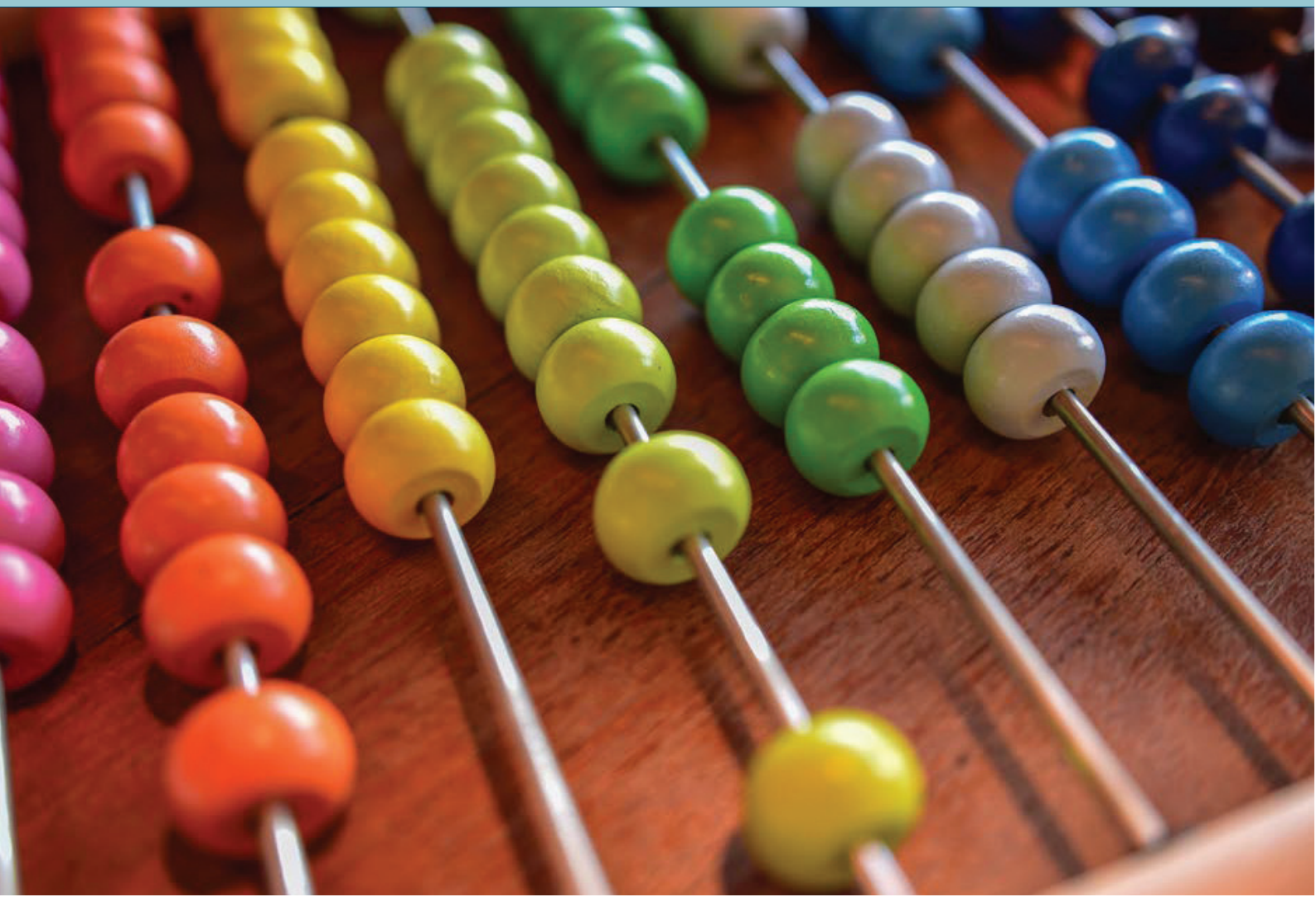


Annual Report **2018**



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Chair's Statement

"The Forum's successes in the past year took place against a continuing turbulent political and economic backdrop. Volatile stock markets, a slowing global economy, trade disputes, populist politics and the looming prospect of Brexit are likely to make this year equally unpredictable."

Last year the Forum was struck by tragedy when our Chair, Cllr Kieran Quinn, died on Christmas Day 2017. Kieran's death was all the more poignant because in the past year the priorities he pursued during five years as Chair gained wider prominence.

Building on Kieran's legacy, the Forum was busier, bigger and more influential than ever. This annual report highlights how LAPFF's willingness to take positions on unfashionable or seemingly intractable issues has led to success over the past year.

The collapse of **Carillion** forced politicians and investors to take seriously long-standing problems with company audits and regulation of the accounting profession. LAPFF's work over many years on these matters was vindicated when the government appointed Sir John Kingman to lead a review of the Financial Reporting Council, the accounting profession's flawed regulator.

Under Kieran's leadership LAPFF argued consistently that bad employment standards are damaging for companies and their investors in the long run. More investors have adopted this view, leading to sustained pressure on **Sports Direct International** and deepening concerns about governance and treatment of workers at **Ryanair**. The Forum played a leading role in pressing for change at these companies.

LAPFF has a long record of pressing companies to address climate risk in their business strategies and to adapt their business models to benefit from the transition to a low-carbon economy. Working on its own and with others, LAPFF engaged with companies in the UK and globally while supporting member funds facing calls to divest carbon-intensive investments.

Last year membership reached a record 79 funds and five pools, increasing LAPFF's representation, resources and ability to influence. While the underlying responsibility for responsible investment remains with administering authorities, the Forum is adapting to structural changes in the sector, including pools in the member and executive structures and helping funds and pools negotiate the responsible investment landscape and represent their members' long-term interests.

There has been a lot of change on the LAPFF Executive as valued members have moved on and new members have joined. I would like to thank Cllr Denise Le Gal, Cllr Mukesh Malhotra, Jane Firth, Faith Ward and Cllr Toby Simon for their contributions. And it is a pleasure to welcome Rachel Brothwood, Cllr Rob Chapman, Cllr Eddie Pope, Cllr Ian Brookfield, Cllr Glyn Caron, Tom Harrington, Chris Hitchen and Abigail Leech.

The Forum's successes in the past year took place against a continuing turbulent political and economic backdrop. Volatile stock markets, a slowing global economy, trade disputes, populist politics and the looming prospect of Brexit are likely to make this year equally unpredictable.

Against this background the Forum's work will be just as important - if not more so. We will keep up the pressure for better governance and long-term management at companies that might be tempted to adopt quick fixes to boost their bottom lines and executive pay.

We will continue to campaign for accurate accounts and proper oversight of auditors so that investors, workers, suppliers and taxpayers are better protected against corporate disasters like Carillion. And we will keep up the pressure for companies to adapt their business models to protect the environment and the sustainability of their own investments.

Last year was marked by deep sadness but also tremendous successes as many of the Forum's long-held views became mainstream and companies and policymakers embraced positions on which we have campaigned. The Forum will continue to take a lead this year.

Cllr Ian Greenwood

Cllr Kieran Quinn 1961-2017



“There are no questions we are afraid to ask”

“There are no questions we are afraid to ask,” Kieran Quinn told the Financial Times in 2015. That comment typified Kieran’s fearless approach engaging with companies and other interests during his five years as the Forum’s Chair.

Kieran joined the LAPFF Executive Committee in 2012 when he became Chair of the Greater Manchester Pension Fund. He became the Forum’s Chair at the beginning of 2013 and established himself as a measured and resolute advocate of boards running companies for long-term value.

As Chair, Kieran advocated and practised strong, active stewardship across the range of companies in which LAPFF member funds had holdings. Company boards sometimes disliked this scrutiny, but they listened and ultimately usually responded positively.

The Forum’s engagement with **National Express** showcased Kieran’s approach. In his first few months as Chair, LAPFF joined the Teamsters union in calling for the Company to recognise unions and improve employment standards at its US business.

Each year between 2014 and 2016 Kieran met National Express’s Chair Sir John Armitt and he pressed the Forum’s case at the Company’s AGM in 2016. Progress towards a meeting between the Company and the union had faltered when Kieran died but, with LAPFF keeping up the pressure, National Express met the union in 2018.

Kieran’s engagement with National Express demonstrated his understanding that companies’ social practices can lead to reputational and other risks. It also illustrated his ease in dealing not only with company chairs and directors but also unions and other stakeholders such as regulators, investor groups and campaigners.

In promoting the Forum’s work on reliable accounts, Kieran was a rare voice of warning about risks posed by the UK’s flawed accounting standards and regulation. Speaking truth to power he put forward the Forum’s views in frank exchanges with Sir Win Bischoff, Chair of the Financial Reporting Council, which is now battling to survive.

During Kieran’s time as Chair the Forum’s membership rose to 72 funds from 55. Many new members signed up after a personal visit from Kieran. On the Local Government Pension Scheme (LGPS) Advisory Board he argued for the rights and responsibilities of councils and councillors in their member roles on pension committees and enhancing the member perspective in the new asset pooling structures.

Kieran was a shining star in the LGPS firmament and his vision and values will always shape the Forum’s work. We will keep asking those difficult questions in his memory.

LAPFF Executive Committee



Chair: Cllr Ian Greenwood
West Yorkshire Pension Fund



Vice-Chair: Cllr Doug McMurdo
Bedfordshire Pension Fund



Vice-Chair: Cllr Paul Doughty
Merseyside Pension Fund



Executive: Rodney Barton
West Yorkshire Pension Fund



Executive: Cllr Ian Brookfield
West Midlands Pension Fund



Executive: Rachel Brothwood
West Midlands Pension Fund



Executive: Cllr Glyn Caron
Greater Gwent (Torfaen) Pension Fund



Executive: Cllr Rob Chapman
LB Hackney Pension Committee



Executive: Cllr Barney Crockett
North East Scotland Pension Fund



Executive: Tom Harrington
Greater Manchester Pension Fund



Executive: Chris Hitchen
Border to Coast Pension Partnership



Executive: Cllr Yvonne Johnson
LB Ealing Pension Fund



Executive: Abigail Leech
Lancashire County Pension Fund



Executive: Cllr Eddie Pope
Lancashire County Pension Fund



Executive: Cllr Alasdair Rankin
Lothian Pension Fund

LAPFF Policy Engagement – Focus on Reliable Accounts and Regulators

LAPFF has for some time had concerns about important aspects of the UK's system of financial regulation - in particular, the role of the Financial Reporting Council (FRC) as the setter of standards and regulator for the accounting industry and the listing regime under the UK Listing Authority (UKLA).

The Forum's earlier work on both these subjects came to the fore during the year as high-profile matters sparked public debate about the integrity of UK company law and the role of regulators. The collapse of **Carillion** prompted a Parliamentary inquiry that was highly critical of the company, its auditors and the FRC. MPs also scrutinised proposals by the UKLA to relax the rules for listing sovereign-controlled companies with the aim of attracting **Saudi Aramco**, Saudi Arabia's state oil company, to list in London.

Building on its policy work on both these matters, LAPFF contributed to the public debate and its longstanding positions gained wider recognition and support. It is important to note that Kieran Quinn's tireless work on promoting better accounting standards shone a light on the accounting industry and the FRC's flaws and helped to shift the ground of public debate towards LAPFF's position.

Companies purchasing their own shares in the market has historically been justified on the basis of a technical truism that buybacks increase earnings per share, which gives the appearance of earnings growth.



The Forum's work on regulatory reform is underpinned by these general principles:

- **Clear statutory position:** Regulators must have a clear statutory position as to the party being protected. They should be able to act without hindrance or conflict on those principles and that includes dealing robustly with other regulators where necessary.
- **Basic separation of powers:** Regulatory enforcement and rule setting must be separate. If the rules are inadequate the inspection function should be able to criticise them.
- **Independence to avoid regulatory capture:** The risk that a regulator comes to represent the industry it is meant to oversee is inherent in any regulatory system and must be openly addressed in terms of the constitutional protection of the party protected, versus other vested interests. Lobbying by the regulated industry is often cloaked as 'help' or 'expertise'.

The Financial Reporting Council

In February 2018, LAPFF, in its submission on the FRC's consultation on revisions to the Governance Code, made the point that the FRC needed to sort out its own governance and culture, and overall that the FRC was not fit to carry out its functions. That was in part triggered by the fact that the FRC's code revisions placed new emphasis on corporate culture. LAPFF also focused on the relevance of FRC failings in the context of the collapse of Carillion.

The Forum's submission triggered a highly critical letter of rebuke from the FRC Chair, Sir Win Bischoff, which was placed on the FRC's website.

The critique by LAPFF was evidence-based and included information obtained under the Freedom of Information Act, which showed serious anomalies with the FRC's own status. One crucial element being that the FRC had been a public body since 1990, but had persistently failed to operate as one. Indeed a Memorandum of Understanding with its sponsoring government

department from 2010 described the FRC as a private sector body, despite the public body status of the FRC being codified by legislation in 2000. The consequences include the FRC failing to adhere to rules on spending public money, procurement (including procurement of legal services) recruitment, conflicts of interest, and freedom of information.

LAPFF had identified some years ago that technical outputs of the FRC failed to present the law properly. LAPFF's position on that was therefore matched by the FRC failing to properly implement its own status!

In March 2018, criticism of the FRC reached significant levels following Carillion's failure. The joint Parliamentary committee dealing with the collapses of BHS and Carillion described the FRC as "toothless" and "useless" and the Secretary of State, Greg Clark MP, said he was planning a review of the FRC. Mr Clark also stated that he did not agree with the position of the FRC's Chief Executive which was that the FRC needed more powers, but that as a first step the FRC needed to function properly by working with other regulatory and enforcement bodies.

By summer 2018, 74 Parliamentary questions relevant to the FRC had been tabled by Sharon Bowles, Baroness Bowles of Berkhamsted.



Sir John Kingman

The Kingman Review

In April 2018 the Secretary of State announced that Sir John Kingman would lead a review of the FRC. LAPFF was invited to meet Sir John early in his inquiry and then made a full submission. Its main points were:

The FRC – i.e. the existing body – cannot be remodelled. Within the existing FRC structure at least three incompatible functions are being run by the same body. These are:

- Standard setting (accounting, auditing and actuarial)
- Enforcement (annual accounts of public companies, auditors and members of professional bodies of accountancy, actuarial discipline)
- The 'comply or explain' Governance Code

As to solutions, the LAPFF position is that the FRC's replacement bodies must have a statutory basis in primary legislation - dealing with their purpose, governance and conduct. The solutions that LAPFF proposed were that:

- Accounting standard setting must be set by a freestanding body, a UK-Financial Accounting Standards Board, with the objective of setting accounting standards that conform to both company law and capital markets law. It should be directly accountable to Parliament.

- Auditing oversight should follow the model of the US Public Company Accounting Oversight Board (PCAOB). It should also be directly accountable to Parliament. The objective should be 'oversight of auditors to protect investors and the public'. Parliament should determine the public interest coverage of the 'UK-PCAOB'.¹ Auditing standards should be totally separate from accounting standards as directors - to whom the latter apply - are not auditors, and to avoid the danger of a feedback loop (where auditing standards become the 'tail wagging the dog').
- Auditing and director enforcement issues relating to company law breaches should be accommodated within the Insolvency Service as a Companies Commission. The emphasis should be on dealing with situations where there has been failure to demonstrably achieve justice and to enable the system to be corrected where necessary. That can only be a central government function. The experience of the Air Accidents Branch is a model where accidents are investigated wholly independently of industry interests. That model should also apply here.
- The Companies Commission should also inspect accounts, a function currently delegated by the Secretary of State to the FRC's Financial Reporting Review Panel/Conduct Committee.
- The Governance Code should be subject to consultation once the above issues are defined, to find a better home for that function. There are valid arguments that a 'comply or explain' system cannot be run by government.

The Kingman Review is expected to report in December 2018.

¹That is, which unlisted companies, charities and other bodies are important enough to also be under this oversight.



UK Listing Authority

The core issue for the UKLA is that the environment in which it operates appears to be more influenced by those who benefit from fees generated by companies selling shares than by long established principles of investor protection. LAPFF expressed concerns about this problem in the period 2000-2010 when listing requirements for extractive industries were relaxed. In 2017 the Forum argued that the UKLA should no longer be part of the Financial Conduct Authority.² LAPFF raised concerns about conflicting objectives and interests especially in relation to investor protection.

The UKLA has since caused further concern regarding relaxation of the listing rules to enable a minority stake in **Saudi Aramco** to be floated in London (the mooted flotation has not yet taken place). In its October 2017 response to the FCA's consultation, the Forum argued against the proposed change, reiterating its view that corporate governance and investor protection

could be undermined. The FCA's Chief Executive was required to give evidence to Parliament and revealed that he had met Saudi Aramco officials several months before the regulator published its proposed rule changes. The FCA went ahead with the rule change with added caveats but the affair has focused attention on a policy matter the Forum has led on for many years.

Share Buybacks

The LAPFF paper from 2015 *'Buybacks – Solutions or Illusions'* on the subject of share buybacks was reissued in 2018. That was in part because since its initial publication the matter of share buybacks was made a subject of attention in the government White Paper of August 2017, particularly the impact on executive remuneration. Companies purchasing their own shares in the market has historically been justified on the basis of a technical truism that buybacks increase earnings per share, which gives the appearance of earnings growth. Yet that position merely raises the question 'Why would a company which isn't growing wish to give the impression that it is?'

During 2019 LAPFF will focus on this question by applying it to companies that are sensitive to climate change, which may in fact need to shrink, while giving the impression of growth.



² LAPFF response to UKLA consultation: Review of the Effectiveness of Primary Markets: The UK Primary Markets Landscape May 2017

Events During the Year

Conference

The 2017 LAPFF Annual Conference yet again featured a range of influential and provocative speakers and guests. These included Sir John Parker, who led the government's review of the ethnic diversity of UK boards, and Sir Mike Rake, the former Chair of **BT**, talking about cyber security investment risk. Other speakers included David Enrich, financial editor of the New York Times, talking about his book on the Libor scandal; Baroness Sharon Bowles in a discussion about the politics of financial risk; and former Labour MP Lorna Fitzsimons, co-founder of the Pipeline diversity consultancy. The conference concluded with the challenging and controversial views of Gina Miller, financial reform campaigner, and Alastair Campbell, former government spin doctor and PR guru, opining on the prospects for Brexit. Other discussions included the LGPS Pool Chairs Panel, the future of LGPS and LAPFF's response to climate risk.



Gina Miller and Rodney Barton



Sir Mike Rake



Baroness Bowles



Alastair Campbell



Sir John Parker



Fringe Meetings

The Forum engaged politicians and other interested parties by hosting fringe meetings at the Labour, Conservative and SNP conferences in September. This year's meetings discussed why companies go bust and were well attended. Some Conservative delegates had to stand at the meeting at their conference. LAPFF Chair Cllr Ian Greenwood took part in the SNP and Labour events with Cllr Paul Doughty representing the Forum at the Conservative meeting. Speakers included: Jonathan Djanogly MP (Chair of the All-Party Parliamentary Corporate Governance Group); Chi Onwurah MP (Shadow Minister for Business, Energy and Industrial Strategy); Chris Stephens MP (SNP Westminster spokesman on fair work and employment); and Jamie Hepburn MSP (Minister for Business, Fair Work and Skills).

All-Party Parliamentary Group (APPG)

Chaired by Clive Betts MP, the APPG on Local Authority Pension Funds remained a stimulating forum for debate and an important link with Westminster. Pooling remained a prominent topic for discussion alongside funds' potential role in infrastructure investment. Rishi Sunak, Local Government Pensions Minister, said pooling was work in progress and that it was important to get governance and reporting right. He said if some funds' goal of 10% infrastructure investment was

adopted across pooled funds then £25 billion could be unlocked to fund housing and other projects. Jim McMahon MP, shadow Local Government Pensions Minister, said pooling could enhance the scope for investment in UK infrastructure but that investors and projects were not sufficiently connected. Julia Prescott, the National Infrastructure Commissioner, told the APPG the government could do more to support investment, including considering pension funds' need for reliable long-term income.



Networks and Events

LAPFF executive members and representatives attend many events each year, contributing to debates, gaining insights and building the Forum's network. Here is a selection of the events the Forum took part in during the past year:

LAPFF investor briefing chaired by Cllr Ian Greenwood to discuss governance and workforce issues at **Ryanair**, including a presentation by Ryanair crew

LAPFF Chair Cllr Kieran Quinn spoke about the Forum's engagement and promoted collaboration at a meeting with campaign group ShareAction.

Sports Direct Investors Roundtable to discuss the Company's first-half financial results.

Climate Action 100+ IIGCC European Engagement Group conference calls to coordinate climate risk engagement

30% Club Investor Group meetings to discuss how to further support greater gender diversity on boards

Financial Reporting Council event on trends in reporting and related initiatives

LAPFF Investor Webinar chaired by Cllr Barney Crockett: 'What Next for **Tesla**? Human Capital Management and Sustainability'

LAPFF Executive member Cllr Toby Simon spoke at the 2017 results of CDP (formerly the Carbon Disclosure Project) and presented awards to companies at the organisation's first UK company award ceremony.

Union-organised meeting about **Tesla** to receive an update on the **Tesla** campaign and LAPFF's potential role.

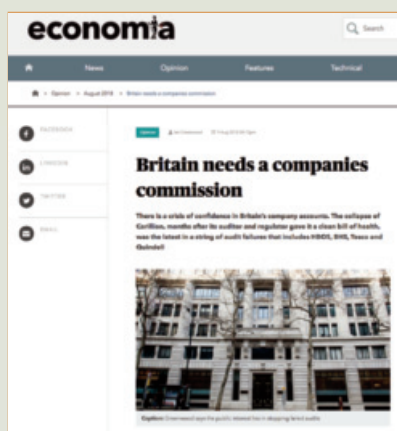
BP Energy Outlook where the Company discussed the speed of transition and the importance of carbon emission reduction

Climate Week New York summit where politicians, non-governmental organisations, businesses and others discuss how to drive climate action forward

LAPFF in the News

Reliable Accounts

LAPFF's position on reliable accounts and the accounting regulator received widespread coverage in the past year. Coverage began to build in March when the government said it would commission a review of the Financial Reporting Council and continued after the appointment of Sir John Kingman to lead the review. The Forum was featured in reports by the Times, the Financial Times and other publications and Chair Ian Greenwood wrote an opinion piece for *Economia*, the in-house magazine for the Institute of Chartered Accountants in England and Wales.



Ryanair

The Forum's position on governance and employment standards at **Ryanair** was by far the most widely covered of its activities. LAPFF's decision to attend Ryanair's AGM and recommendation to oppose the re-election of Chair David Bonderman was reported before and after the meeting in the FT, Guardian, Times and Irish Times among many others. After the year end the Forum's proposed shareholder resolution recommending Mr Bonderman's replacement received further coverage by those papers as well as the Daily Mail, Belfast Telegraph, the BBC and other media.

Sports Direct

After **Sports Direct International** Chair Keith Hellawell resigned at the Company's AGM the Forum, which had repeatedly recommended against Mr Hellawell's re-election, was cited in the Guardian, the Daily Mail, the Newcastle Chronicle and others.

Climate Risk

Reuters reported the Forum's participation in a letter to **General Electric** pressing the company to abandon buying a 20% stake in a Kenyan coal-fired power plant. LAPFF's publication of climate-related voting alerts was reported by Environmental Finance and the Forum's climate change investment policy framework was covered by Top 1000 Funds.



Others

Among other coverage, the Forum's paper on precarious work was reported by IPE and LocalGov and IPE covered LAPFF's call for large companies to improve tax transparency and the Forum's position on the gender pay gap.



Companies Engaged

Company/Index	Topic	Outcome
3M Company	Campaign (Shareholder rights)	Dialogue
ABB Ltd	Campaign (Shareholder rights)	Dialogue
Abbott Laboratories	Campaign (Shareholder rights)	Dialogue
American Electric Power Company Inc.	Campaign (Shareholder rights)	Dialogue
Anadarko Petroleum Corporation	Climate Change	Substantial Improvement
Anglo American plc	Climate Change	Moderate Improvement
Astrazeneca plc	Governance (General)/Remuneration/ Supply Chain Management	Dialogue
Banco Santander SA	Employment Standards	Dialogue
Barratt Developments plc	Other (SDG)	Dialogue
Bayerische Motoren Werke AG	Environmental Risk/ Climate Change	Change in Process
Berkeley Group Holdings plc	Other (SDG)	Dialogue
BHP Billiton Group (GBR)	Governance (General)/Human Rights/ Climate Change	Moderate Improvement
Bovis Homes Group plc	Other (SDG)	Dialogue
BP plc	Climate Change	Substantial Improvement
Bristol-Myers Squibb Company	Campaign (Shareholder rights)	Dialogue
Brown-Forman Corporation	Campaign (Shareholder rights)	Dialogue
Cairn Energy plc	Board Composition/Climate Change	Dialogue
Capital & Counties Properties plc	Board Composition	Small Improvement
Caterpillar Inc.	Campaign (Shareholder rights)/Human Rights	Dialogue
Centrica plc	Governance (General)	Dialogue
Chevron Corporation	Climate Change	Dialogue
Conocophillips	Campaign (Shareholder rights)	Dialogue
Cummins Inc.	Campaign (Shareholder rights)	Dialogue
Daimler AG	Climate Change	Dialogue
Deere & Company	Campaign (Shareholder rights)	Dialogue
Devon Energy Corporation	Campaign (Shareholder rights)	Dialogue
Diageo plc	Remuneration/ Governance (General)/Other	Small Improvement
Dow Dupont Company	Campaign (Shareholder rights)	Dialogue
Eli Lilly and Company	Campaign (Shareholder rights)	Dialogue
Emerson Electric co.	Campaign (Shareholder rights)	Dialogue
Exxon Mobil Corporation	Campaign (Shareholder rights)/Climate Change/ Board Composition	Substantial Improvement
Fluor Corporation	Campaign (Shareholder rights)	Dialogue
Ford Motor Company	Climate Change/ (Shareholder rights)	Small Improvement
G4S plc	Human Rights	Moderate Improvement
General Electric Company	Climate Change/ Campaign (Shareholder rights)	Dialogue
General Motors Company	Climate Change	Dialogue
Glencore plc	Audit Practices	Dialogue
Go-Ahead Group plc	Other (Sustainability)	Dialogue
Hargreaves Lansdown plc	Climate Change/ Remuneration	Dialogue
Intel Corporation	Campaign (Shareholder rights)	Dialogue
International Consolidated Airlines Group SA	Climate Change/Other (cybersecurity)	Change in Process
JD Wetherspoon plc	Remuneration	Dialogue
Johnson & Johnson	Campaign (Shareholder rights)	Dialogue
Johnson Controls Inc.	Campaign (Shareholder rights)	Dialogue
Lamb Weston Hldgs Inc.	Campaign (General)/Governance (General)/ Employment Standards	Dialogue
Leggett & Platt Incorporated	Campaign (Shareholder rights)	Dialogue

Lloyds Banking Group plc	Finance and Accounting/ Governance (General)/ Other (cybersecurity)	Moderate Improvement
Lockheed Martin Corporation	Campaign (Shareholder rights)	Dialogue
Londonmetric Property plc	Board Composition	Change in Process
Marathon Petroleum Corporation	Campaign (Shareholder rights)	Dialogue
McCormick & Company Incorporated	Campaign (Shareholder rights)	Dialogue
Merck & Co. Inc.	Campaign (Shareholder rights)	Dialogue
Microsoft Corporation	Campaign (Shareholder rights)	Dialogue
Motorola Solutions Inc.	Human Rights	Dialogue
National Express Group plc	Employment Standards	Change in Process
National Grid plc	Climate Change	Moderate Improvement
Nestle SA	Other (SDG)	Dialogue
Nostrum Oil & Gas plc	Board Composition	Awaiting Response
Novartis AG	Campaign (Shareholder rights)	Dialogue
OMV AG	Climate Change	Moderate Improvement
Pearson plc	Governance (General)/ Remuneration	Moderate Improvement
Pennon Group plc	Other (SDG)	Dialogue
PepsiCo Inc.	Other (SDG)	Dialogue
Persimmon plc	Other (SDG)	Dialogue
Pfizer Inc.	Campaign (Shareholder rights)	Dialogue
PPG Industries Inc.	Campaign (Shareholder rights)	Dialogue
Provident Financial plc	Governance (General)/ Reputational Risk	Small Improvement
Prudential plc	Other (cybersecurity)/ Board Composition	Change in Process
Rio Tinto Group (AUS)	Climate Change	Dialogue
Rio Tinto Group (GBP)	Climate Change	Moderate Improvement
Rolls-Royce Holdings plc	Climate Change/ Governance (General)	Satisfactory Response
Royal Dutch Shell plc	Climate Change	Dialogue
Ryanair Holdings plc	Employment Standards	Change in Process
Sainsbury (J) plc	Governance (cybersecurity and mergers & acquisitions)	Dialogue
Samsonite International SA	Audit Practices/Environmental Risk/ Reputational Risk	Change in Process
Segro plc	Board Composition	Change in Process
Severn Trent plc	Other (SDG)	Dialogue
Sky plc	Governance (General)	Dialogue
Southern Company	Climate Change/ Campaign (Shareholder rights)	Substantial Improvement
Sports Direct International plc	Employment Standards/ Governance (General)/ Board Composition/ Remuneration	Moderate Improvement
Stagecoach Group plc	Other (Sustainability)	Dialogue
Suez Environnement SA	Other (SDG)	Dialogue
Taylor Wimpey plc	Other (SDG)	Dialogue
Tesla Inc.	Governance (General)/ Remuneration/ Employment Standards/ Climate Change	Dialogue
Textron Inc.	Campaign (Shareholder rights)	Dialogue
The Boeing Company	Campaign (Shareholder rights)	Dialogue
The Coca-Cola Company	Other (SDG)	Dialogue
The Goodyear Tire & Rubber Company	Campaign (Shareholder rights)	Dialogue
The Procter & Gamble Company	Campaign (Shareholder rights)	Dialogue
Transco (National Grid)	Climate Change	Dialogue
Tullow Oil plc	Board Composition	Dialogue
Unilever plc	Environmental Risk/ Social Risk/ Governance (General)	Small Improvement
United Technologies Corporation	Campaign (Shareholder rights)	Dialogue
United Utilities Group plc	Other (SDG)	Dialogue
Verizon Communications Inc.	Campaign (Shareholder rights)	Dialogue
Volkswagen AG	Climate Change	Awaiting Response
Wizz Air Holdings plc	Climate Change	Dialogue
WPP plc	Remuneration/ Other (cybersecurity)	Satisfactory response

LAPFF Company Engagement

How We Engage

LAPFF continually monitors and maintains engagement relationships with the companies most widely held by members, with bi-annual meetings or communications with the Chair or Board. The Forum's unique engagement approach, involving members and officers representing ultimate asset-owners in face-to-face meetings with companies, is the foundation for its successful engagement outcomes.

Engagement at these meetings is on relevant governance, capital stewardship and corporate responsibility issues and specific areas of concern identified by Forum member funds.

AGM attendance also plays a valuable role in engagement, allowing LAPFF to raise an issue with the entire Board. In the minority of cases where companies have been reluctant to meet, AGM attendance can help progress a meeting with a Board director.

Before a meeting between a LAPFF representative and a company, LAPFF decides on the objectives of the meeting. A briefing note is prepared for the LAPFF Executive members attending and a written meeting note on outcomes is drafted for company comment. After the meeting the objectives are assessed according to the criteria below, and the outcome is reported back to members.

Awaiting response	The company has not responded to two or more contact attempts
No improvement	The company has responded, but has not shown evidence of improvement and has not agreed to enter into a dialogue
Dialogue	The company has agreed to dialogue, or dialogue with LAPFF is in progress
Change in process	The company is in the process of implementing changes
Satisfactory response	The company has responded either in writing or in a meeting and LAPFF is satisfied with the response, no further engagement necessary
Small improvement	The company has met one but not the majority of engagement objectives
Moderate improvement	The company has shown moderate or partial improvement in its practices but requires further engagement
Substantial improvement	The company has shown substantial improvement in practices or full implementation of LAPFF's request, no further engagement necessary



Total engagements

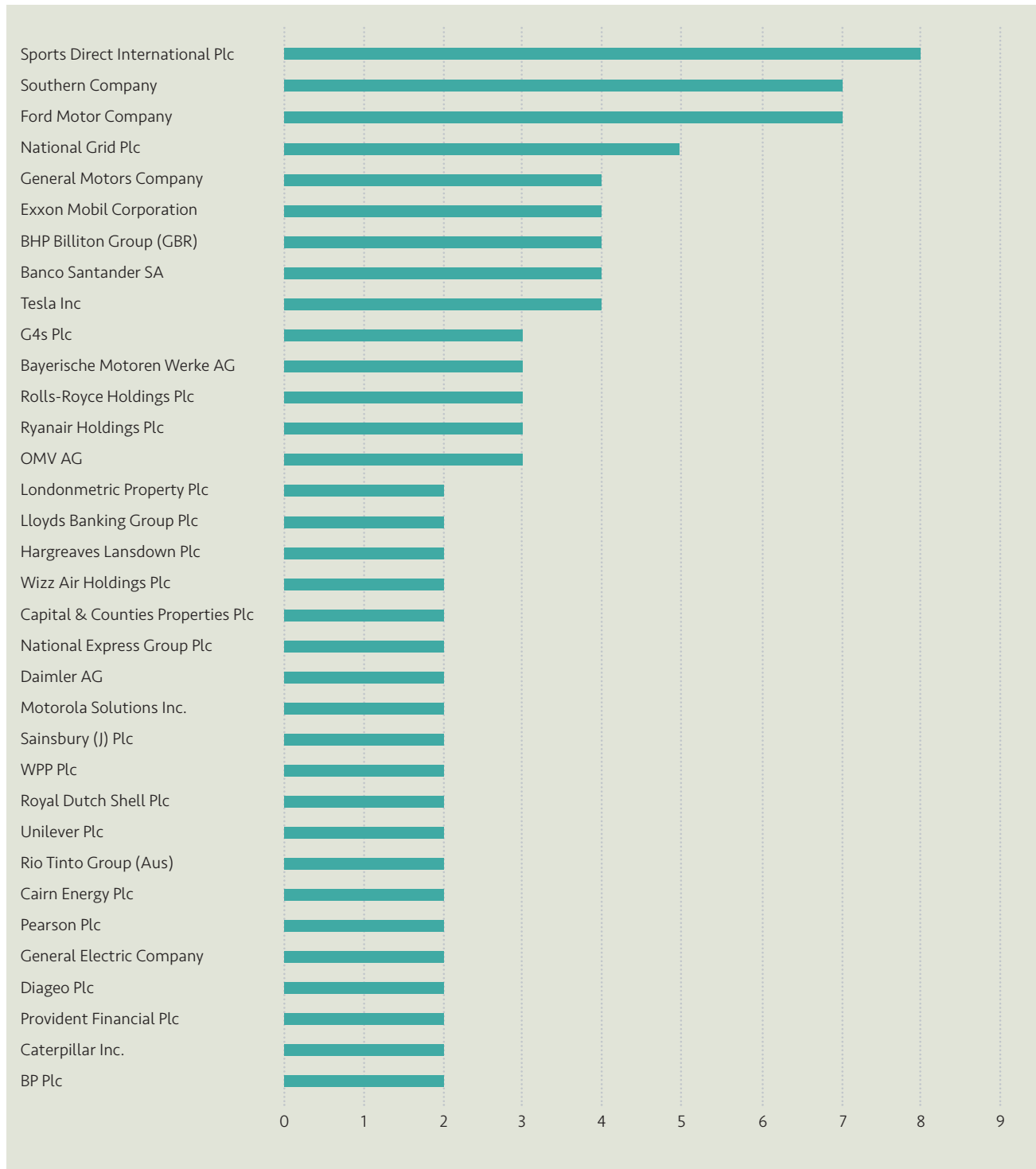
166



Total companies

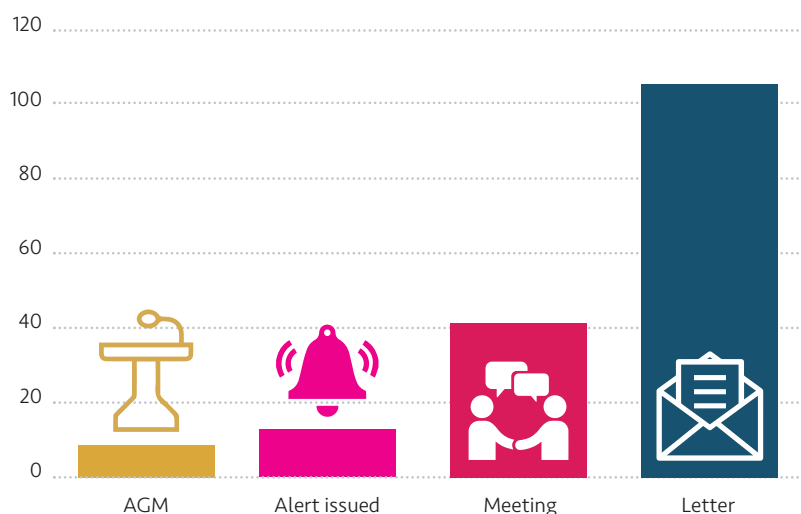
98

Number of Engagements per Company (where there were more than two)



Governance Risk: Focus on the Role of the Chair

Types of Engagements



The Forum has consistently argued for the importance of an independent chair to lead a properly functioning board and establish a long-term strategy for the company.

The UK's Corporate Governance Code says the jobs of chair and chief executive should be separate and that the chair should stay in post for a maximum of nine years. An independent chair is particularly important at a company with a dominant chief executive or founding director.

At **Sports Direct International** the Forum had opposed the re-election of Keith Hellawell as Chair since 2015 when concerns increased about the Company's poor employment standards. Despite a majority of independent shareholders voting against Mr Hellawell's reappointment in 2016, he remained as Chair.

The Forum continued to call for Mr Hellawell to be replaced by a Chair equipped to challenge Mike Ashley, Sports Direct's founder and majority shareholder. Before Sports Direct's September 2018 AGM the Forum again recommended members vote against Mr Hellawell's re-election.

At the meeting Sports Direct announced that Mr Hellawell and Senior Independent Director Simon Bentley (also opposed by LAPFF) would step down. Sports Direct's decision to listen to independent shareholders shows how investor pressure, with the Forum taking a leading role, can bring about governance reform at reluctant companies.

Former LAPFF Chair Cllr Kieran Quinn wrote to **Ryanair** Chair David Bonderman in 2016 and 2017 requesting a meeting. Mr Bonderman did not reply. Kieran stepped up LAPFF's contact with Mr Bonderman after the September 2017 AGM as relations between the airline and its employees worsened, putting LAPFF on course for stronger engagement in 2018.

As strikes by Ryanair crews widened, the Forum was confirmed in its view that flaws in the Company's governance and working practices were intertwined. LAPFF argued that an independent chair would have smoothed the path to better working practices and provided a stronger challenge to Chief Executive Michael O'Leary. Mr Bonderman has been Ryanair's Chair for almost 22 years.

LAPFF was a leading voice in opposing the re-election of Mr Bonderman at the 2018 AGM where almost 30% of votes were withheld from his support. The Forum has since announced that it would consider requisitioning a shareholder resolution requesting Mr Bonderman's replacement at the 2019 AGM unless the company appoints an independent Chair.

At **Tesla's** AGM in June the Forum voted in favour of a proposal for founder Elon Musk to give up his dual role of Chair and Chief Executive. Other notable shareholders, including Norway's sovereign wealth fund and BlackRock, supported the resolution. Cllr Doug McMurdo reiterated the Forum's position on a follow-up call with a representative of the electric car maker.

After Mr Musk caused confusion by tweeting about taking Tesla private, more investors joined the call for governance changes. In September, as part of a settlement with regulators, the Company announced it would split Mr Musk's role, leaving him as Chief Executive and appointing an independent Chair.

All three cases were examples of chief executives and/or founding shareholders exerting excessive influence at their companies in the absence of a chair willing to challenge and take a leading role on strategy. At each company an increasing number of shareholders agreed with LAPFF's position on the importance of an independent chair.

Cyber Security

Attacks on companies' computer systems sent cyber security and data management up the agenda for Forum member funds. LAPFF responded by stepping up its engagement with companies to find out about their governance and risk management of the issue.

At meetings with the chairs of **Lloyds Banking Group** and **WPP**, Cllr Ian Greenwood discussed recent cyberattacks against those companies and sought information about what they were doing to protect themselves. LAPFF also questioned the chair of **International Consolidated Airlines Group** about a computer crash that affected 75,000 British Airways customers and discussed cyber security with the chairs of Sainsbury's and Prudential.

Executive Pay

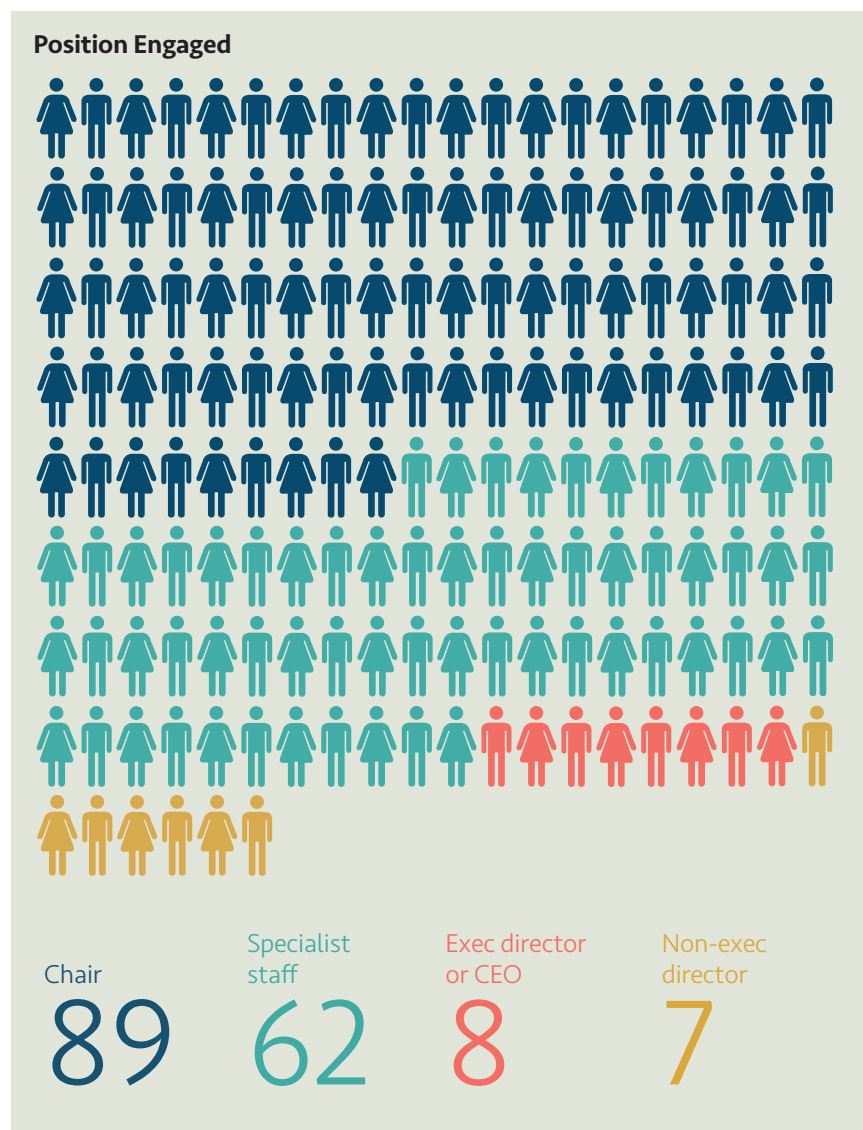
High pay for top executives remained a hot topic this year as executive remuneration at FTSE 100 companies rose faster than pay in the wider workforce.³ LAPFF has a long record of challenging executive pay and continued to question companies about excessive and unwarranted executive remuneration.

The Forum issued a voting alert recommending opposition to **WPP's** remuneration report which included a payment of almost £20 million to former Chief Executive Sir Martin Sorrell. Almost 30 per cent of shareholders voted against the remuneration report. At **Sports Direct International** LAPFF opposed the extension of a share scheme to two executives that could allow them to receive large payments while shareholders suffered a loss.

At **Hargreaves Lansdown's** AGM, LAPFF executive Faith Ward questioned the Board about payments made to Chief Executive Christopher Hill when he joined the Company. The Forum had a successful meeting with **Diageo** to gain a greater understanding of its pay policy and issued a voting alert supporting **JD Wetherspoon's**

remuneration policy which has no long-term incentive plan and caps annual bonuses.

In the US, the Forum opposed a stock option grant to **Tesla** Chief Executive Elon Musk that could lead to Mr Musk owning more of Tesla and receiving up to \$55.8 billion, despite failing to meet production targets and continuing workforce disputes.



³High Pay Centre/CIPD Executive Pay Survey 2018



Dame Helena Morrissey, 30% Club

“...we will keep up the pressure for better governance and long-term management at companies”

© www.ft.com

Diversity

Numerous studies have shown that companies with diverse boards, particularly those with women directors, are less prone to group-think, more likely to challenge executives and achieve better results.

LAPFF continued to engage companies on board diversity and work as an active member of the 30% Club, a coalition of investors pushing for a minimum of 30% women on FTSE 350 boards and at senior management level in FTSE 100 companies. Together with other members of the 30% Club, LAPFF met representatives of real estate companies to find out about initiatives to increase female representation.

Companies LAPFF questioned about board diversity included **National Express** and **Diageo**. After LAPFF pressed for **Sports Direct International** to appoint a female director, the Company announced at its September AGM the appointment of Nicola Frampton as a non-executive director.

All FTSE 100 companies have at least one female director. However, there are a number of midcap companies that still have all-male boards. Women made up 29% of directors at FTSE 100 companies but only 25.5% in the wider FTSE 350 when the government-backed Hampton-Alexander Review reported in June.

Mergers and Acquisitions

Global mergers and acquisitions (M&A) reached a record of almost \$3.3 trillion in the first nine months of calendar year 2018. Companies took advantage of high share prices and low borrowing costs to undertake deals designed to cope with technological disruption and changing consumer habits.

Big deals involving UK companies included **Sainsbury's** agreement to buy Asda from **Walmart, Melrose Industries'** contentious acquisition of **GKN** and the takeover of **Sky** by **Comcast** of the US. As noted in LAPFF's 2017 trustee guide on M&A, almost a third of takeovers destroy value. The Forum considers that pension funds should analyse M&A deals and question companies' capability and strategic decision-making.

LAPFF questioned Sainsbury's Chair about the rationale for its takeover of Asda and produced a briefing note to help funds identify the best owner of GKN's assets. Comcast's victory in the bidding war to buy Sky resolved concerns about the proposed takeover of Sky by 21st Century Fox that LAPFF expressed at Sky's 2017 AGM.

Following **Sports Direct's** acquisition of House of Fraser, the Company's insufficient explanation of how its acquisition strategy would create value for shareholders contributed to the Forum's recommendation to oppose receipt of the annual report.

Environmental Risk: Focus on Climate Change and Shareholder Pressure

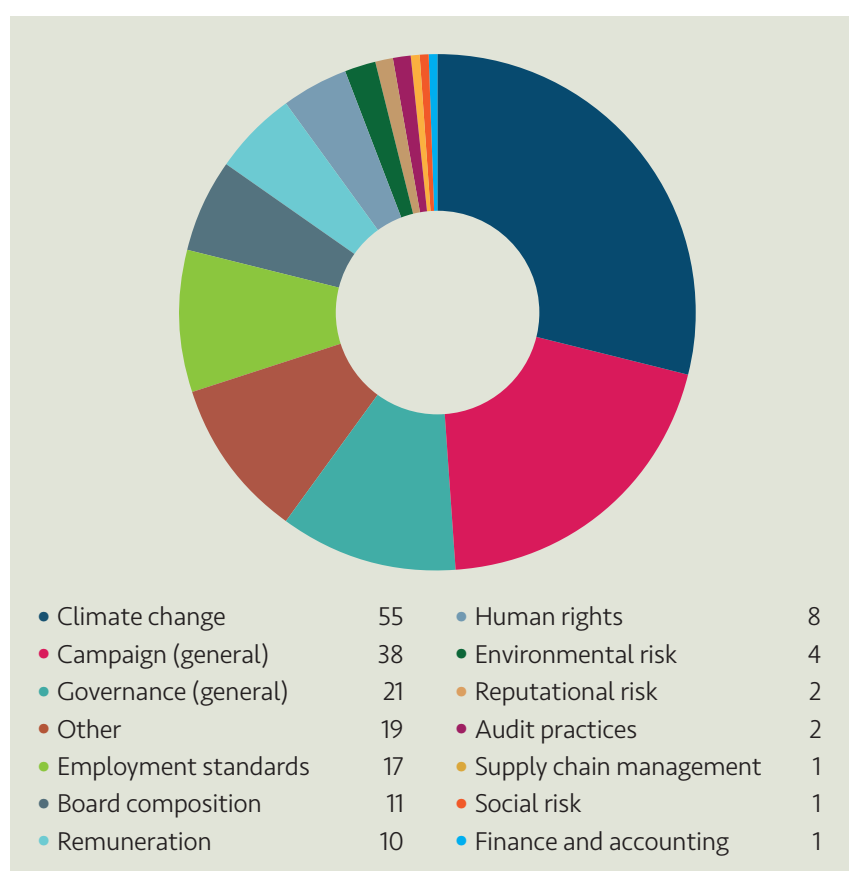
No single issue underscores the importance of LAPFF's advocacy of long-term investment strategies for pension funds more than climate change. The Forum engages with company boards on carbon risk because rapid cuts to emissions are necessary to stop severe impacts of climate change but also to put pressure on companies responsible for those emissions to change their business models to protect their long-term value as investments.

Attention paid to the impact of climate change and associated pressure on member funds to divest from carbon-intensive companies is undiminished. Indeed, further pressure has been added by the latest UN Intergovernmental Panel on Climate Change report which has stated a limit of 1.5 degrees as the preferable goal. This would require emissions to be cut 45% by 2030 compared with a 20% cut under the '2 degree pathway' and down to zero by 2050, compared with 2075 for 2 degrees.⁴

LAPFF continues to offer support to members in tackling investment challenges and responding to beneficiary requests while engaging with companies, often in collaboration with other investors.

In November, LAPFF issued a Climate Change Investment Policy Framework to help member funds and others approach the investment implications of climate change. In line with the Taskforce on Climate-Related Financial Disclosure recommendations, which also apply to investors, the paper provides guidance for governance structure, developing investment strategy, undertaking risk management and setting metrics and goals.

Types of Engagements



With potential physical impacts of climate change becoming more apparent, the LAPFF Chair met Rosalyn Schofield of the Adaptation Sub-Committee (ASC) of the Committee on Climate Change. The ASC provides an independent assessment to Parliament of risk management plans and policies related to the changing climate. Discussion covered the ASC's latest report on the government's National Adaptation Programme as well as further steps to promote disclosure of climate risk by business.

The Forum believes investors should be able to engage in dialogue with company boards, and in the US, shareholder resolutions often provide a catalyst for engagement. LAPFF supported letters to a number of US companies serving on the National Association of Manufacturers' (NAM) board. NAM wants to prevent shareholders from filing resolutions, particularly on climate risk. The letters asked companies to distance themselves from NAM's position and to communicate their concerns to NAM leadership.

⁴Global Warming of 1.5 °C (SR15), IPCC October 2018

“...we will keep up the pressure for companies to adapt their business models to protect the environment and the sustainability of their own investments”

Concern over companies advocating action on climate, but being members of organisations or industry bodies that promote retrograde positions, was a recurring theme of Forum engagement. Even organisations set up to encourage transparency on sustainable initiatives are open to criticism. The Forum joined others in pressing the Roundtable on Sustainable Palm Oil to implement a more transparent and responsive complaints mechanism.

Company Engagement

LAPFF has engaged for a long time with UK and global companies with the largest carbon footprint. This takes into account companies' direct emissions and those in their supply chains. Although the Forum addresses climate risk in a range of company engagements, it has concentrated on the oil and gas, utilities and transportation sectors.

LAPFF's engagement focus on high carbon companies continues through its participation in the Climate Action 100+ initiative which engages with the largest global emitters. LAPFF also continues other long-term engagements through its membership of leading advocacy group CERES in the US, the 50/50 Climate Project and LAPFF's observer status on the Institutional Investor Group on Climate Change (IGCC) shareholder resolution sub-group.

Oil and Gas

Regular 'eight on eight' meetings of large shareholders and **BP** executives continued during the year. In previous years, LAPFF has asked about methane emission monitoring, given that a move to gas is only climatically beneficial if methane emissions are held below 2%. Earlier this year BP announced a number of targets including keeping methane intensity to 0.2% and holding it below 0.3%. LAPFF continued to probe on methane emission control in North America and BP's plans for its electric vehicle charging business.

Whereas BP's targets are mainly short-term, **Royal Dutch Shell** has set out a long-term ambition of cutting the net carbon footprint of its products in half by 2050, and around one-fifth by 2035. The Forum engaged with Chad Holliday, Shell's Chair, to get the company perspective on a shareholder resolution pressing for targets related to this ambition.

Engagement with European companies included LAPFF Executive Member Cllr Toby Simon meeting Rainer Seele, **OMV's** Chief Executive, to discuss the Board's approach to ensuring strategic resilience to climate change, the company's oil and gas planning assumptions and the downside scenario for prices. In the US, the Forum maintained engagement with **ExxonMobil** on governance and climate risk with a focus on succession planning and directors' qualifications.

For many of these companies, LAPFF provided members with voting alerts for AGMs, informed by associated engagement. This included an alert for the **Chevron** AGM supporting a report on how the company would become a low carbon business and for **Anadarko Petroleum**

Corporation's AGM requesting a climate change risk analysis. The latter resolution was supported by over 50% of shareholders despite the Board's lack of support.

LAPFF also signed an Investor Statement on High Risk Drilling in Arctic Refuge due to concerns over financial and other risks for companies proposing to initiate oil and gas development in the region.

Plastics

A newer topic of engagement for LAPFF has been on plastics, which are a product of the petro-chemical industry. LAPFF Vice-Chair, Cllr Doug McMurdo, asked about **Unilever's** strategy for reducing single use plastic at the Company's AGM. The Chief Executive, Paul Polman, said Unilever wanted 100% of its products to be reusable, recyclable or compostable and that it was in discussions with the UK government.

Integrated Miners

LAPFF's engagement with a number of the large integrated mining companies continued during the year. In conjunction with the IGCC shareholder resolution sub-group, LAPFF met twice with **Rio Tinto's** newly appointed Chair, Simon Thompson, prompted by a shareholder resolution asking the Company to review its oversight on public policy advocacy and positions taken by relevant industry associations. Rio Tinto has been engaging with the Minerals Council of Australia (MCA) on their public positioning. After this meeting the MCA issued a new policy position on energy and climate change. LAPFF recommended members support an amendment to the Company's constitution to allow the filing of advisory shareholder resolutions at the Australian listed entity and

Environmental Risk: Focus on Climate Change and Shareholder Pressure

provided advice on the resolution seeking a review of the Company's direct and indirect public policy advocacy.

At **BHP Billiton's** AGM, executive member Jane Firth focused on the operational risks of joint ventures. From a climate perspective, BHP said it would withdraw from the World Coal Association citing the association's support for cleaner coal over renewables and proposed to review its membership of the MCA. At the 2015 AGM, Ms Firth had asked whether the company would withdraw from the MCA and another trade association due to their negative stance on climate change.

LAPFF continued its approach of raising issues at AGMs to alert the entire board. Cllr Toby Simon asked the Chair of **Anglo-American** whether the Company's 2030 carbon emissions goal is science-based, and if not whether a science-based target would be set in the coming year.

The Chair said the company's targets were science-based for direct emissions and that it expected to set a science-based target for indirect emissions.

Utilities

In a meeting with **National Grid** Chair, Sir Peter Gershon, LAPFF executive member Rodney Barton discussed the Board's plans on climate resilience and approach to sustainability in light of the 'energy revolution'. Follow-up correspondence drew out more details on methane reductions across the natural gas supply chain in the UK and the US.

Exchanges with representatives of the **Southern Company** teased out more information on Board climate competency, governance measures to ensure responsibility and consideration of climate change and commitments to examine carbon reduction goals as an element of incentive compensation.

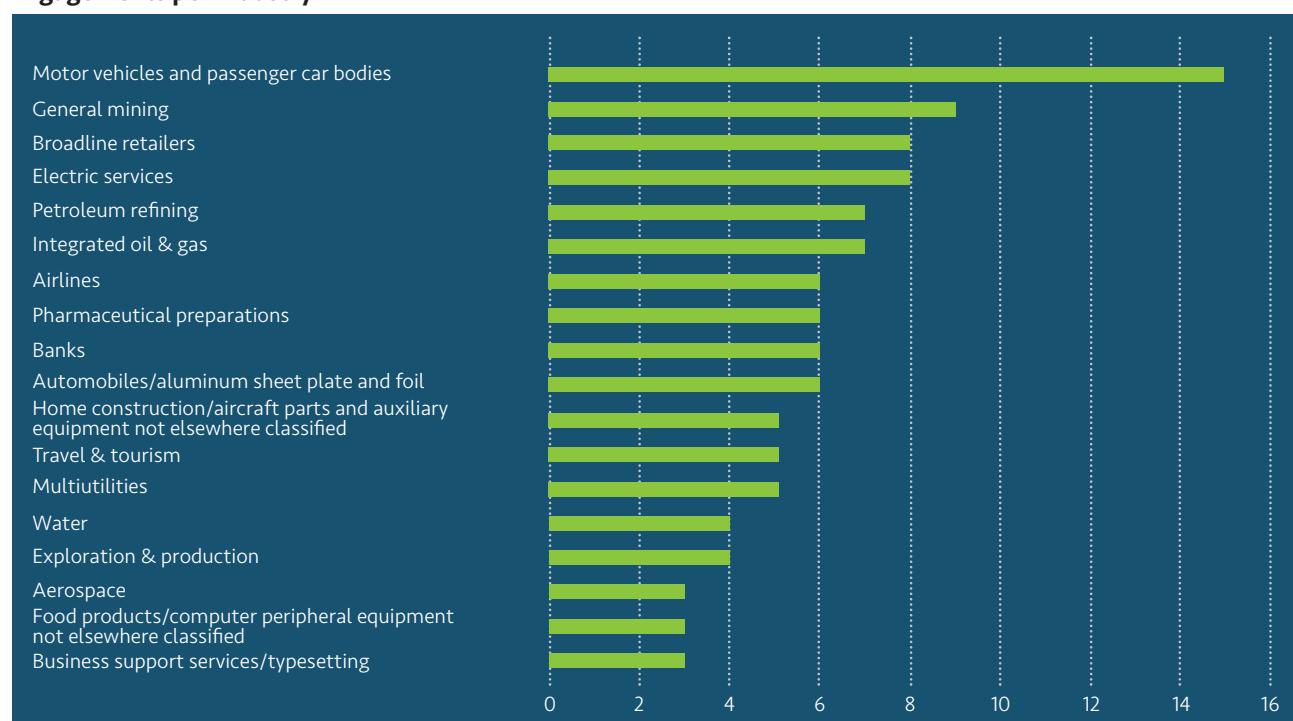
LAPFF signed letters to the Chair and Chief Executive of **General Electric** asking the company to re-consider the acquisition of a stake in a Kenyan coal plant, which was considered to be at odds with the Company's public position on climate change and the Paris Agreement.

Transport Companies

LAPFF revisited engagement with transport companies in a discussion at the October business meeting looking at how the sector can move to a low carbon, electric future. In engaging, the Forum has explored how companies are implementing climate change resilience in their business strategies and reducing climate risks through cutting greenhouse gas emissions and increasing fuel efficiency.

The Forum met with several companies including **BMW** and **Tesla** to understand their role in a tightening regulatory and tax environment, and their progress in

Engagements per Industry



the adoption of new technologies, including electric and hybrid powered cars and autonomous vehicles.

Jane Firth asked BMW how it was reducing exposure to climate-related risk, particularly regarding regulation on reductions in emissions levels. The Company emphasized the need to protect its reputation by putting safety and the driving experience ahead of being first to market.

Collaborative engagement with both the **Ford Motor Company** and **General Motors** pursued existing dialogue on the companies' public policy position on vehicle greenhouse gas emission standards. LAPFF stressed that both companies should take action to prevent the weakening of existing US fuel economy and emissions standards and to disassociate themselves from the Alliance of Automobile Manufacturers' position on the standards and comments on climate change. The Forum recommended members support this position and a shareholder proposal requesting General Motors to publish a report on greenhouse gas emissions and corporate average fuel economy standards.



In a meeting with **Rolls-Royce**, a maker of engines for the aviation industry, the Chair Ian Davis provided LAPFF with information on the company's intentions to disclose more on supply chain and product-related emissions as well as climate-related scenario planning. The meeting also covered the Company's recently announced reorganisation and historic bribery issues.

A meeting with Antonio Vazquez Romero, the Chair of **International Consolidated Airlines Group**, the owner of British Airways, explored to what degree the company's business model was aligned with a Paris-compliant scenario. He highlighted progress on alternative fuels in the context of company targets to halve emissions by 2050. Exchanges with **Wizz Air** provided further information on fuel efficiency, emissions monitoring and regulations.

Social Risk: Focus on Employment Standards

The rise of the so-called gig economy, the concentration of wealth and opportunity at the top of society and revelations about working conditions at certain companies have prompted policymakers and investors to give greater consideration to how companies treat their workers.

There is also a wider public debate about whose interests a company should serve – shareholders alone or a wider group of stakeholders including employees and broader society?

Employment Standards

LAPFF's record of engaging with companies on employment standards predates this more recent debate. Under Cllr Kieran Quinn's leadership the Forum consistently argued that poor working conditions are not sustainable and should be addressed for a company to succeed in the long term.

In response to growing concern about zero-hours contracts, temporary work, modern slavery and increased self-employment the Forum published a paper in early 2018 on 'precarious work'. It found that driving down employment standards might be a quick fix for financial performance but that this tactic was likely to weaken a company in the long run. Poor employment practices also often run alongside weak corporate governance standards.

"...bad employment standards are damaging for companies and their investors in the long run"



LAPFF's most high profile engagement on employment practices in recent years has been at **Sports Direct International**, whose working conditions at its Shirebrook warehouse MPs likened to a Victorian workhouse. The Forum took a leading role in shareholder pressure for improved employment standards at the Company from 2016 onwards.

The Forum maintained engagement with Sports Direct last year by pressing the company to make back payments to agency workers and seeking a face-to-face meeting with Chair Keith Hellawell, which he rejected. Following Mr Hellawell's decision to stand down at the Company's September AGM, LAPFF hopes to establish better relations with the new Chair David Daly.

A series of strikes at **Ryanair** intensified existing concerns about employment standards at the airline last year. In July, the Forum organised an event at which LAPFF members and other Ryanair investors heard accounts from workers about the problems they faced and their treatment by the Company.

The Forum recommended members vote against Chair David Bonderman at Ryanair's AGM and also the company's annual report, which failed to set out in sufficient detail how the Company intended to resolve its employment challenges.

LAPFF Vice Chair Paul Doughty attended Ryanair's AGM in September and asked the Board about the Company's treatment of workers. After almost 30% of shareholder votes failed to back Mr Bonderman the company made positive comments about recognising unions, offering workers local employment contracts and resolving governance concerns. The Forum is continuing to press Ryanair to ensure it follows up on these encouraging words.

Early in his role as Chair, Kieran Quinn led the Forum's decision to press **National Express** to improve employment standards at its US operation. LAPFF's continued dialogue with National Express helped bring about a meeting in 2018 between the Company and the union.

Other companies LAPFF discussed employment standards with included **AstraZeneca** about its supply chain, **Banco Santander** about treatment of workers in the US, and **Tesla**, the US electric carmaker, on health and safety and employment standards. LAPFF's long-held views on the link between good employment standards, effective corporate governance and long-term value have gained wider influence and support. The Forum will keep up the pressure on these intertwined issues in its engagements with companies.

Human Rights

In the context of its focus on precarious working practices the Forum has involved itself in a range of other human rights issues.

The Forum attended **BHP Billiton's** AGM in October 2017 to ask about operational risks at its joint ventures. The question was prompted by the collapse in 2015 of a dam at a mine operated by Samarco, a joint venture between BHP and Brazil's **Vale**. The disaster killed 19 people and devastated local communities.

LAPFF has also had long-running concerns about the impact on communities of another BHP joint venture, the Cerrejon coal mine in Colombia. The Forum has continued to question BHP on how it deals with risks at joint ventures.

LAPFF has brought union representatives and workers from companies with which the Forum engages to speak at LAPFF annual conferences, and the Forum has recently met with community members affected by BHP. Hearing the perspectives of people directly affected by companies' day-to-day operations enables LAPFF to ask more probing and meaningful questions about a company's business practices and financial sustainability.

In February the United Nations Human Rights Council said it had identified more than 200 companies that do business with or operate in the West Bank, East Jerusalem and Golan Heights. The Council said operating in the region violates human rights law and urged companies to consider whether it was possible to operate in the region while respecting human rights.

LAPFF contacted **G4S**, **Motorola Solutions** and **Caterpillar**, which were reported to be among the companies on the UN's unpublished list. In a meeting with Motorola, LAPFF executive Jane Firth asked whether the Company had the correct due diligence process in place and asked about its strategy to reduce reputational risk related to its business in the region. Motorola agreed to keep an open channel of communication.

LAPFF also met G4S to discuss the Company's links to the region and its approach to risk and human rights. The Company said it considered human rights when making new investments and conducted specific inquiries into allegations of abuses. The Company also said some high-risk contracts would not be renewed.

Companies by Domicile



1	USA	42	6	Jersey	1	11	Luxembourg	1
2	GBR	40	7	Spain	1	12	Australia	1
3	Switzerland	3	8	Republic of Ireland	1	13	France	1
4	Germany	3	9	Austria	1			
5	Netherlands	2	10	GBR/Australia	1			

Members

- Avon Pension Fund
- Barking and Dagenham (London Borough of)
- Barnet (London Borough of)
- Bedfordshire Pension Fund
- Border to Coast Pensions Partnership
- Cambridgeshire Pension Fund
- Camden (London Borough of)
- Cardiff and Vale of Glamorgan Pension Fund
- Cheshire Pension Fund
- City and County of Swansea Pension Fund
- City of London Corporation
- Clwyd Pension Fund
- Cornwall Pension Fund
- Croydon (London Borough of)
- Cumbria Pension Scheme
- Derbyshire County Council
- Devon County Council
- Dorset County Pension Fund
- Durham Pension Fund
- Dyfed Pension Fund
- Ealing (London Borough of)
- East Riding Of Yorkshire Council
- East Sussex Pension Fund
- Enfield (London Borough of)
- Environment Agency Pension Fund
- Falkirk Council
- Gloucestershire Pension Fund
- Greater Gwent Fund
- Greater Manchester Pension Fund
- Greenwich Pension Fund
- Gwynedd Pension Fund
- Hackney (London Borough of)
- Hammersmith and Fulham (London Borough of)
- Haringey (London Borough of)
- Harrow (London Borough of)
- Havering (London Borough of)
- Hertfordshire County Council Pension Fund
- Hounslow (London Borough of)
- Islington (London Borough of)
- Lambeth (London Borough of)
- Lancashire County Pension Fund
- Leicestershire Pension Fund
- Lewisham (London Borough of)
- Lincolnshire County Council
- London CIV
- London Pension Fund Authority
- Lothian Pension Fund
- Merseyside Pension Fund
- Merton (London Borough of)
- Newham (London Borough of)
- Norfolk Pension Fund
- North East Scotland Pension Fund
- North Yorkshire County Council Pension Fund
- Northamptonshire County Council
- Northern Pool
- Northumberland County Council
- Nottinghamshire County Council
- Oxfordshire Pension Fund
- Powys County Council Pension Fund
- Redbridge (London Borough of)
- Rhondda Cynon Taf
- Shropshire Council
- Somerset County Council
- South Yorkshire Pension Authority
- Southwark (London Borough of)
- Staffordshire Pension Fund
- Strathclyde Pension Fund
- Suffolk County Council Pension Fund
- Surrey County Council
- Sutton (London Borough of)
- Teesside Pension Fund
- Tower Hamlets (London Borough of)
- Tyne and Wear Pension Fund
- Wales Pension Partnership
- Waltham Forest (London Borough of)
- Wandsworth (London Borough of)
- Warwickshire Pension Fund
- West Midlands ITA Pension Fund
- West Midlands Pension Fund
- West Yorkshire Pension Fund
- Westminster (London Borough of)
- Wiltshire County Council
- Worcestershire County Council

Member Support



Supporting Documents

Each year LAPFF produces a range of papers requested by members with background information and responses to important issues. Member funds use these supporting documents to increase their understanding of the issue and also to respond to questions from their own stakeholders including Freedom of Information requests and enquiries from fund members and the press.

In the past year LAPFF provided members with the following supporting documents:

- Overview of LAPFF's engagement on tobacco September 2018
- LAPFF Position on Fracking September 2018
- LAPFF Position on Transition Plans to a 1.5 Degree Warming Scenario – Oil and Gas Companies August 2018
- LAPFF Position on Climate Risk Investments June 2018
- Information Relating to FOI Request on Arms Companies June 2018
- LAPFF Position on **Royal Dutch Shell** 2018 Shareholder Resolution May 2018
- Additional Information on Shareholder Resolution to **Royal Dutch Shell** AGM May 2018
- LAPFF Position on **Saudi Aramco** and Human Rights in Saudi Arabia May 2018
- LAPFF Position on Investment in **Bank Hapoalim**, May 2018

- GKN versus Melrose: Identifying the Best Owners of **GKN's** Assets March 2018
- FAQ on Climate Engagement January 2018
- LAPFF: Engagement versus Divestment November 2017
- Climate Change Investment Policy Framework: Implementation Guidelines November 2017
- LAPFF's Engagement Goals for Oil and Gas Companies November 2017

Member Meetings

The Forum made presentations at a number of member funds' pension committees and pension fund board meetings during the year including:

- Camden
- East Sussex
- Falkirk/Lothian
- Greater Manchester
- London CIV
- North East Scotland
- Suffolk
- Surrey
- Tyne & Wear
- Wiltshire

Member Support

What is Our Mission?



Protect

the long-term investment interests of beneficiaries.



Promote

the highest standards of corporate governance and corporate responsibility.



Discuss

responsible investment issues and shareholder engagement outcomes.

Who Are We?

We are UK's leading collaborative shareholder group. LAPFF currently represents the interests of 79 public sector pension fund members and five of the newly formed pools, with combined assets of approximately £230 billion. Membership of the Forum offers an unparalleled resource for funds wanting to develop their approach to stewardship and responsible investment and maximise their influence as shareholders. The Forum's ambit covers a wide range of topics, spanning environmental and carbon risk, social and governance risk, reliable accounts and LGPS and stewardship concerns.

What Do We Offer?

Guidance for members has been produced throughout the year, including a climate change investment policy framework; guidance on fracking, tobacco, human rights and climate risk; overview of LAPFF's engagement with companies in the oil and gas sector; a briefing on the **Melrose** and **GKN** merger; and investor seminars on human capital management issues at **Tesla** and **Ryanair**. E-bulletins are sent to members every month, covering recent developments relevant to LAPFF's engagements and interests, along with the Forum's engagement activities throughout the month. Several consultations have also been produced during the year on topics ranging from premium listing and non-financial reporting, to revisions to the UK Corporate Governance Code and review of the Financial Reporting Council.

LAPFF representatives have also addressed various member funds' pension committees and member consultative meetings throughout the year, providing information on the Forum's activities and engagement outcomes. A full list of services for members is listed below:

- > Company engagement
- > All Party Parliamentary Group
- > Voting alerts
- > Shareholder resolution filing support
- > Member briefings
- > Annual Conference
- > Policy guidance
- > Consultation responses
- > Annual reporting
- > Quarterly Engagement Reports
- > Investor seminars
- > PRI reporting assistance
- > Working groups
- > Commissioning legal opinions
- > AGM briefings and attendance
- > LGPS/pooling guidance
- > Trustee guides
- > Media coverage



For more information about LAPFF, visit our website at www.lapfforum.org

For further information on LAPFF and membership enquiries, contact Keith Bray, Forum Officer postmaster@keithbray.plus.com or 07811 800612 or 01633 255685



Engagement information and data supplied by LAPFF's Research and Engagement Partner, PIRC Ltd – www.pirc.co.uk

For more information about LAPFF's Engagement Programme, please contact Tessa Younger at TessaY@pirc.co.uk

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