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Investors encouraged to engage on human capital

1. Investors are being encouraged to engage with companies over human capital issues, following the publication of a trustee guide by the Local Authority Pension Fund Forum (LAPFF).
2. The guide, titled *Unlocking Human Capital*, is split into two sections – a set of core indicators of good practice in human capital management, and a section outlining how an engagement strategy can be developed around these issues.
3. The guide will enable pension fund trustees, officers or fund managers to review companies' reporting on employment issues, and identify appropriate engagement strategies, in order to:
 - Develop an understanding of the specific employment risks that individual companies face, and apply this to other companies in the same industry, in order that these risks can be mitigated through investor engagement.
 - Discuss employment issues not only in the context of corporate responsibility but as part of an integrated approach to business strategy.
 - Address a much neglected area of business strategy, the financial impact of which is commonly underestimated.
4. The Forum has a long-standing interest in human capital issues and has actively engaged with a number of FTSE 100 companies on their employment practices. The experiences from this engagement, and a set of core indicators for good workforce practices reporting which the Forum first published in April 2005 are the basis of this latest LAPFF Trustee Guide.
5. Cllr Darrell Pulk, chair of the Forum, said: "Companies frequently repeat the mantra 'people are our greatest asset' in their annual report. This trustee guide is intended to help investors start to get a grip on the extent to which companies actually put the words in to practice. We hope that the guide encourages investors to step up their engagement in this area."
6. A copy of the trustee guide is available from the website, www.lapfforum.org, under 'Publications'. The guide is available on request.
7. This guide is the third in a series of LAPFF trustee guides which the Forum has issued to support its members in their efforts to promote good corporate

governance and corporate social responsibility in the companies they invest in.

About LAPFF:

The Local Authority Pension Fund Forum (LAPFF), which was set up in 1991, is a voluntary association of 42 public sector pension funds based in the UK. It exists 'to promote the investment interests of local authority pension funds, and to maximise their influence as shareholders to promote corporate social 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 Darrell Pulk, Chair, LAPFF
C/o LAPFF Secretariat,
Bradford City Council,
Britannia Ings, Bradford,
Email: cllr.darrell.pulk@nottscc.gov.uk

Tom Powdrill
Head of Communications
PIRC Ltd
Tel no: 020 7392 7887
Email: TomP@pirc.co.uk

or Ebba Schmidt
Consultancy Services Executive
Tel no: 020 7392 7876
Email: EbbaS@pirc.co.uk