

APPENDIX L: OTHER ACTIVITIES

Sustainable fisheries and responsible investment

The SRSI team co-ordinated a meeting between investors, companies and organisations concerned about sustainable fisheries. The aim of the meeting was to assess what risks (if any) unsustainable fisheries poses to institutional investors, and what action investors might take to both manage those risks and encourage sustainable fisheries. Aside from the obvious and direct importance of the issue to workers, consumers and others, the issue is seen as an important test-case of how companies can help transform the unsustainable exploitation of a limited natural resource, even if governments are unwilling or unable to take action.

Those attending the meeting included: the Right Honourable John Gummer (Chairman of the Marine Stewardship Council – MSC), Tom Burke (Advisor to the Deputy Prime Minister) sustainability and environmental managers from Unilever and Sainsbury, and Robert Napier (Chief Executive of the Worldwide Fund for Nature - WWF) along with several institutional investors. The outcome of the meeting was that investors would consider developing their engagement of this matter, with the active assistance of MSC.

Higgs Inquiry

USS Ltd has called for Derek Higgs to address the more 'human side' of corporate governance in his review of the role and effectiveness of non-executive directors. In its submission to the inquiry, USS highlighted the need for companies to improve and provide more information on the selection and appointment process of non-execs, board and NED performance evaluations and induction and training for non-executive directors.

SRI and Small Caps

A member of the SRSI team completed a GoodCorporation training programme in order to evaluate the value of this particular standards for the Scheme's Small Cap holdings. USS is currently evaluating whether and how to introduce the standard to its investee companies.

Mobile Phone Health and Safety

In collaboration with other fund managers (coordinated by Jupiter Asset Management), USS has engaged with mobile phone operating companies with respect to their management of the possible health and safety risks of mobile phones and their signal base stations. USS has attended a meeting with MMO2, and plans to meet with other companies in the sector.

Forge 2

A member of the SRSI team had input into the development of the FORGE 2 guidelines for CSR in the financial sector. The FORGE 2 guidelines have incorporated a greater focus on social aspects of CSR and the role that equity holding plays in the impact of financial institution.

Letter to the Italian Corporate Law Commission

USS Ltd was a joint signatory to a letter sent by Hermes in September to the Chairman of the Italian Corporate Law Commission. The letter focused on the voting procedures and related share blocking presently in place in Italy and called for a review of the Italian system to eliminate obstacles to voting and to avoid uncertainty in the market.

Biodiversity and investors

The SRSI team met with Earthwatch, an organisation that encourages the sustainable management of natural resources and biodiversity, to assess the potential relevance of biodiversity as an engagement issue for USS. USS suggested that Earthwatch collaborate with UKSIF to establish an investor-orientated seminar to describe the business case for companies to address biodiversity issues. This seminar will take place in early 2003.

Ethics for USS

A meeting was held with Ethics for USS to provide an update on SRSI activities.

Executive pay and alignment with beneficial shareholder interests

The SRSI team is working with Paul Emerton, an independent remuneration consultant, to assess whether there is alignment of interests between long-term investors and managers on the issue of pay. The research project will focus on how companies have addressed underwater stock options, which should be covered in the remuneration reports which are presented as part of the 2003 report and accounts.