

## **LAPFF Collaborative Initiatives 2015**

### **Collaborative initiatives led by LAPFF**

- **IFRS Investor Coalition (founder and lead member); for over three years.**  
On going engagement with the Financial Reporting Council regarding the faulty accounting framework, which contributed to market instability and economic hardship in recent years, has not been properly addressed. The engagement asks the FRC to revise its “True and Fair” paper and the European Commission to confirm the meaning of the True and Fair view with regard to the vital goal of capital maintenance as defined in EU Company Law.
- **Corporate Tax Transparency Initiative- FTSE100 campaign**  
LAPFF has launched the Corporate Tax Transparency Initiative (CTTI), writing to every FTSE 100 company in late March seeking technical information via ten detailed taxation questions around tax related governance and accounting practices, taxation risk management and minimisation strategies.  
The LAPFF CTTI Initiative in quizzing the FTSE100 is part of wider efforts by the pension fund group to lift corporate transparency around global tax practices as institutional investor scrutiny and pension fund turns towards international tax reform issues.
- **OECD/G20 2014 Investor Statement - Global Tax Transparency and Reform**  
In a global first, a group of institutional asset owners and managers are jointly calling for comprehensive transparency and disclosure to be adopted as core principles in reform of the international taxation system to be put before the G20 Leader Summit in Brisbane.

### **Collaborative initiatives LAPFF co-leads**

- **Carbon Risk Management: ‘Aiming for A’ since 2012, BP and Shell shareholder resolutions in year under review.**  
The Aiming for A coalition believes that supportive but stretching shareholder resolutions could play a high profile positive stewardship role.  
Specifically ten major UK listed extractives and utilities companies are being asked to demonstrate good management of the strategic carbon challenge they face by aiming for continuous inclusion in Carbon Disclosure Projects (CDP) Climate Performance Leaders Index. This requires a CDP “A” performance band.

### **Collaborative initiatives LAPFF is an active member of:**

- **Palm Oil Investor Working Group since 2011, coordinated by the PRI clearing house**

The Sustainable Palm Oil Investor Working Group (IWG) is made up of 25 investment organizations, representing assets under management of over \$2 trillion, which are members of the United Nations-supported Principles for Responsible Investment (PRI). The group is currently engaging with 20 companies to seek improvements in policies and processes that support the development of a sustainable palm oil industry through the work of the Roundtable on Sustainable Palm Oil (RSPO). The industry continues to face significant difficulties – including allegations of forest clearing and social injustice by plantation companies, and the low uptake of Certified Sustainable Palm Oil by palm oil purchasers. These challenges pose reputational and business risks for palm oil producers and purchasers.

- **Collaboration on palm oil with Green Century Capital Management**  
LAPFF again co-signed letters with Green Century Capital Management to raise concerns with companies and to seek, an immediate moratorium on deforestation and requested the adoption of a time-bound plan for fully traceable palm oil.
- **INCR collaborative ‘carbon asset risk’ initiative.**  
The Investor Network on Climate Risk (INCR) is a network of more than 110 institutional investors representing more than \$13 trillion in assets committed to addressing the risks and seizing the opportunities resulting from climate change and other sustainability challenges
- **Investor group of 30 Percent Club- Board Diversity**  
The 30% Club is a group of business leaders committed to achieving better gender balance at all levels of organisations, because this will make businesses and boards more effective. We are taking voluntary steps towards the goal of 30% women on boards by 2015 and believe strongly that business-led change is the right way forward.

**Examples of ‘one-off’ collaborations included:**

- Collaborative letter to the International Organisation of Securities Commissions (IOSCO) encouraging support for mandatory rules on ESG reporting and for IOSCO to convene regulators, exchanges, and others to develop global standards for such reporting
- Correspondence to the Italian government outlining concerns over enhanced voting rights and the move away from one share one vote principle.
- Vedanta PRI engagement group

**Some ESG and governance organisations LAPFF is a member or associated with:**

- Investor Network on Climate Risk
- Principles for Responsible Investment.

- Extractive Industry Transparency Initiative
- Carbon Disclosure Project
- Special Interest Group of the Local Government Association (LGA)

### **Other Engagement the Fund participated in outwith LAPFF**

- In April 2013 the Rana Plaza building in Bangladesh collapsed killing 1,128 garment workers and injuring over 2,000. In May 2013 & 2014 the Fund has added its name to a Bangladesh Investor Statement urging companies to respond to the disaster by joining the Bangladesh Fire and Safety Accord. All retailers that sign up to the Accord agreed to independent safety inspections at factories and public reporting of the results of these inspections. The Accord has now been signed by over 200 apparel brands, retailers and importers from over 20 countries in Europe, North America, Asia and Australia; two global trade unions; and eight Bangladesh trade unions and four NGO witnesses.

#### **Progress**

- Factory inspections have been carried out in over 1,500 factories, Labour inspectors are being hired and trained, 127 new unions have been registered since the beginning of 2013
- The creation of the National Tripartite Plan of Action on Fire & safety and structural Integrity – between Bangladesh Government, the Bangladesh Garment Manufacturers Export Association and Trade Unions.
- The Donors Trust Fund after a slow start is now close to its goal of raising \$30 million

While progress is being made towards creating a safer, more sustainable industry, it is essential that we continue to shine a light on what remains to be done.

### **Carbon Disclosure Project**

In March 2015 – The Fund signed up to the CDP Investor Initiative.

CDP requests standardised climate change, water and forest information from some of the worlds largest listed companies through annual questionnaires sent on behalf of institutional investors that endorse them as CDP signatories.

These shareholders requests for information encourage companies to account for and be transparent about environmental risk. Transparency of this data throughout the global market place ensures the financial community has access to the best available corporate environmental information to help drive investment flows towards a low carbon and more sustainable economy.