

1 November 2015

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Dear colleague

**UNDERSTANDING THE WORTH OF THE WORKFORCE: A STEWARDSHIP TOOLKIT FOR PENSION FUNDS**

As the Prime Minister has rightly identified, there is a growing recognition that businesses that are committed to, and value, their staff are likely to perform better over the long-term.

As the representative body for UK pension funds with total assets under management worth £1 trillion, the PLSA and its 1,300 pension scheme members have a key interest in the long-term success of UK companies. We strongly believe that the motivation and productivity of employees is critical to that success. It is therefore vital that pension funds are able to understand how the companies in which they invest value and manage their workforce.

We are keen to help pension funds fulfil their responsibility as investment stewards by engaging with investee companies on these issues. We have developed a Toolkit to support trustees and I am pleased to enclose a copy of the Toolkit '*Understanding the Worth of the Workforce: A Stewardship toolkit for Pension Funds*'.



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The Toolkit outlines the type of information about workforce-related issues that pension fund investors should request from the companies in which they invest, and how this information could be most helpfully presented to investors. It:

- ▶ identifies the key performance metrics for assessing potential risks and opportunities facing companies as a result of the composition, stability, capacity and engagement levels of its workforce; and
- ▶ recommends ways in which investors can leverage better reporting through private engagement and voting at company AGMs.

I hope the Toolkit will initiate a dialogue between investors and companies. For the next stage of our work in this area we are arranging a series of private discussions between pension funds, other investors and directors of the key UK companies in which our members invest. I would like to take this opportunity to invite you to work with us to develop this project and to deliver the Prime Minister's agenda.

If you or a relevant colleague wish to participate in these discussions please contact Luke Hildyard, Policy Lead for Stewardship and Corporate Governance via [luke.hildyard@plsa.co.uk](mailto:luke.hildyard@plsa.co.uk) or on 020 7601 1719.

By working together on this issue, I believe we can enhance the public reputation of UK business, deliver tangible improvements to millions of working lives and, crucially, achieve better returns to investors over the long-term.

I look forward to working with you.

Yours sincerely



**Joanne Segars**  
**Chief Executive**

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