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Workers Capital News – February 2015

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Governance and Disclosure

Human rights and minority shareholders – Ruggie weighs in

In a recent [interview with Responsible Investor](#), Professor John Ruggie, author of the UN Guiding Principles on Business and Human Rights, expressed his assessment of the Guiding Principle's application to minority shareholders and financial institutions. In reference to the POSCO case involving NBIM and APG ([find more on case here](#)), Ruggie emphasized that the question under discussion was not whether or not the Guiding Principles are applicable, but precisely how they apply to financial institutions and minority shareholders. Clarification on investor responsibilities for upholding human rights is still forthcoming, but regarding whether the Guiding Principles apply to minority investors, Ruggie states it is established.

New corporate human rights guidance

The [UN Guiding Principles Framework](#), a human rights reporting guidance tool aligned with the UN Guiding Principles on Business and Human Rights, launched this week with the support of 67 international investors representing \$3.9 trillion AUM. The Reporting Framework directs companies to improve disclosure on human rights issues that are salient to their business activities and relationships, and can be applied to companies regardless of their size, sector or level of progress on addressing human rights issues. Several companies were announced as earlier adopters, including H&M and Nestlé.

Shareholder Activism

ERAFP specifies shareholder engagement strategy for 2015

The [French Public Service Additional Pension Scheme, ERAFP](#), has announced the fund will focus its shareholder engagement on four key issues: tackling climate change and promoting strategies to reduce corporate GHG emissions; fighting against aggressive tax optimization practices and promoting corporate civic responsibility as regarding taxation; ensuring consistency between companies' sustainable development commitments and their lobbying practices; and preventing employment-related risks within the supply chain. In addition, for 2015 the fund's voting policy outlines four priority issues for discussion with issuers: ensuring transparency on business activities, applying responsible dividend policies, ensuring female representation on boards, and promoting fairness in executive pay.

Climate risk resolutions filed at Shell and BP receive support

A [coalition of over 50 institutional investors](#), including pension fund members of LAPFF (UK), three AP funds (Sweden), Connecticut (US), and Imarinen (Finland) as well as members of the Church Investors Group (CIG) and many others, have co-filed "supportive but stretching" [shareholder resolutions at BP and Shell](#) for their AGMs this spring. The resolutions, titled 'Strategic Resilience for 2035 and Beyond' request further disclosure from the companies on risks and opportunities posed by climate change, including GHG emissions management,

resilience with respect to scenarios from the IEA, and low carbon energy research/development and investment strategies. In response, both **Shell** and **BP** have indicated that they will recommend that shareholders vote in favour of these resolutions.

Pensions and Investments

World's largest pension markets make up 84% of global GDP

The **Towers Watson Global Pension Asset Study**, valuing the 16 major pension markets globally, reports a 6% rise in pension assets compared to year end 2013. Global pension assets have grown from 54% of global GDP in 2008 to 84% of global GDP in 2014. The US is the largest pension market (61%); a distant second, the UK represents 9% of the pension market, Japan 8%.

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