

**For immediate release**

## **Pension funds set out governance reform agenda**

The Local Authority Pension Fund Forum (LAPFF) has pledged to push for governance reform in a public statement on its post-crisis agenda issued today.

The Forum is already undertaking engagement with a number of financial institutions over issues such as remuneration and audit. In releasing a public statement LAPFF hopes to both encourage the ongoing process of governance reform, and give companies a clear idea of what leading institutional shareholders are thinking.

In terms of directors the Forum intends to -

- Focus on non-executives with multiple directorships
- Consider the role of directors at failed financial institutions in its assessment of those individuals' suitability on other companies' boards
- Resist any attempts by companies to use the crisis to argue for a relaxation of compliance with the Combined Code

On remuneration LAPFF will –

- Seek to ensure that remuneration arrangements are structured in the best long-term interests of shareholders
- Seek reform of executive pension arrangements
- Push for greater linkage between rewards and management of non-financial issues

In respect of audit the Forum plans to –

- Continue to push for better reporting
- Consider the case for appointing an independent adviser to a company audit committee

In terms of the role of institutional shareholders LAPFF will –

- Use the influence it has to encourage asset managers to maintain and enhance their commitment to assessing corporate governance and social responsibility risks and opportunities
- Carry out research into the role of investors in the run-up to the crisis

Finally, LAPFF believes there is a case to require companies to prepare a risk report as part of their audit committee report to shareholders, and that the audit committee

report should be subject to an annual shareholder vote.

LAPFF chairman Cllr Ian Greenwood said: “In the aftermath of the financial crisis long-term shareholders need to take a serious look at what has gone wrong. In issuing this public statement, LAPFF intends to both provide its own perspective on the crisis, and contribute to the debate on how reform should progress. We need to address all the areas where there have been failures. Just as we call on companies to reform, as owners of those businesses we must also put our own house in order. Given the scale of what has happened, this is a time for serious reform, not cosmetic changes.”

About LAPFF:

The Local Authority Pension Fund Forum (LAPFF, [www.lapfforum.org](http://www.lapfforum.org)), which was set up in 1991, is a voluntary association of 49 public sector pension funds based in the UK. It exists ‘to promote the long-term investment interests of local authority pension funds, and to maximise their influence as shareholders to promote corporate responsibility and high standards of corporate governance amongst the companies in which they invest.’ The Forum’s members currently have combined assets of over £75 billion.

**For further information contact:**

Cllr Ian Greenwood  
Chairman  
Local Authority Pension Fund Forum  
c/o Bradford City Council  
City Hall;  
BRADFORD  
West Yorks BD1 1HY

Tom Powdrill  
Head of Communicactions  
PIRC Limited  
(LAPF Forum research and  
engagement partner)  
Tel: 020 7392 7887  
Mobile: 07764 200896

[Ian.Greenwood@bradford.gov.uk](mailto:Ian.Greenwood@bradford.gov.uk)

[TomP@pirc.co.uk](mailto:TomP@pirc.co.uk)