

# THE VIEW FROM THE FORUM

## Greenhouse Gas Emissions

### Environment Minister Applauds LAPFF Campaign

**E**lliot Morley MP, Minister for the Environment, has given enthusiastic and encouraging support to the Forum's campaign, aimed at monitoring companies' reporting of greenhouse gas emissions.

The Minister said: "Good environmental standards should never be seen as a burden on companies; indeed, they are good for sustainability, profitability and efficiency.

**"I congratulate LAPFF for playing an important role in furthering these aims. Recently I met with representatives from the Forum and was pleased to hear the positive responses they received in assessing the FTSE 100's level of greenhouse gas emissions reporting.**

**"Finding over half those companies questioned had improved on their environmental**



Elliot Morley MP, Minister for the Environment,

**reporting was a step in the right direction, though there was weakness in terms of setting targets to reduce greenhouse gas emissions.**

"I therefore look forward to seeing the LAPFF continuing to increase company awareness on the importance of reporting their greenhouse gas emissions.

"This will gain even greater significance from next year when the Operating and Financial Review comes into force and the EU Emissions Trading Scheme begins. The former should greatly improve company performance on environmental reporting; the latter is a vital part of our drive to reduce greenhouse gas emissions across Europe and crucial in encouraging industry to develop more energy efficient technology and adapt a lower carbon future."

**(More details of the meeting with the Minister overleaf)**

For more information about the Forum, contact Forum Officer, Keith Bray on 07811 800612, email [k.bray@which.net](mailto:k.bray@which.net) Or visit our website at [www.lapfforum.org](http://www.lapfforum.org)

# LAPFF Chairman meets Minister for the Environment



Councillor John Saunders



Councillor Maureen Child



**O**n 23 September LAPFF Chairman, John Saunders and Executive Member Maureen Child met the Environment Minister Elliott Morley at his DEFRA office in Smith Square.

The meeting was requested by LAPFF to discuss the Forum's 'Greenhouse Gas Emissions Campaign' and in particular how DEFRA might encourage the laggard companies to make use of the guidelines in a meaningful way. The meeting was also attended by Tessa Younger and Peter Southwood from PIRC who provided technical 'back up' and by Forum Officer, Keith Bray.

**The Minister confirmed the DEFRA view that environmental reporting is good for business and can drive efficiency gains.** He indicated that he does not want to be too prescriptive but does want to encourage change. He confirmed that climate change is top of his agenda.

There was also some general discussion about socially responsible investment and the need to promote corporate social responsibility. **Elliott Morley expressed strong interest in the work of the Forum in all of these areas, emphasising the view that Institutional Shareholders, in particular pension funds, had a key role to play. He has asked to be kept informed of the Forum's thoughts on corporate reporting and in particular on the development of Operating and Financial Reviews (OFR).**

John Saunders thanked the Minister his time and his cordial and encouraging reception of the LAPFF representatives.

## International Forum for Active Shareholders (IFAS)

**F**urther consideration is to be given to joining IFAS, which whilst at an early stage in its development, already has several international pension funds as members and therefore has the potential for providing a positive way for the LAPFF to develop its cross border activity.



## STRATEGIES FOR SHAREHOLDER ENGAGEMENT

**A**t its meeting on 21 September 2004, the Forum received a report setting out draft corporate governance voting guidance aimed at improving LAPFF's campaigning role.

The aim is to identify issues on which LAPFF will be active, and to provide guidelines for LAPFF members so that they will be aware of the issues on which LAPFF will be commenting. Also, the guidance will provide a broad framework for the Forum Executive to take action on issues during the busy proxy season.

The intention is for the existing LAPFF Alert news bulletin to be expanded to cover all the issues outlined in the guidance as and when they arise, and for individual LAPFF members to take action on the Alerts as they so wish.

It was agreed that corporate social responsibility issues, particularly with regard to the environment should be picked up and reported for inclusion in a guidance document to be considered at the January 2005 business meeting of the Forum.

## Overseas Employment Standards

**A** literature review has been undertaken relating to the employment risks of doing business in China, categorised between i) compliance and liability risks, ii) investment risks, iii) brand name risks, and iv) other risks (e.g. political change). A draft questionnaire has been produced, based on the literature review, for consultation with stakeholders. Following the consultation exercise, interviews with companies in the final sample will be undertaken.

As part of the Work Plan for 2004/05, the Forum had agreed a watching brief should be kept on the FTSE 100 retailers regarding implementation of their respective Codes of Conduct on overseas employment standards. It is now intended to incorporate this watching brief exercise on the FTSE 100 retailers into the China project.

We are also seeking further discussions with Morrisons regarding their corporate policies on overseas employment standards.

## LAPFF commissions climate change study

**W**e have invited bids from suitably qualified professionals to conduct a study of the likely impacts of climate change on industry sectors and companies with long-term research and development programmes and consequent risk to shareholder value. It is intended that the Forum will be able to use the results from this study in engaging with investee companies. Bids had to be submitted by the end of October and the successful bidder will be required to make a presentation to a workshop on climate change at the LAPFF Conference on 2 December 2004. (For more details of our Conference - see back page)

## INSTITUTE OF DIRECTORS - Chartered Director Qualification

Following our endorsement of this IoD initiative, we continue to develop our relationship with the Institute and have passed them our suggestions regarding areas where we believe we can contribute to the syllabus for the qualification.

## Fund Managers and Good Practice in Corporate Governance

Since the publication of the Interim Report, seven funds have been interviewed and the draft final report should be considered shortly. This will also take account of the second report from the Department for Work and Pensions containing the results of the survey assessing application of the Myners Principles by occupational pension schemes, and the 'Transparency Guidelines for Active Shareholding in Institutional Investment' published by the UK Social Investment Forum.

# 9th Annual Conference:

‘Engagement and Stewardship - towards a new investing culture’ 1,2,3 December 2004, Bournemouth

LAPFF members will be looking forward to our 9th Annual Conference to be held, as last year, at the Bournemouth Highcliffe Marriott Hotel. The Conference will explore a number of governance and corporate social responsibility issues that remain at the heart of current debates on how governance adds value to company operations leading to improved financial returns for shareholders.

As usual we have a first class team of speakers including:

- **Christopher Tuppen**, Head of Sustainable Development and Corporate Accountability, BT plc
- **Mark Taylor**, Finance Director, Workspace Group plc
- **Ann Byrne**, Chief Executive, Unisuper, Australia
- **Andrew Clearfield**, Head of Global Corporate Governance, TIAA, CREF, USA

- **Peter Swabey**, Manager of Business Development, Lloyds TSB
- **Terry Crossley**, Head of Local Government Pensions Division, ODPM
- **Iain Richards**, Head of Corporate Governance Policy, Morley Fund Management
- **Ian Pitfield**, Head of Corporate Governance, UBS Asset Management
- **Marian Collins**, Head of Corporate Governance, Barclay's Global Investors
- **Ian Jones**, Head of Corporate Governance, Co-operative Insurance Society
- **Tom Powdrill**, Policy Adviser, TUC
- **Laura Rowley**, Director of Finance, Shropshire CC
- **Brian Bailey**, Director for Finance and Physical Resources, Wolverhampton CC
- **Daniel Summerfield**, Adviser Responsible Investment, Universities Superannuation Scheme, UK

**Conference places can be reserved by visiting our website: [www.lapfforum.org.uk](http://www.lapfforum.org.uk) or by contacting Janice Hayward on 020 7247 2323 (Ext 254)**

## ‘FUND OF THE YEAR’ joins the LAPFF

The **Dyfed Pension Fund** is the latest recruit to the Forum. According to the WM Company, Dyfed is the best performing fund over both three years and ten years and has just been judged to be ‘Fund of the Year’ for the third year running at the ‘LGC Finance Awards’. The **Dyfed Pension Fund** (covering Carmarthenshire [the administering authority], Pembrokeshire and Ceredigion and about 50 other bodies from those areas) has decided to join us and we will be delighted to welcome such a progressive, highly acclaimed and successful fund to our ranks.

## Some constitutional changes

The AGM in December will consider some changes to the constitution recommended by the Executive in view of the increase in membership over the past 18 months

The proposed amendments to the current Constitution are:

- a larger Forum Executive with provision for more co-option;
- and the removal of the requirement for the Honorary Secretary office-holder be drawn from the authority of the Chair of the Forum

## LAPFF membership as at 1 November 2004

- City of Edinburgh Council
- Clwyd Pension Fund
- Derbyshire CC
- Greater Gwent Fund
- Greater Manchester Pension Fund
- Lancashire CC
- LB Bexley
- LB Brent
- LB Camden
- LB Croydon
- LB Hackney
- LB Hammersmith & Fulham
- LB Islington
- LB Newham
- London Pension Fund Authority
- Merseyside Pension Fund
- Norfolk Pension Fund
- Northamptonshire CC
- North Yorkshire CC
- Nottinghamshire CC
- Shropshire CC
- Somerset CC
- South Yorkshire Pension Fund
- South Yorkshire PTE Pension Fund
- Teeside Pension Fund
- Tyne and Wear Pension Fund
- West Midlands Pension Fund
- West Midlands PTA Pension Fund
- West Yorkshire Pension Fund
- Wiltshire CC
- Worcestershire CC

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