

## LAPFF releases scheme guide to Chinese labour standards

**Jonathan Stapleton in Professional Pensions, 12 March, 2007**

The Local Authority Pension Fund Forum has released a guide on assessing investment manager engagement with companies over labour standards in China.

The trustee guide – entitled *Labour Standards In China: Best Practice Guidelines* – has been developed as a framework for regular monitoring of companies to detect emerging concerns about risk and value destruction due to poor labour standards.

It includes indicators for measuring the effectiveness of managing employment risks and opportunities in investee companies with major operations or supply chains in China.

LAPFF chairman Darrell Pulk said: “China is only going to expand in importance for many of the companies that the forum’s members are invested in. That brings with it a whole raft of new governance and social responsibility issues for fund pension funds and their investment managers.”

He explained: “This guide is intended to help trustees get up to speed on the crucial question of labour standards. The forum hopes it will aid both funds and their fund managers in developing effective engagement and monitoring practices.”

Pulk said that the guide would enable trustees to conduct periodic reviews of their fund managers’ engagement activities affecting China in order to:

- Initiate a dialogue between funds and their managers about engagement
- Develop a better understanding of how fund managers engage on issues relating to China
- Enable a better assessment of the quality and effectiveness of any engagement
- Open up opportunities for improvements to the current strategy, policy and practice of companies operating in China
- Get the most out of fund managers’ and the Forum’s engagement activities.

The guide has separate sections looking at corporate objectives and strategy, labour laws and human rights, trade unions, health and safety, diversity and the use of disciplinary measures, and wages and working hours.

Each section concludes with a list of questions trustees can ask their fund managers or put directly to the companies concerned.