

LONDON BOROUGH OF CAMDEN		WARD: All
REPORT TITLE: Progress Update on Responsible Investment Actions and Conflict-Affected and High-Risk Area (CAHRA) Review		
REPORT OF: Executive Director Corporate Services		
FOR SUBMISSION TO: Pension Committee		DATE: 22 October 2025
SUMMARY OF REPORT: This report provides an update on progress against the five actions agreed by the Pension Committee in March 2025 in response to the petition on ethical investment. It outlines work undertaken to scope the independent fund review, enhance transparency on fund holdings, initiate CAHRA-related disclosures, review investment beliefs, and coordinate with investment managers.		
Local Government Act 1972 – Access to Information No documents required to be listed were used in the preparation of this report.		
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RECOMMENDATIONS: The Committee is requested to note the contents of this report.		
Signed by		
Director of Finance	Agreed
Date	10/10/2025

1. INTRODUCTION

At its meeting in March 2025, the Pension Committee agreed a series of five actions in response to a petition concerning the ethical investment of the Camden Pension Fund. These actions were intended to strengthen the Fund’s approach to responsible investment, including greater transparency of holdings, alignment with human rights principles, and an updated review of investment beliefs. This paper provides a detailed update on the work undertaken to date, including engagement with London Collective Investment Vehicle (LCIV) and Local Authority Pension Fund Forum (LAPFF), preparatory steps toward an independent review, and data collection from fund managers regarding exposure to Conflict-Affected and High-Risk Areas (CAHRAs).

2. Action Points

Action 1: Independent fund review

Action 2: Annual Stewardship Review and Human Rights Policy

Action 3: Further Enhancement of Responsible Investment Approach

Action 4: Taking steps to introduce a Conflict Zone Exposure Policy within the ESG framework

Action 5: Fund Manager Engagement on Risk Management

Delivery Against Agreed Action Plan

Action Area	What Was Agreed (March 2025)	Progress / Delivery to Date
1. Independent Fund Review	To inform Action 4 below, we will commission an independent review of fund holdings to determine the extent to which the fund is exposed to defence companies which derive revenues from activities in conflict zones around the world, including the OPT. Officers will prepare precise terms of reference for such a review and bring these back to a future meeting of the Committee.	<p>July 25 Committee: Terms of Reference document was drafted and following consultation with Committee, was approved. It defined the scope, objectives, and governance of the proposed review.</p> <p>October 2025 Committee: Proposals were received from several independent providers; however, most were either unable to offer a suitably analytical, recommendation-based approach to inform future policy, or their proposals were not aligned with Camden’s budget and delivery timetable. Following review and discussion with the Chair, it was agreed that Camden will subscribe to a market intelligence and analytics platform to support detailed exposure analysis and strengthen the Fund’s reporting capability. This will, in turn, inform the ongoing development of the Fund’s Responsible Investment Policy and wider ESG work programme.</p>
2. Annual Stewardship Review & Human Rights Policy	Ensure that the upcoming annual stewardship review prioritises engagement on conflict zone exposures. Additionally, officers will explore advancing the development and implementation of a	July 25 Committee: LAPFF had already embedded human rights and CAHRA-related risks into its engagement programme, as reported to the March 2025 Committee. Officers are in ongoing contact with LAPFF to monitor

	<p>comprehensive human rights policy, building on current efforts that have already been agreed upon to strengthen our approach.</p>	<p>developments and will incorporate outputs into future policy work.</p> <p>October 25 Committee: The annual stewardship review has been completed, and LAPFF has now fully embedded human rights considerations within its engagement framework. Appendix 1 extracts LAPFF's engagement activities in respect to Conflict Affected zones. Officers continue to monitor LAPFF's ongoing work in this area and review outcomes from key engagements to ensure Camden's approach remains aligned with best practice and the Fund's Responsible Investment objectives.</p>
<p>3. Further Enhancement of Responsible Investment Approach</p>	<p>Further enhance our award-winning Responsible Investment strategy by taking steps with a view to integrating SDG 16, focused on Peace, Justice, and Strong Institutions, into our core investment beliefs at the next investment strategy review. This will complement our ongoing commitments to addressing climate change and reducing inequalities, reinforcing our holistic approach to responsible investing.</p>	<p>July 25 Committee: Integration of CAHRA considerations had begun. Camden shared a proposed scope for a Responsible Investment Policy Project with LCIV, outlining key priorities including CAHRA considerations. Officers were awaiting LCIV's response on next steps. This workstream was expected to complement the fund review and align with the upcoming Investment Beliefs update.</p> <p>October 25 Committee: Investment Beliefs Workshop completed. Officers are now working with the London CIV to strengthen Camden's Responsible Investment Policy, ensuring it reflects evolving best practice and provides clearer guidance on the Fund's stewardship and ESG integration approach. The revised policy will consolidate key elements of Camden's responsible investment principles and enhance alignment with the CIV's framework.</p>
<p>4. Taking steps to introduce a Conflict Zone Exposure Policy within the ESG framework</p>	<p>While direct exclusions may pose legal and financial challenges, alongside Action 2 above, Camden will give consideration to strengthening its Responsible Investment framework by introducing a Conflict Zone Exposure Policy within its ESG framework, similar to climate and fair labour policies at the next Investment Strategy Review. This could ensure that investments in conflict-affected regions undergo heightened due diligence and engagement and would be developed</p>	<p>July 25 Committee: Officers began preparatory work on a potential Conflict Zone Exposure Policy, in line with the Fund's ESG framework. Camden has shared a scope for a Responsible Investment Policy Project with LCIV, which included this element. Further development was to follow once LCIV provided input on next steps.</p> <p>October 25 Committee: Following discussions with the London CIV, officers have agreed the scope of work for Camden's Responsible Investment (RI) Policy review under the CIV's Responsible Investment PASS Service.</p>

	<p>in step with our investment partners and advisors.</p>	<p>The scope includes a structured review of Camden's existing RI framework, training on RI policy good practice, and workshops to define the Fund's priorities and objectives.</p> <p>As part of this engagement, officers have requested the inclusion of a Conflict Zone Exposure Policy, which will form an integral section of the revised RI Policy. This policy will focus on identifying relevant holdings and strengthening Camden's stewardship approach — ensuring that the Fund engages with companies operating in or linked to conflict-affected areas to promote responsible conduct and alignment with international standards.</p> <p>A general outline of the LCIV scope is provided in Appendix 2, while the detailed engagement terms form part of the formal agreement with LCIV and are therefore not publicly disclosed. The first workshop is being scheduled and will cover RI policy best practice and the discussion of Camden's strategic aims in this area.</p>
<p>5. Fund Manager Engagement on Risk Management</p>	<p>Continue to proactively engage with our fund managers to ensure they are actively identifying, managing, and mitigating risks and exposures related to conflict zones, human rights, and other critical ESG factors. This will guarantee that our investments align with our ethical and responsible investment principles.</p>	<p>July 25 Committee: Managers were engaged across all listed holdings. Responses have been analysed and summarised in this paper (Appendix 3). Officers will continue to monitor developments and review practices at the aggregate LCIV level.</p> <p>October 25 Committee: Officers have undertaken a detailed review of manager-level exposures and held discussions with the Fund's passive equities manager regarding their stewardship approach, with a focus on prioritising human rights considerations. Given the passive nature of certain mandates, engagement has been identified as the more effective route. In parallel, an active manager with a material exposure has been identified, and a proposal to divest from this mandate is being presented to this Committee for consideration.</p>

3. **FINANCE COMMENTS OF THE DIRECTOR OF FINANCE**

The finance comments of the Director of Finance are contained within the report.

4. **LEGAL COMMENTS OF THE BOROUGH SOLICITOR**

This report provides an update on the Camden Pension Fund's progress in implementing actions agreed by the Pension Committee in March 2025 relating to responsible investment, human rights, and exposures to Conflict-Affected and High-Risk Areas (CAHRAs). Detailed legal comments were included in the March 2025 report to Committee which can be found [here](#) and remain relevant to this work.

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, requires administering authorities, after taking proper advice, to formulate and maintain an investment strategy that includes consideration of environmental, social and governance (ESG) factors.

5. **APPENDICES**

APPENDIX 1 – Extract from LAPFF Engagement Report – Q2 2025

APPENDIX 2 – London CIV – Responsible Investment (RI) PASS Service: General Scope for Camden

APPENDIX 3 – Manager Level Reported Engagement and Exposure

Extract from LAPFF Engagement Report – Q2 2025

Focus: Human Rights and Conflict-Affected and High-Risk Areas (CAHRAs)

London Borough of Camden Pension Fund – Responsible Investment Action Plan

1. **Engagement in Conflict-Affected and High-Risk Areas (CAHRAs)**

During Q2 2025, LAPFF continued its targeted engagement programme with companies operating in or linked to CAHRAs, consistent with the UN Guiding Principles on Business and Human Rights (UNGPs) and OECD guidance. The Forum’s work this quarter concentrated on the banking, defence, and oil & gas sectors — all recognised as presenting heightened human rights, legal, and reputational risks.

Key engagements included:

Company	Sector/Region	Engagement Focus
Phoenix Group	Financials (UK)	Discussion on stewardship integration of CAHRA risks; LAPFF encouraged formal recognition of CAHRAs within investment and manager oversight frameworks.
Lockheed Martin	Defence (Global / US)	Engagement on political activities and alignment with Human Rights Policy; company discussed vetting of sales, government contracts, and completion of a double materiality assessment.
Safran & Leonardo	Defence (France / Italy)	Written engagements following reports of possible weapons transfers through intermediaries in breach of embargoes. LAPFF requested details of due diligence, compliance, and audit procedures.
TotalEnergies, Chevron, Eni	Oil & Gas (Mozambique, Niger Delta, Libya)	Engagement letters addressing ongoing exposure to CAHRAs and expectations for heightened human rights due diligence (hHRDD), remediation processes, and transparent project governance.

LAPFF also wrote to six major banks – ANZ, Commonwealth Bank of Australia, Westpac, National Australia Bank, Bank of America, and BNP Paribas – seeking clarification on how they embed conflict-sensitivity and human rights due diligence across operations and client relationships.

2. **Broader Human Rights Engagement**

LAPFF extended human rights dialogue to global consumer and luxury goods companies, focusing on supply-chain integrity and regulatory compliance:

- LVMH Moët Hennessy Louis Vuitton and Moncler were engaged on worker conditions and transparency following investigations into labour law breaches. LAPFF welcomed improved disclosures aligned to the EU’s Corporate Sustainability Reporting Directive (CSRD) and recommended inclusion of explicit governance accountability and reference to UN and ILO human rights standards.

- The Forum also continued engagement with Vale through the PRI Advance initiative on community consultation and employee feedback processes, seeking greater disclosure on community perception survey results and integration of stakeholder input into board oversight.

3. **LAPFF Engagement Expectations**

Across all human-rights and CAHRA-linked engagements, LAPFF reiterated its expectations that companies:

- Conduct heightened human rights due diligence (hHRDD) in conflict-affected regions;
- Perform structured conflict and human rights impact assessments;
- Integrate findings into business operations and supply-chain management;
- Provide transparent public reporting on identified risks, remediation actions, and stakeholder engagement;
- Adopt clear entry, operating, and exit criteria in high-risk jurisdictions.

4. **Relevance to Camden Pension Fund**

This quarter's work supports Camden's ongoing action points to embed human-rights considerations into its Responsible Investment approach. LAPFF's engagement with defence, finance, and energy companies strengthens oversight of sectors and geographies associated with CAHRAs. Officers continue to monitor these developments and will report on outcomes relevant to Camden's revised Responsible Investment Policy and engagement priorities.

London CIV – Responsible Investment (RI) PASS Service: General Scope for Camden

The London CIV will be supporting Camden in the development of a strengthened Responsible Investment (RI) Policy through its Responsible Investment PASS Service. The objective of this work is to provide Camden with a clear and up-to-date RI framework that reflects good practice, aligns with LGPS regulatory expectations, and integrates Camden's specific stewardship priorities — including the development of a Conflict Zone Exposure Policy.

The agreed scope comprises the following key elements:

1. Policy Development and Review

Review of Camden's existing RI-related policies, statements, and relevant member or beneficiary feedback.

Identification of key stewardship themes and ESG priorities relevant to Camden.

Formulation of a revised RI Policy structured around clear objectives, principles, and implementation pathways.

2. Training and Workshops

A series of workshops to include training on RI policy good practice, and structured discussions to define Camden's RI priorities and aims.

The first workshop has been scheduled and will focus on training and policy framing.

A second review workshop will be held later in the process to refine the draft policy.

3. Reporting and Ongoing Support

Provision of bespoke annual reporting to Camden covering ESG dashboards, case studies, and market commentary aligned to Camden's stewardship priorities.

Option for up to two additional thematic screens per year, to explore areas such as human rights or conflict zone exposure in greater depth.

Potential for annual and triennial policy reviews to maintain policy relevance over time.

4. Conflict Zone Exposure Policy

At Camden's request, the revised RI Policy will seek to incorporate a Conflict Zone Exposure Policy. This policy will not impose automatic exclusions but will instead define a structured engagement approach. The aim is to identify and monitor holdings with exposure to conflict-affected regions and to promote responsible corporate behaviour through stewardship and dialogue.

The detailed terms of engagement and service delivery form part of the formal agreement with LCIV and are therefore not published in this report.

Manager Level Reported Engagement and Exposure

In line with Action Point 4 from the March 2025 Pension Committee — “Engage with Fund Managers on Conflict-Affected and High-Risk Areas (CAHRAs)” — officers issued a formal data collection request to all managers. The request sought to establish the Camden Pension Fund’s exposure to companies operating in CAHRAs as defined by the EU list, and to understand how managers identify, monitor, and respond to the associated human rights and ESG risks.

Responses are now received from all managers including CBRE and Partners Group, which were still pending at the time of reporting to the last committee in July 2025. The table below provides a summary of responses received, including Camden-specific exposure levels (where disclosed) and the key policies, systems, and escalation practices fund managers apply in this area.

Fund Manager	Exposure to CAHRA – Camden Level	Measures/actions taken by fund managers
LCIV	<p>Limited or nil exposure (based on aggregate LCIV manager responses).</p> <p>Security level exposure mapped to be 0.10% by officers (against activist identified list)</p>	<p>LCIV managers implement ESG integration processes that include human rights due diligence aligned with the OECD Guidelines and UN Guiding Principles. Managers conduct periodic screenings of portfolios for exposure to conflict-affected and high-risk areas (CAHRAs) using tools such as RepRisk, MSCI ESG ratings, and proprietary scoring systems. Where material ESG risks are identified, managers may engage with issuers to seek additional disclosure or changes in business practices. Some managers apply exclusions where thresholds of involvement in controversial weapons or sanctioned geographies are exceeded. Ongoing monitoring mechanisms are in place, and escalation protocols vary depending on severity, with non-response or high-risk conduct sometimes leading to divestment or proxy voting action.</p>
Harris Associates	<p>Not specifically disclosed by region.</p> <p>Policy-oriented response provided.</p> <p>Security level exposure mapped to be 0.46% by officers</p>	<p>Harris incorporates ESG factors in their bottom-up fundamental research and applies an internal ESG Risk Flag system to flag and track risks, including those linked to CAHRAs. The team leverages external research (e.g., MSCI ESG Ratings) and direct issuer interactions to inform investment decisions. High-risk companies may be escalated for internal review. Engagements focus on long-term value creation, with emphasis on governance, transparency, and ethical conduct. Proxy voting is used to influence corporate behaviour where appropriate. Harris commits to aligning with best practice standards and regulatory developments, including those concerning human rights and conflict exposure.</p>

<p>LGIM</p>	<p>Country-level exposure provided by manager.</p> <p>Security level exposure mapped to be 3.69% by officers</p>	<p>LGIM supplied a detailed country exposure breakdown as at 31 March 2025. While not mapped specifically to the EU CAHRA list, the data supports assessment of geographic risks. LGIM applies ESG integration across all portfolios, with investment stewardship teams conducting thematic engagements on human rights and conflict-linked risks. They maintain exclusion lists for high-risk sectors and regions (e.g., cluster munitions, controversial weapons) and support regulatory initiatives aligned with UN principles. LGIM's voting policies also reflect concerns around social and geopolitical risk, and they disclose engagement outcomes and risk mitigations in their annual ESG reports.</p>
<p>HarbourVest</p>	<p>India: 1.42%, Philippines: 0.18%, Colombia: <0.001%</p>	<p>HarbourVest uses RepRisk to identify and monitor ESG and human rights-related incidents. ESG risk monitoring is formalised through a bi-weekly review process. As of 31 December 2024, Camden's exposure to companies listed in CAHRA regions was low and no companies were involved in sectors associated with elevated ESG risks. Their engagement approach includes escalation with underlying GPs when ESG concerns are identified. HarbourVest has adopted the UN Guiding Principles framework across its due diligence, monitoring, and incident engagement practices. They maintain centralised records of ESG incidents and their outcomes, and report periodically to clients. In cases of adverse human rights impact, they focus on contributing to remedy ecosystems through sponsor engagement.</p>
<p>CBRE</p>	<p>No direct or indirect exposure identified.</p> <p>CBRE's global Country Risk Rating procedures screen out conflict-affected and high-risk regions, and officers have confirmed no Fund investments in CAHRAs.</p>	<p>CBRE integrates country-level risk assessments and sustainability factors into its investment due diligence, using a structured Country Risk Rating framework aligned with international standards to identify and avoid unstable or conflict-affected markets. The firm's Global Sustainability Policy explicitly excludes investments associated with:</p> <ul style="list-style-type: none"> • illegal or prohibited activities (e.g., human trafficking, forced labour, illegal weapons, or sanctions violations); • sectors inconsistent with responsible investment principles, including the defence sector; and • activities contravening host-country laws or international sanctions. <p>CBRE Investment Management's policies and procedures are aligned with the UN Guiding Principles on Business and Human Rights (UNGPs)</p>

		<p>and the OECD (Organisation for Economic Co-operation and Development) Due Diligence Guidance for Responsible Business Conduct. Ongoing screening and periodic monitoring are carried out through these frameworks.</p> <p>The firm maintains internal controls through its Global Human Rights Policy, Standards of Business Conduct, and Supplier Code of Conduct, supported by periodic ESG and compliance reviews.</p>
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Partners	<p>No exposure identified.</p> <p>Based on information provided by Partners Group and officer review, there are no investments linked to conflict-affected or high-risk areas (CAHRAs) within Camden's mandates.</p>	<p>Partners Group applies a comprehensive sustainability and human rights due diligence framework across all investment activities, as detailed in its Global Sustainability Directive and Human Rights Policy. Sustainability considerations are fully integrated throughout the investment lifecycle—from sourcing and due diligence to ownership and exit.</p> <p>The firm conducts sustainability due diligence for all investment opportunities, applying SASB (Sustainability Accounting Standards Board)-based assessments and specialist external reviews where appropriate. Monitoring of sustainability and human rights risks covers 100% of assets under management, supported by mandatory incident reporting procedures for direct investments.</p> <p>Partners Group's Human Rights Policy commits to alignment with internationally recognised frameworks, including the UN Principles for Responsible Investment (UN PRI) and the UN Guiding Principles on Business and Human Rights (UNGPs). The firm avoids investment opportunities that present unmanageable environmental or human rights risks, or that are subject to sanctions. It maintains a zero-tolerance stance on human trafficking, forced labour, and child labour, and includes these standards within its broader ESG and compliance framework.</p> <p>Ongoing monitoring and periodic sustainability reviews ensure adherence to policy commitments, with escalation protocols in place for identified incidents. Sustainability performance and human rights compliance are disclosed annually through the firm's Corporate Sustainability Report.</p>
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