPFF wishes to see embedded include coverage of Scopes 1-3 emissions, inclusion of short, medium and long-term targets; a focus on actual emission reductions (real zero) rather than offsetting and carbon capture (net zero); and the inclusion of the social dimension, aiming for a fair and just transition.

**In Progress:** The TPT will initially report by the end of 2022.

## MEDIA COVERAGE

### Mining

Combating Environmental Racism: ['British court decides it will try BHP Billiton's crime against the Rio Doce'](#)

S&P Global: ['Fund chief to make ESG-linked visit to Brazil communities hit by iron ore dam slides'](#)

Pensions Age: ['LAPFF Chair announces Brazil dam collapse visit'](#)

BN Americas: ['Visit by UK pension fund rep cranks up ESG pressure on Brazilian miners'](#)

### Israel & Palestine

Pensions Expert: ['LGPS responds to Israeli settlements database complaint'](#)

### 30% Club

Citywire Selector: ['Exclusive: 30% Club extends its race equity management to FSTE 250'](#)

### Water Stewardship

ESG Investor: ['Investors Seek to Pull Plug on Water Risks'](#)

Responsible Investor: ['Leading investors put companies on notice over global water crisis'](#)

Pensions & Investments: ['Investors join forces to address financial, environmental risks of water'](#)

Pensions & Investments: ['Investors tuning into financial risks of water quality and scarcity'](#)

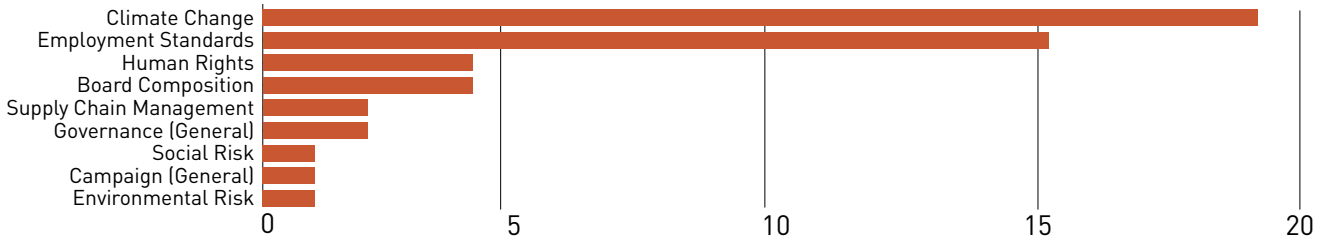
Business Green: ['Fiduciaries must act': Ceres calls on world's largest firms to respond to global water crisis'](#)

Reuters: ['Global investors group to pressure corporations on water risks'](#)

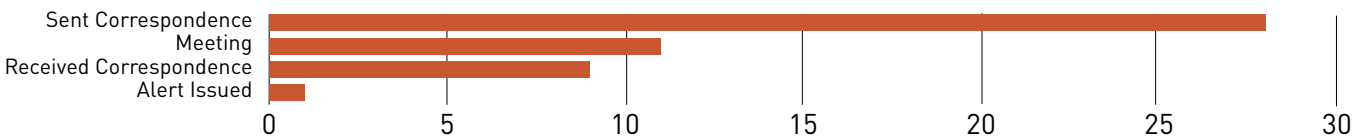
Syndicated in [Nasdaq](#) and [Zone Bourse](#)

# ENGAGEMENT DATA

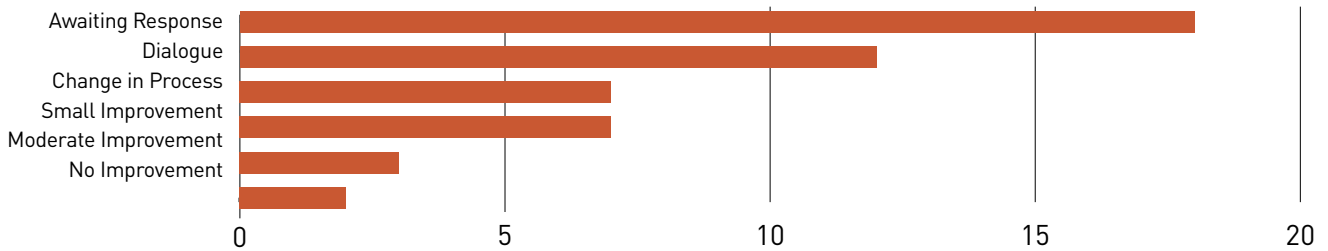
## ENGAGEMENT TOPICS



## ACTIVITY



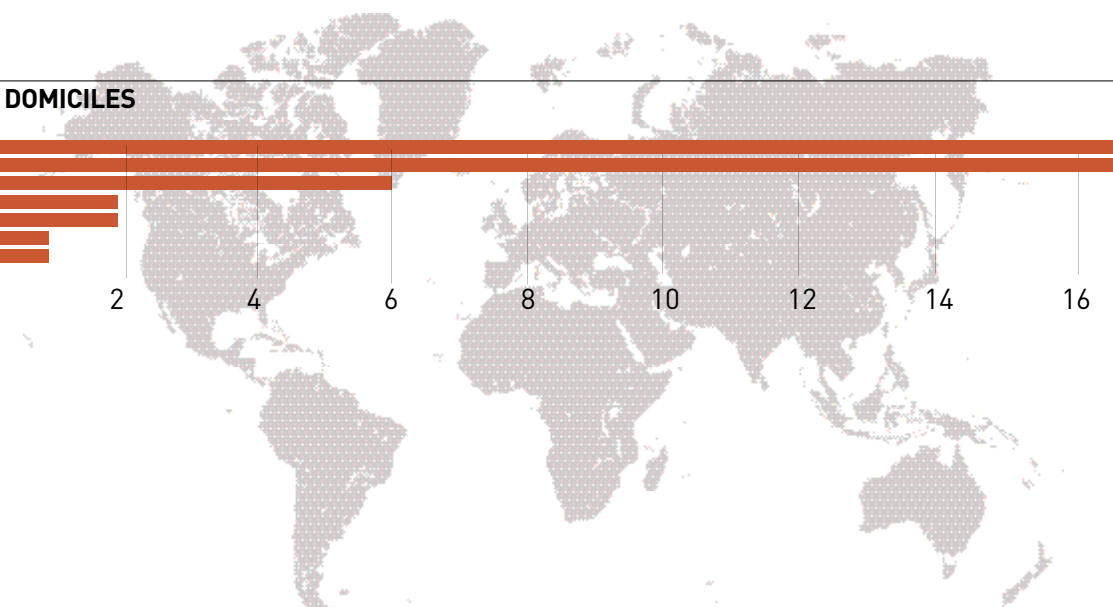
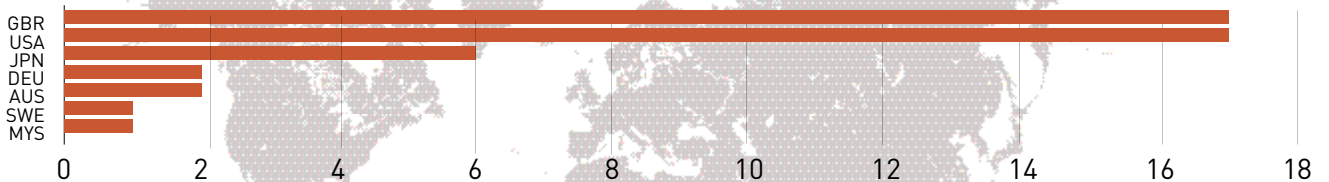
## MEETING ENGAGEMENT OUTCOMES



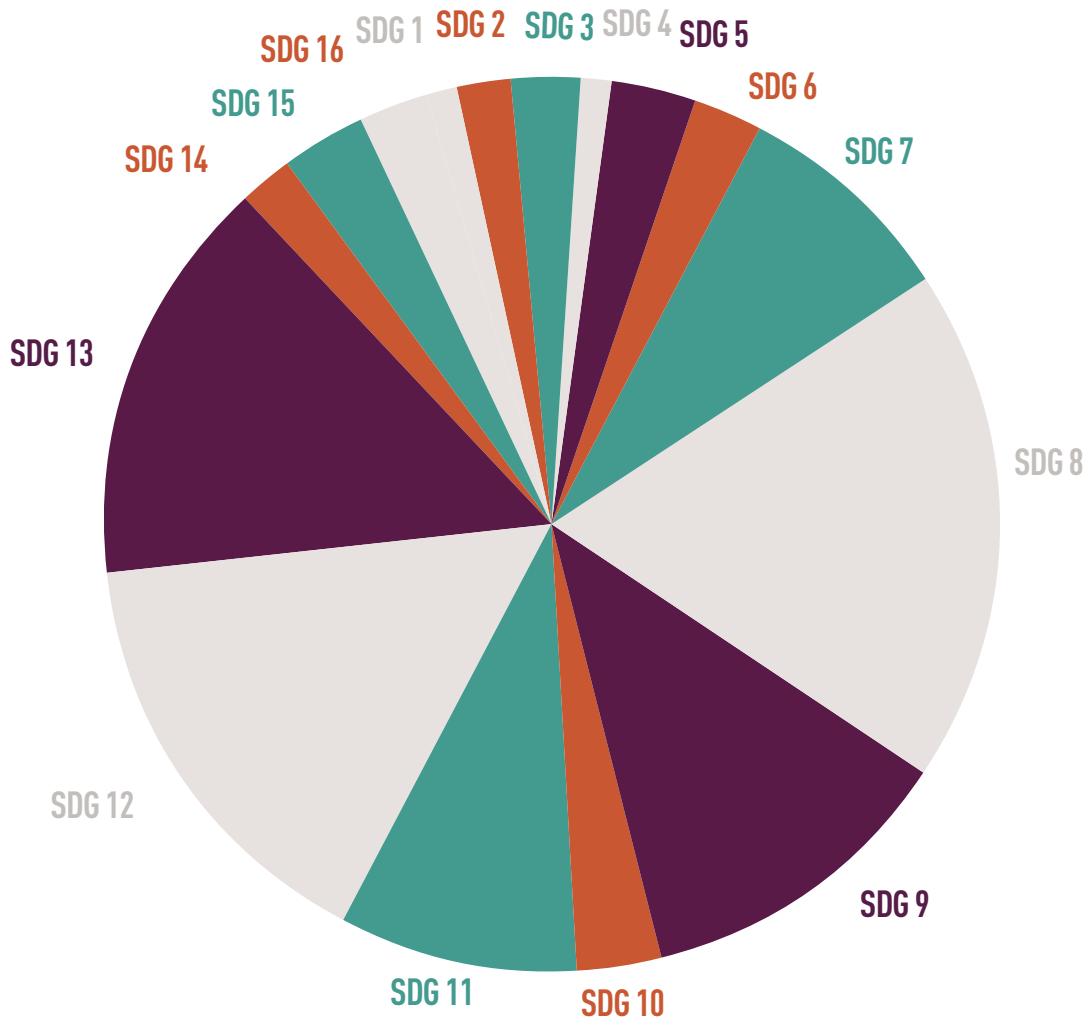
## POSITION ENGAGED



## COMPANY DOMICILES



# ENGAGEMENT DATA



## LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	2
SDG 2: Zero Hunger	3
SDG 3: Good Health and Well-Being	4
SDG 4: Quality Education	2
SDG 5: Gender Equality	5
SDG 6: Clean Water and Sanitation	4
SDG 7: Affordable and Clean Energy	13
SDG 8: Decent Work and Economic Growth	30
SDG 9: Industry, Innovation, and Infrastructure	19
SDG 10: Reduced Inequalities	5
SDG 11: Sustainable Cities and Communities	14
SDG 12: Responsible Production and Consumption	25
SDG 13: Climate Action	24
SDG 14: Life Below Water	3
SDG 15: Life on Land	5
SDG 16: Peace, Justice, and Strong Institutions	4
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0



# COMPANY PROGRESS REPORT

35 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
ALPHABET INC	Sent Correspondence	Employment Standards	Awaiting Response
AMAZON.COM INC.	Received Correspondence	Employment Standards	Dialogue
APPLE INC	Sent Correspondence	Employment Standards	Awaiting Response
BHP GROUP LIMITED (AUS)	Sent Correspondence	Governance (General)	Dialogue
CHARTER COMMUNICATIONS INC	Sent Correspondence	Board Composition	Awaiting Response
CIMB GROUP HOLDINGS BERHAD	Sent Correspondence	Climate Change	Change in Process
ELECTRIC POWER DEVELOPMENT CO	Sent Correspondence	Climate Change	Change in Process
FORD MOTOR COMPANY	Meeting	Supply Chain Management	Dialogue
ITV PLC	Meeting	Human Rights	Moderate Improvement
JD SPORTS FASHION PLC	Sent Correspondence	Employment Standards	Awaiting Response
KASIKORNBANK PCL	Sent Correspondence	Climate Change	Dialogue
KELLOGG COMPANY	Meeting	Social Risk	Small Improvement
LIBERTY MEDIA CORPORATION	Sent Correspondence	Board Composition	Awaiting Response
LONDON STOCK EXCHANGE GROUP PLC	Sent Correspondence	Climate Change	Dialogue
MARKS & SPENCER GROUP PLC	Meeting	Employment Standards	Small Improvement
MERCEDES-BENZ GROUP AG	Sent Correspondence	Human Rights	Awaiting Response
META PLATFORMS INC	Sent Correspondence	Employment Standards	Awaiting Response
MIZUHO FINANCIAL GROUP INC	Meeting	Climate Change	Small Improvement
NATIONAL GRID GAS PLC	Received Correspondence	Climate Change	Moderate Improvement
NEXT PLC	Sent Correspondence	Employment Standards	Awaiting Response
PACCAR INC.	Sent Correspondence	Climate Change	Awaiting Response
RIO TINTO PLC	Meeting	Climate Change	Small Improvement
ROLLS-ROYCE HOLDINGS PLC	Received Correspondence	Climate Change	Dialogue
ROYAL MAIL PLC	Sent Correspondence	Employment Standards	Awaiting Response
SIEMENS AG	Sent Correspondence	Employment Standards	Awaiting Response
SSE PLC	Alert Issued	Campaign (General)	Moderate Improvement
STARBUCKS CORPORATION	Received Correspondence	Employment Standards	No Improvement
SUMITOMO MITSUI FINANCIAL GROUP	Meeting	Board Composition	Small Improvement
TESCO PLC	Sent Correspondence	Supply Chain Management	Dialogue
TESLA INC	Sent Correspondence	Employment Standards	Awaiting Response
THERMO FISHER SCIENTIFIC INC.	Sent Correspondence	Employment Standards	Awaiting Response
TRANSDIGM GROUP INCORPORATED	Sent Correspondence	Board Composition	Awaiting Response
VALE SA	Meeting	Human Rights	Dialogue
VALE SA	Meeting	Human Rights	Dialogue
VOLVO AB	Sent Correspondence	Climate Change	Awaiting Response
WALMART INC.	Sent Correspondence	Employment Standards	Awaiting Response

## LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund  
Barking and Dagenham Pension Fund  
Barnet Pension Fund  
Bedfordshire Pension Fund  
Berkshire Pension Fund  
Bexley (London Borough of)  
Cambridgeshire Pension Fund  
Camden Pension Fund  
Cardiff & Glamorgan Pension Fund  
Cheshire Pension Fund  
City of London Corporation Pension Fund  
Clwyd Pension Fund (Flintshire CC)  
Cornwall Pension Fund  
Croydon Pension Fund  
Cumbria Pension Fund  
Derbyshire Pension Fund  
Devon Pension Fund  
Dorset Pension Fund  
Durham Pension Fund  
Dyfed Pension Fund  
Ealing Pension Fund  
East Riding Pension Fund  
East Sussex Pension Fund  
Enfield Pension Fund

Environment Agency Pension Fund  
Essex Pension Fund  
Falkirk Pension Fund  
Gloucestershire Pension Fund  
Greater Gwent Pension Fund  
Greater Manchester Pension Fund  
Greenwich Pension Fund  
Gwynedd Pension Fund  
Hackney Pension Fund  
Hammersmith and Fulham Pension Fund  
Haringey Pension Fund  
Harrow Pension Fund  
Havering Pension Fund  
Hertfordshire Pension Fund  
Hounslow Pension Fund  
Isle of Wight Pension Fund  
Islington Pension Fund  
Kent Pension Fund  
Kingston upon Thames Pension Fund  
Lambeth Pension Fund  
Lancashire County Pension Fund  
Leicestershire Pension Fund  
Lewisham Pension Fund  
Lincolnshire Pension Fund

London Pension Fund Authority  
Lothian Pension Fund  
Merseyside Pension Fund  
Merton Pension Fund  
Newham Pension Fund  
Norfolk Pension Fund  
North East Scotland Pension Fund  
North Yorkshire Pension Fund  
Northamptonshire Pension Fund  
Nottinghamshire Pension Fund  
Oxfordshire Pension Fund  
Powys Pension Fund  
Redbridge Pension Fund  
Rhondda Cynon Taf Pension Fund  
Scottish Borders Council Pension Fund  
Shropshire Pension Fund  
Somerset Pension Fund  
South Yorkshire Pension Authority  
Southwark Pension Fund  
Staffordshire Pension Fund  
Strathclyde Pension Fund  
Suffolk Pension Fund  
Surrey Pension Fund  
Sutton Pension Fund

Swansea Pension Fund  
Teesside Pension Fund  
Tower Hamlets Pension Fund  
Tyne and Wear Pension Fund  
Waltham Forest Pension Fund  
Wandsworth Borough Council Pension Fund  
Warwickshire Pension Fund  
West Midlands Pension Fund  
West Yorkshire Pension Fund  
Westminster Pension Fund  
Wiltshire Pension Fund  
Worcestershire Pension Fund

**Pool Company Members**  
Border to Coast Pensions Partnership  
LGPS Central  
Local Pensions Partnership  
London CIV  
Northern LGPS  
Wales Pension Partnership