

FOR IMMEDIATE RELEASE

LAPFF supports Legal & General diversity initiatives

Forum to take further action at 2014 AGMs

The Local Authority Pension Fund Forum (LAPFF) is supporting Legal & General in their efforts to promote diversity amongst FTSE 100 companies. In October 2013, Legal & General Investment Management adopted a voting policy on the issue and advised the market that from 2015 they *'will vote against the chairman or the chairman of the nominations committee if they have not installed any women on the board, or if aspirational targets have not been set, or if disclosure about gender balance is inadequate.'*

There has been some progress in improving diversity in UK corporate boardrooms, but companies are still falling short of the 25% threshold advocated by the Davies review in 2011. At present around one fifth of FTSE 100 board directors are female, and to achieve the target by start of 2015 then boards must double the rate of increase of female representation on the board achieved last year.

LAPFF chairman, Cllr Kieran Quinn said 'The action by Legal & General, which we endorse is a clear signal to the boardrooms of corporate Britain that change must be accelerated. LAPFF will also take board diversity into account in any AGM voting recommendations it may make to member funds. The Forum will directly raise concerns where there is insufficient indication that the company has taken diversity into consideration.'

'LAPFF endorses the recommendations of the Davies review as a balanced and pragmatic package. Any board appointment should be made based on strengthening the board and on merit. Nevertheless, in the light of the slow progress on this issue, LAPFF applauds the initiative of Legal & General Investment Management (LGIM), Aviva and other asset managers to unambiguously flag their position on this important governance issue.'

'LAPFF does not advocate in favour of quotas and believes voluntary action is more likely to bring about sustainable long-term change in UK corporate board rooms. However, LAPFF expects companies to take the benefits of diversity into account when considering board composition and new appointments, and in particular, when compiling their short and long lists of candidates.'

In 2014, LAPFF will review FTSE 100 company disclosure, and based on individual company circumstances will consider recommending that its member funds vote against the election of the Chairman of the Nomination Committee if there are no women on the board. Where there are less than 25% of women on the board, the Forum will consider recommending that member funds abstain on the election of the Chairman of the Nomination Committee.

The Forum has been informally raising board diversity as an issue with companies for several years and is a member of the 30% Club Investor Group. The 30% Club promotes voluntary action by British businesses on board diversity and effective talent management.

ENDS

21 February 2014



About the Local Authority Pension Fund Forum

The Local Authority Pension Fund Forum (LAPFF), which was set up in 1991, is a voluntary association of 60 public sector pension funds based in the UK with combined assets of approximately £120 billion. 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.” PIRC is the Research and Engagement partner to the Forum. www.lapfforum.org

For further information contact:

Andrew Whiley
Head of Communications
PIRC Ltd
Mobile: (0)7918 747636
Tel: 020 7247 2323
Email: Andrew.whiley@pirc.co.uk

Tessa Younger
Engagement Services Manager
PIRC Ltd
Tel: 020 7392 7880
Mobile: 07507 844 561
Email: Tessay@pirc.co.uk