

# Conference highlights

Local Authority Pension Fund Forum (LAPFF) – Conference 2019, Bournemouth

The 24<sup>th</sup> annual LAPFF conference took place over 4 to 6 December with the overarching theme of Corporate Resilience: Challenges to Shareowners.

## Day 1

### Welcome to the conference

Doug McMurdo, Chair of the LAPFF, provided the initial introductions to the conference and the programme of events.

### Update on the Investor Tailing Dams Initiative

Adam Matthews (Church of England), Monica Dos Santos & Marcela Rodrigues (Community representatives), Leticia Aleixo & Julia Neiva (Business and HR Resource Centre), Estel Blay (Catapult): Moderator – Rob Chapman

- Adam discussed the engagement activity in relation to mining companies in South America and the failures of tailing dams which had caused the deaths of hundreds of people
- A number of investor interventions have been progressed including a push for a new global standard, greater disclosure requirements, the need for a global database, better and more consistent company reporting and finally the need to align insurers and investors on the proposed interventions
- Monica and Marcela gave emotive accounts of their experiences and the horrific impact of the dam collapses in Bermadinho and Samarco and tragic loss of life
- Marcela highlighted the issue of mental health in the communities including those of her own family. This included the minimal access to psychiatric help which is controlled by the mining companies
- Estel discussed the ability for satellite-based technology to help monitor and manage tailings dams

### Controlling food waste and plastic in production and packaging

Mark Little & Tony McElroy (Tesco): Moderator – Glyn Caron

- Mark discussed the work Tesco are doing under their Little Help plan to reduce food waste
- 1/3 of all food produced is currently wasted while 1 in 9 people in the world go hungry
- Tesco have sent no food to landfill since 2009 and want to help halve global food waste by 2030
- Tony discussed their customer focussed ethos and steps taken to reduce plastic and packing waste
- He discussed their 4 R's approach – remove, reduce, reuse and recycle

- Tesco expect to have 1bn less items of plastic going through stores in 2020

## LAPFF Engagement Round-up 2019

Aaron Brenner (UFCW), Rob Chapman & John Gray (LAPFF Executive): Moderator - Doug McMurdo

- Aaron gave a case study on Amazon and the risks and concerns for investors
- Motions raised by investors are increasing and getting a greater share of the (non Jeff Bezos) votes
- Investors can help by supporting shareholder resolutions, meeting stakeholders and affected workers and through direct engagement
- Rob discussed LAPFF's engagements with housing companies and the work of Climate Action 100+
- John provided first-hand experience from recent engagements. Some positive movement with RyanAir with a change of position on board independence and recognition of unions. Sports Direct is not as positive; concerns over auditors not signing accounts, family members in key senior roles and going back on a proposal to have John take an observer role at the next Board meeting.

## Day 2

### National Grid's net zero commitment

Sir Peter Gershon (National Grid): Moderator – Rodney Barton

- Sir Peter outlined the work National Grid are doing to transition to net zero by 2050
- The UK has reduced emissions by 44% since 1990 but a significant change in the energy system is required, including: acceleration of electrification, heat decarbonisation pathways (80% still use gas for heat), carbon capture technology, and clean transport and energy transition
- More investment is needed in infrastructure and the skills to develop these solutions

### Just transition

Nick Robins (LSE), Chris Huhne (Engaged Tracking): Moderator – Tom Harrington

- Nick spoke about energy transition and the need for investors to help drive support for climate action
- The Just Transition statement sets out the need to adopt sustainable development goals in an integrated way and the impact on workers, communities and citizens
- Transition pathways should include social metrics with investors taking action to drive thinking on investment strategy, corporate engagement, capital allocations and policy advocacy.
- Chris discussed the difficulty in carbon pricing and the sequence of policy reforms required to transition
- Key messages were that total carbon risk matters, there is greater evidence of positive returns from green investing and there is more regulatory pressure that will help drive this

### Informed not inflamed: a realistic approach to the energy transition

Cllr Barney Crockett (Aberdeen), Kingsmill Bond (Carbon Tracker), Murray Worthy (Global Witness): Moderator – Tauqueer Malik

- Cllr Crockett's discussed his experiences in Aberdeen and the challenges in engaging with oil and gas companies; many are state owned and some are moving from public to private equity ownership
- He noted the reduced costs in renewables is helping to drive change but commitment to carbon capture is required to help achieve targets
- Kingsmill touched on the shifts we have seen in the costs of renewable energy in the last 5 years; it is often the most economical option with emerging economies leapfrogging developed nations in its use.

- Policy action is speeding up the shift to renewables; projections suggest fossil fuel demand will peak in 2020s
- Investors should be wary that many incumbents are still in denial

## Employees on the Board

Martin Gilbert (Aberdeen Standard): Moderator – Cllr Barney Crockett

- Martin discussed employee board representation with Cllr Crockett and the audience
- Provided some background on FirstGroup and the importance of having employees on the board
- Viewed the employee role as working with the other non-executive directors to help engage with management
- Noted that these are challenges for employee board reps around working relationships with colleagues maintaining the balance between company and independent representation

## Cyber Security/social media abuse

Seyi Akiwowo (Glitch), Chandni Vaghela (Home Office): Moderator – Rachel Brothwood

- Seyi discussed the importance of digital self-care and self-defence and the work of Glitch in trying to help combat online abuse
- Highlighted the roles that technology companies can play in preventing on-line abuse and the lack of awareness on reporting abuse and the policies of these companies in dealing with reports
- Chandni discussed the rise of internet usage - 3bn people now on-line around ¼ of whom are children
- Gave a frank account of the increase in child sexual exploitation and implications for this as more developing countries gain internet access - 53% of abuse material being of children under the age of 10
- Discussed the role of organisations such as the Internet Watch Foundation

## Media Standards

Dan Evans (former journalist at Trinity Mirror): Moderator – John Gray

- Dan discussed the phone hacking scandal and the culture and working practices of tabloid newspapers throughout the period to 2011.
- Explained the nature of the legal proceedings and his views on the way in which newspapers were able to control the flow and access to information
- He referred to the recent actions of Harry and Meghan which he believes will drive further investigations and change in the industry

## Day 3

### Gender Diversity Panel

Deborah Gilshan (100% Club), Claire Payn (30% Club), Nisha Long (Citywire): Moderator – Yvonne Johnson

- There has been significant progress in working towards gender diversity at board level at FTSE 100 companies, but progress is still slow in the FTSE 250 and beyond
- The use of aspirational targets (not quotas) has been effective.
- In the investment community the problem is more acute with a very small number of female investment managers who tend to look after smaller portfolios of niche asset classes

## Arcelor Mittal: the journey towards carbon neutrality

Alan Knight (Arcelor Mittal): Moderator – Rob Chapman

- Steel is in practically everything and already has a better track record in carbon than many other metals. However, the process of making steel is carbon intensive
- One of the main features of steel is that it is highly reusable, but recycling steel is not sufficient to meet demand and likely never will be
- Arcelor Mittal is experimenting with the likes of carbon capture (where the carbon is distilled into ethanol to make plastic or jet fuel) and using waste wood/plastic/hydrogen in place of coal
- There is a significant cost to moving to less efficient methods. They compete against companies not making these changes so they may find themselves uncompetitive; policymakers need to embrace change.
- The industry is trying to build a 'Responsible Steel' hallmark to encourage companies to purchase steel made in a more environmentally friendly way to encourage the entire industry to clean itself up.

## Other conference sessions

No delegates were available to attend these sessions