



## Canada

### 1 September 2006 – Will labour ever have its day?

*Rick Salutin, The Globe and Mail*

It saddened me that Canadian Auto Workers president Buzz Hargrove popped the question to his long-time partner on the big screen at the CAW convention in Vancouver. I'm not anti-romantic. All the world loves a lover, including me. And Buzz did say it's because the union is "really my family." But a lot depends on where he put the stress: It's my family. Or: It's my family, if you get my drift. It's not as though anyone else there, or in CAW workplaces, could have used that platform. It made his members spectators to events in his private life instead of being participants in their own. That's the essence of celebrity culture. Some lives count more than others.

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### 22 August 2006 – Union claims victory in pension-plan court ruling

*James Daw The Toronto Star*

Members have a right to sue if they think their pension funds are being mishandled, an Ontario judge has ruled. Whether the decision will do the members any good is another matter.

Justice John Ground of the Ontario Superior Court of Justice has refused to block a suit against the province's second-largest pension plan.

"Members have an interest in maintaining the solvency of the fund and a cause of action based upon any negligent or improper action which may impact upon the financial stability of the fund," he ruled in February, and repeated last week.

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### 21 August 2006 – Mainstream capital for alternative energy Greening the machine; Toronto multimillionaire Ron Dembo is among a growing cast of technology entrepreneurs, investors who have discovered that you can save the world and make money at the same time

*Tyler Hamilton, The Toronto Star*

Ron Dembo wasn't quite sure what his next business venture might be after selling his risk-management software company two years ago. After 15 years the academic-turned-entrepreneur had built his private company, Toronto-based Algorithmics Inc., into a profitable, \$100-million-plus firm employing more than 500 people. Roughly half of the top 100 financial institutions in the world used his software to manage a wide range of business risks.

But in December 2004 the Fitch Group offered to acquire Algorithmics for \$175 million (U.S.). Dembo accepted, and flush with the riches of that deal the former Yale professor took some much-needed time off to ponder his next move in life.

"At that stage I thought I'd still be doing risk management for individuals," he recalls. "I knew how to do it, so I just thought I would."

His outlook began to change, however, after attending his first Technology, Entertainment and Design conference - better know as "TED" - held every spring in California. The invitation-only event, costing \$4,400 a ticket, aims to bring more than 1,000 of the world's

The Pensions at Work Newsletter

*Editor:* Dr. Isla Carmichael

*Senior Researcher:* Jorge Sousa

*Design & Distribution:* Sherap Andrea Winn

thought leaders into a single room for one massive brainstorming session.

Rock star Bono was the main attraction at the spring 2005 TED, and thoughtful discussion of environmental issues inspired Dembo to shift gears from risk-management to renewable energy. He started a company called Zerofootprint Inc., with a mandate to "connect people who care about the environment." This would be done via a Web portal that would grow to become a global hub for sharing ideas, information and experiences.

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### **18 August 2006 – GETTING PERSONAL CANADA: Cutting Investment Risk**

*Nirmala Menon, DOW JONES NEWSWIRES*

OTTAWA (Dow Jones)--It's hard to think of diversifying when the domestic stock market has had an impressive run.

But in the longer term, a portfolio with both domestic and non-domestic exposure has less risk than one that is wholly focused on the home market, says Elizabeth Lunney, senior vice-president and portfolio manager with Fiduciary Trust Co. of Canada.

Before last year, Canadian investors had been limited in how much they could invest outside the country by a 30% cap on foreign content in pension plans. That restriction was eliminated in the 2005 federal budget.

"(But) probably in general, even with the removal of foreign-content restrictions, Canadians probably hold too much in Canada, so they could benefit from more U.S. and international exposure," Lunney said in an interview.

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Read more: <http://www.dowjones.com>

### **August 2006 – Perspectives on Labour and Income**

*Statistics Canada*

Statistics Canada published a document that provides information on work stoppages, wives as primary breadwinners, and unionization rates. 4.1 million person-days were lost to strikes in 2005. Canadian business and governments lost the highest number of workdays to strikes and lockouts in 15 years. The report reveals a general decrease in the number of workdays lost to strikes and lockouts from the 1980s and 1990s, but there has been an increase in 2004 and 2005. The article

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highlights a large proportion of stoppages and time lost in Quebec, among workers under federal jurisdiction, and in manufacturing, education, health and social services. Wages and benefits are cited as the main cause of disputes in just over half the cases.

In 2003, women were primary breadwinners in 1.4 million dual earner couples – 29% of all such couples. These women tend to be older and more educated than their secondary-earner counterparts. Although most primary earner wives earned more than twice as much as their husbands, their earnings did not match those of primary-earner husbands. Similarly, their average family income lagged behind.

The overall unionization rate is at 27.7% and the union wage advantage continues. The update on unionization reveals that Canada's overall union density rate fell marginally from 30.0% in 2005 to 27.7% in 2006, but the article also reveals the complexity behind that average. For example, the unionization rate for the public sector rose to 71.4% while the private sector fell to 17.0%. For workers aged 15 to 24, the rate was 13.8%. Average hourly earnings of unionized workers were higher than for non-unionized: for full-time workers, rates were \$22.66 versus \$19.13; for part-time workers, rates were \$19.10 versus \$11.62 respectively.

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Read more: <http://www.statcan.ca>

### **16 August 2006 – German investor cashing in Canadian properties: 'A good time to sell'**

*Garry Marr, National Post*

German-backed investment group Northam Realty Advisors Ltd. is set to close two deals to sell \$500-million worth of office properties in Ottawa and Toronto, a move driven by record prices for assets.

The Toronto-based group, which has bought about \$2.5-billion worth of property assets since 2000, said yesterday it is not leaving the Canadian market as much as taking some profits. "It's a good time to sell," said Peter Doering, a spokesman for Northam.

The buyers are rumoured to be Hospitals of Ontario Pension Plan and Morguard Real Estate Investments.

Mr. Doering said the properties, which include the Standard Life building and Heritage Place in Ottawa, were all bought at prices significantly below what they are worth today. "We bought these properties at a great time in the market," he said.

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Read more: <http://www.nationalpost.com>

## United States

### 1 September 2006 – The Case for Clarity

*Kate O'Sullivan, CFO Magazine*

You know about the cost of Sarbox. What about the benefits?

The cost estimates bandied about by critics of the Sarbanes-Oxley Act are truly staggering. By the end of the year, U.S. companies will have spent \$20 billion to comply with the law since it was passed in 2002, according to AMR Research. One study from the University of Rochester attributes a \$1.4 trillion loss in stock-market value to the demands posed by Sarbox.

The question this inevitably raises is whether the benefit of Sarbox outweighs the cost. The purpose of the law, after all, is to restore investor confidence in the financial results reported by publicly traded companies, whose integrity was called seriously into question by accounting scandals involving Enron, WorldCom, and a host of other companies. Greater confidence in financial results should translate into a lower cost of capital, but this potential upside has received far less attention than Sarbox's downside.

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### 1 September 2006 – Wellness winners share their success strategies

*Molly Bernhart, Employee Benefit News*

Waistlines aren't the only thing growing these days; U.S. employers are spending more than \$13 billion annually on obese and overweight employees.

As corporate America scrambles to burst ballooning health care costs, more employers are turning to wellness programs as a solution. The 2006 Society of Human Resource Management Benefits Survey reports that 66% of responding companies provide wellness programs, which is up 4% from last year.

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Today's wellness programs look very different than the health and fitness initiatives of the past. The best programs are aggressive and focused on screening, prevention, measurable results and cost effectiveness.

The National Business Group on Health recently recognized 33 employers as the Best Employers for Healthy Lifestyles. Looking at the wellness approaches of the top eight platinum award winners reveals what strategies make a wellness program successful. LuAnn Heinen, director of the Institute on the Costs and Health Effects of Obesity at NBSG, says the group began giving out the award last year when they realized how many things were being done with and on behalf of employees. Heinen says she was impressed by the winning companies' ability to monitor their programs and challenge themselves to improve.

"What really stood out was the [companies'] commitment and how it is becoming part of their identity - This is who we are," says Heinen.

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Read more: <http://www.thomsonfinancial.com>

### 31 August 2006 – U.S. Pensions & Investments Summit: Is Your Plan State Of The Art?

*Business Wire*

CHICAGO - (BUSINESS WIRE) - Aug. 31, 2006 - On September 10, 2006, the North American investment community will convene, for what will undoubtedly be heralded as an annual "landmark" event, for the 2006 U.S. Pensions & Investments Summit. This groundbreaking event will assemble true pensions & investments industry luminaries, in order to analyze the current challenges and probable future trends in pension & investment strategies within the U.S. marketplace. The summit will be taking place at The Homestead, which is located in Hot Springs, Va.

In the aftermath of President Bush signing major legislation on the grounds of the White House on August 17, 2006, that instituted some of the most sweeping reforms of America's pension laws in over 30 years, the 2006 U.S. Pensions & Investments Summit will present 20 true industry visionaries & leaders, participating in what should be considered a "must-attend" symposium regarding the future of pensions & investment reform within the United States. The massive legislation reflects the evolution of workers' retirement benefits -- the decline in traditional pensions that give retired employees a fixed payment each month, and the rise of defined-contribution savings plans that rely on workers to build retirement assets. The legislation establishes sound standards for pension funding. Yet, the primary

responsibility still rests with employers to fund the pension promises as soon as they can. The bill seeks to strengthen traditional defined-benefit plans and requires companies to inform workers more about the health of their pension programs. It also encourages workers into putting more money away for their own retirement. It aims to boost the 30,000 defined-benefit plans run by employers that are now underfunded by an estimated \$450 billion. Those plans must reach 100% funding, up from the current 90% requirement in seven years. Seriously under-funded "at risk" companies must contribute at an increased rate and also face additional restrictions, such as a ban on increasing benefits (please see a list of major provisions of the pension bill at the end of the document).

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Read more: <http://www.businesswire.com/>

**29 August 2006 – Partners in peril? How public funds fuel private equity FT INVESTIGATION America's state pension pots are increasingly being committed to buy-outs and corporate overhauls.**

*By Francesco Guerrera and James Politi, Financial Times*

Alan Van Noord, a Pennsylvania civil servant with a laid-back demeanour, makes an unlikely business partner for some of the world's most powerful financiers. Yet, sitting in the spartan state offices, he remembers the day he was too busy to meet Henry Kravis, co-founder of one of the world's most renowned private-equity firms.

Mr Kravis, a dealmaker worth an estimated Dollars 2.5bn (Pounds 1.3bn, Euros 2bn) whose sprawling New York home was parodied in Tom Wolfe's *Bonfire of the Vanities*, had offered to travel to the sleepy reaches of Harrisburg, Pennsylvania's capital. His aim was to persuade the Public School Employees' Retirement System (PSERS) to invest in the ventures of Kohlberg Kravis Roberts.

In spite of keeping one of the famous "barbarians" of the financial world outside the gates of Harrisburg, PSERS ended up investing in KKR's latest fund. But the fact that one of private equity's founding fathers would even consider trekking to such a backwater underlines a little-noticed, yet fundamental, trend in global financial markets. The public funds charged with securing the future of America's pensioners are a crucial driver of the current boom in the private-equity industry. By channelling an increasing portion of the nation's retirement pool into buy-out funds, the public custodians

are feeding the cycle of takeovers, restructurings and sell-offs that define private equity. "We are the big bucks now," says Jay Fewel, an Oregonian who has been running the private-equity division of his state's investment office since 1989. This year, Mr Fewel has already made commitments worth Dollars 3.5bn to buy-out firms.

The reason for such huge forays is simple: the successes enjoyed by private-equity firms over the past few years have enabled public pension funds with exposure to the sector to achieve returns far superior to those on equity and bond markets.

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**28 August 2006 – DuPont to Shift U.S. Pension to 401(k), Cutting Costs**

*Jack Kaskey, Bloomberg.com*

Aug. 28 (Bloomberg) -- DuPont Co., the third-biggest U.S. chemical company, will begin to phase out a fixed-benefit pension for employees in 2008 and shift to an enhanced 401(k) savings plan to cut costs.

Increases in pension benefits will slow to one-third the current rate starting in 2008, and new employees as of Jan. 1 next year will only be eligible for the new savings plan, which will include a matching contribution from the company, Wilmington, Delaware-based DuPont said today in a statement.

The changes affect more than 29,000 workers and will boost per-share profit by 3 cents next year and 5 cents in 2008, DuPont said. Only 37 of the 100 biggest U.S. companies offer pensions, down from 89 percent two decades ago, and companies including International Business Machines Corp. and Hewlett Packard Co. are cutting such benefits, DuPont said.

"Many companies have been scaling back pension plans and stressing the 401(k)-type plans to save money," said Gene Pisasale, a money manager at Baltimore-based Mercantile Bankshares Corp., which oversees \$25 billion, including 771,407 DuPont shares. "I view it as a positive move."

Shares of DuPont rose 27 cents, or 0.7 percent, to \$39.52 at 11:22 a.m. in New York Stock Exchange composite trading. Before today, they had dropped 7.2 percent this year.

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Read more: <http://www.bloomberg.com/apps/news>

## **21 August 2006 – CalPERS post carries clout; Two seek to unseat incumbent on board with \$205 billion in assets.**

*Gilbert Chan Bee Staff Writer, The Sacramento Bee*

A little-known statewide election carries big implications for millions of California taxpayers, government workers and retirees.

Two local challengers are trying to unseat an incumbent trustee on the powerful board of the California Public Employees' Retirement System, which determines the direction of more than \$205 billion in assets and \$5 billion in health care spending.

"This is an unusual election. Two candidates are running hard," said Howard Schwartz, a CalPERS attorney who has garnered endorsements from seven unions, including the influential correctional officers' and Highway Patrol officers' organizations.

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## **21 August 2006 – Remarks on Signing the Pension Protection Act of 2006**

*Bush, George Weekly Compilation of Presidential Documents*

August 17, 2006

Thank you. Please be seated. Thanks. Welcome to the White House. We're glad you're here. In a few moments, I will have the honor of signing the most sweeping reform of America's pension laws in over 30 years, the Pension Protection Act of 2006. And we welcome you here to witness the signing.

Americans who spend a lifetime working hard should be confident that their pensions will be there when they retire. Last year, I asked Congress to strengthen protections for the pensions of our workers. Members of both parties came together to pass a good bill that will improve our pension system, while expanding opportunities for Americans to build their own nest eggs for retirement. And I'm really pleased to sign this bill into law.

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## **21 August 2006 – Public Pension Price Tag**

*By E.J. McMahon The Wall Street Journal*

The recent enactment of sweeping changes in federal laws governing private pension plans, the issuance of a scathing auditors' report on the collapse of San Diego's

pension fund, and the disclosure of potential shortfalls in New York City's pension funds all point to what should be the nation's next big target for financial reform. Because their size and complexity offer such a wide field for abuse, state and local retirement systems pose a significant moral hazard -- threatening the long-term fiscal stability of many of their sponsors.

San Diego's storyline -- marked by deliberate underfunding, increases in already generous retirement benefits and the use of debt to refinance payments -- has had eerie parallels across the country. Only 43 of the 125 retirement systems in the most recent Public Funds Survey were within 10% of full funding status; one-quarter had actuarial funding ratios below 80%. But if private-sector accounting standards were applied to these systems, they would all look much worse.

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## **21 August 2006 – CalPERS takes passive international equities in-house**

*Pensions & Investments*

SACRAMENTO, Calif. - CalPERS on Aug. 14 voted to move \$13.3 billion - the remainder of its \$27 billion passive international equity portfolio - to internal management. The entire external portfolio is run by State Street Global Advisors. The \$210.7 billion California Public Employees' Retirement System expects to save \$1.3 million in annual fees from the change. With the move, CalPERS staff will internally manage 74% of the system's \$131 billion global equities portfolio.

Separately, CalPERS pulled out of MPM BioEquities, a long-short hedge fund focusing on small and midsize biotech stocks. The system redeemed \$44.9 million from the hedge fund from April through June, according to records released this month by the pension fund.

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## **21 August 2006 – 'Streetwise MBA' program helps small-business owners advance**

*Diane E. Lewis, The Boston Globe*

Glynn Lloyd built City Fresh Foods Inc. into a business with \$2 million in annual sales over the course of a dozen years. But when he sought to take his ethnic catering service to the next level, he didn't know where to begin.

Lloyd, 38, found the answer at Inner City Entrepreneurs, a program founded by Boston University professor Dan Monti and Andrew Wolk, a senior lecturer at the MIT Sloan School of Management, who call their nine-month program "a streetwise MBA." "If there is one thing inner-city neighborhoods need is more businesses, not more nonprofits," Monti said. "They need folks who will create wealth and then assume a broader set of obligations in the community."

Monti and Lloyd said ICE gives companies with modest records of achievement the tools they need to expand. It's a form of urban renewal that focuses on promoting economic development and job creation by providing business support and a network of experts in marketing, finance, technology, or banking who act as coaches and, sometimes, angel investors.

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Read more: <http://www.boston.com/business/articles/>

### **19 August 2006 – Same-sex couples hail pension overhaul**

*George Avalos, Contra Costa Times*

Aug. 19--New provisions in a just-approved overhaul of the nation's pension rules will usher in huge changes in how same-sex couples and other nonspouse relatives handle retirement plans.

The changes, in a law signed by President Bush this week, will allow a person's retirement benefits to be transferred tax free to domestic partners or other beneficiaries, including a child, sibling, or a parent. Current rules only permit this for married couples.

In addition, workers can draw on retirement funds for financial or medical emergencies involving a domestic partner or other beneficiary.

"This is a huge change, a tremendous, wonderful provision," said Sherman Doll, president of Walnut Creek-based Performance Capital Advisors. "This allows for rollovers from an IRA, 401(k), profit sharing plan, or other defined contribution plan. It gives nonspouse relatives the same beneficial treatment as spouses."

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### **19 August 2006 – CalPERS BENEFITS UNDER QUESTION**

*Troy Anderson, Los Angeles Daily News*

Inspired by a recent audit that found intentional underfunding of San Diego's pension system, Assemblyman Keith Richman said Friday that he has

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asked the state attorney general for an opinion on whether CalPERS has similarly violated the law by granting retroactive pension benefits to hundreds of thousands of government workers.

"California taxpayers face decades of escalating payments for the nation's most generous retiree pension and health care benefits and there is compelling evidence the California Public Employees Retirement System is manipulating actuarial assumptions to conceal the true cost of the benefits," Richman, R-Granada Hills, wrote in a recent letter to Attorney General Bill Lockyer.

CalPERS spokeswoman Pat Macht said officials there had not seen Richman's request and no one was available to comment Friday.

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Read more: <http://www.dailynews.com>

### **18 August 2006 – Bush signs bill to keep U.S. pensions afloat; Defined-benefit plans must meet 100% funding target**

*Mary Dalrymple, The Globe and Mail*

WASHINGTON -- U.S. President George W. Bush yesterday signed new rules to prod companies into shoring up their pension plans and offered strong words for corporate America: "Set aside enough money now."

Before an enthusiastic audience in an office building on the White House grounds, Mr. Bush called the legislation "the most sweeping reform of America's pension laws in over 30 years."

"Americans who spend a lifetime working hard should be confident that their pensions will be there when they retire," he said. "Some businesses are not putting away the cash they need to fund the pensions they promised to their workers."

The massive legislation reflects the evolution of workers' retirement benefits — the decline in traditional pensions that give retired employees a fixed payment each month and the rise of defined-contribution savings plans that rely on workers to build retirement assets.

It could also save taxpayers from funding a multibillion-dollar bailout of the federal agency that insures pension plans.

Some critics, such as the Pension Rights Center, say the changes do nothing to stop companies from freezing their pensions and, with time, will weaken the pension system.

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### **15 August 2006 – US Disasters Dull BP's Image Among 'Green' Investors**

*By Matthew Dalton, DOW JONES NEWSWIRES*

NEW YORK (Dow Jones)--BP PLC's (BP) reputation as an oil company with a conscience has offered investors concerned about the environment the chance to grab a relatively "green" slice of the industry's enormous profits generated by record oil prices. But a string of operational catastrophes over the past year - most recently the discovery of severe corrosion in its Alaska pipelines - has scuffed this well-crafted image, prompting a reappraisal by this group that could have a significant impact on BP's market valuation. Since BP shut down part of the Prudhoe Bay field on Aug. 6, the stock has fallen 4%, a sizable move for a company of BP's size. Analysts say that the broader market is beginning to take away the premium it gave BP for one of its intangible assets: management excellence.

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### **15 August 2006 – CalPERS' prodding helps; Pension fund sees some stock gains by laggards after it puts focus on their flaws.**

*Gilbert Chan Bee Staff Writer, The Sacramento Bee*

Its pioneering practice of targeting some of Wall Street's worst laggards hasn't always translated into guaranteed payoffs for the California Public Employees' Retirement System.

More than half of poor-performing companies red-flagged by CalPERS on its so-called "Focus List" continue to lag their industry counterparts five years later, according to a new study.

Yet enough underachievers have been able to reverse their fortunes, generating a combined 16.4 percent extra gain in stock value for CalPERS, according to a report by Wilshire Associates, a Santa Monica consulting firm. The annual study looks at each company's prior performance, as well as its results five years after being tagged by CalPERS.

"They have done a very good job in taking underperforming companies and turning them back

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around," Wilshire managing director Michael Schlachter said Monday, speaking at a Cal-PERS investment committee meeting.

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## **The World**

### **1 September 2006 – If Boomers Have It All, What's Left?**

*Floyd Norris, The New York Times*

THE baby boom generation may be known to history as the one that took it all, leaving their successors to pay the bills and take on the risks that the boomers did not have to accept for themselves.

A glaring example is in the world of pensions, where corporate executives and directors, many of them baby boomers, are reducing benefits for younger employees. DuPont, the chemical company, decided that the week before Labor Day was the perfect time to announce that future workers -- those who start in 2007 or after -- would not get pensions, and that current ones would accrue benefits at just a third of the old rate. Those new workers, when they retire, will also get no help from the company in paying for health insurance, something current employees have come to expect.

The company said it would offer a better defined-contribution plan, but that plan would go to all workers - - to the baby boomers still eligible for the old pensions and to the younger workers deprived of them.

DuPont is far from unique. Many companies have cut back their pension systems, and more are likely to follow, now that Congress has tightened the pension funding rules.

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Read more: <http://www.nytimes.com/>

### **1 September 2006 – Women reach for high notes in male world. James Brewer Lloyd's List**

GINGER Rogers always matched the punishing pace of her dance partner Fred Astaire. He was the choreographer in the perfect screen duo, but Ginger injected those thrilling extra steps — in high heels, too.

Today, when women are contributing that little extra pizzazz on the commercial scene, the partnership is rather out of kilter.

In European boardrooms, women occupy just 8.5% of the seats. A similar intentional or unintentional quota probably applies to the maritime sector worldwide.

Many women have qualified for and hold responsible jobs in shipping and other branches of the law, but in insurance, on the high seas and in certain specialised sectors including shipbroking, they are very much a minority.

One of the brightest women in the industry, Malin Andersson, believes she had to spend twice the amount of time as any man would have done in the junior ranks before joining Wallenius Wilhelmsen and becoming the company's first female shipmaster.

Women are bringing talent and enthusiasm to industries that sorely need them. They are reaching top positions and filling specialities all along the line, but there remain obstacles — for instance, the glass ceiling, the glass cliff (the first scenario where there is a secret embargo on appointing women to high posts, the second where they are deliberately pitched into the most tricky positions) — even in this year of grace, 2006.

The imbalance is being addressed by some targeted measures, but more practically by the ladies getting on with it and showing they can handle complex and arduous jobs as well as, or better than, the men.

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Read more: <http://www.informa.com>

### **30 August 2006 – Big firms reap dividends from going green**

*Neo Hui Min, Straits Times*

GERMANY has had an eco-friendly reputation for a much longer time than most countries, so it was no surprise that the football World Cup set new standards in environmental protection.

Future organisers of major sporting events are expected to take a leaf out of the German playbook: Germany built its stadiums with energy-saving features, soccer fans were encouraged to use public transport, and tickets for the games doubled up as transport fares. The list goes on.

But the German authorities and Fifa were not alone in the green campaign. They received support from big businesses, including Coca-Cola, PlasticsEurope and Deutsche Telekom, which contributed more than a

million euros (\$\$2 million) to offset carbon emissions generated during the games. Indeed, the games highlight a very significant development in environmental protection: Business is increasingly making high-profile contributions to the greening of the Earth.

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### **29 August 2006 – The Philippines Persuades Investors to Take a Chance**

*By WAYNE ARNOLD, The New York Times*

SINGAPORE, Aug. 28 -- With about \$76 billion in debt, the Philippines is known as the sick man of Asia. But earlier this summer, as markets around the region were still struggling to recover from a sell-off by global investors, the Philippines pulled off something seemingly unthinkable: it persuaded international investors to lend it \$750 million.

Altogether, Manila will ask investors for roughly \$4 billion in new loans this year, making the Philippines the biggest offshore borrower in Asia -- bigger than Japan. The bond sale in July was all the more surprising because Manila's bonds paid investors about three percentage points more than the rate paid by the United States government, the world's most creditworthy borrower.

Earlier this year, economists generally attributed the success of bond sales in emerging markets to a deluge of investors desperate for strong returns. But now, as global interest rates rise, economists say they see an entirely new emerging market.

Once considered basket cases, the Philippines and other emerging economies have become more skillful at managing huge debts, analysts say. Low interest rates, combined with investors' fervor for emerging markets and high commodity prices, have helped bolster balance sheets of these economies, allowing them to repay debts.

In 2002, when the California Public Employees' Retirement System, or Calpers, said it planned to stop investing in the Philippines because of political instability and other problems, Mr. Camacho flew to Sacramento to petition the giant fund personally. 'It was like a hearing,' Mr. Camacho said.

Mr. Camacho won over Calpers, and other investors. 'We were able to tap the market as and when we needed,' he said.

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## 25 August 2006 – Pop or flop? Coke and Pepsi's India dreams crash

*Anupama Chandrasekaran, Reuters News*

NEW YORK, Aug 25 (Reuters) - As Coke and Pepsi defend allegations of high pesticide levels in soft drinks sold in India, industry experts are skeptical whether the companies' responses to the issue will prevent a sales drop in India for the second consecutive year.

In a report published earlier this month, environmental group The Centre for Science and Environment (CSE) said it found traces of pesticides far above permissible levels in the products of the two global beverage companies.

The report by the New Delhi-based group triggered a ban on the sale of beverages made by the two firms in several Indian states at or near state-run schools, colleges and hospitals.

"I don't think they realize how negative this type of problem is for their performance, and hopefully they would have learned from their past mistakes," said Argus Research analyst Erin Ashley Smith.

In 2003, CSE came out with a similar study, highlighting weak food safety laws in the country.

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Read more: <http://www.reuters.com>

## 23 August 2006 – Active investors can go where others fear to tread

*David Haarmeyer, Financial Times*

The bitter proxy contest at H.J. Heinz, which culminated in last week's annual meeting, offers an excellent case study on corporate governance. The US food company's shareholders were given the stark choice: support the current 12-member board and management, or install all or part of the five-member slate of the company's second largest shareholder, Nelson Peltz's Trian Fund and affiliates.

At least from a distance, the battle may have appeared to be a grudge match between William Johnson, Heinz's chief executive and chairman, and Mr Peltz, a renowned activist investor. Yet, a closer look shows that this scrap over a company's strategic direction reflects the dynamism of today's capital markets.

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Read more: <http://news.ft.com/home/us>

## 18 August 2006 – Analysis - Third sector barriers to private finance

*Regeneration and Renewal, a Haymarket publication*

By announcing a new scheme to encourage private investment in social enterprise, the Government has signaled its aim to grow the third sector. But Jamie Carpenter finds that potential backers face both ethical and practical problems.

Earlier this month, the Cabinet Office announced an initiative designed to bring more private investment into the social enterprise sector (R&R, 11 August, p5). Under the scheme, launched by the department's Office of the Third Sector, three organisations will receive up to pounds 100,000 each to pilot proposals to incentivise greater private sector investment in social businesses.

The move has signalled that the Government believes that a lack of private investment in social enterprises is holding back the growth of the sector.

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Read more: [www.haymarketgroup.com](http://www.haymarketgroup.com)

## 18 August 2006 – Apple: No Serious Labor Violations At China iPod Factory

*Dow Jones International News*

SHANGHAI (AP)--Apple Computer Inc.'s investigation into claims of poor conditions at a Chinese iPod factory found no forced labor but revealed that laborers were exceeding the company's limits on hours and days to be worked per week, the company said Friday.

The company said it was taking immediate steps to resolve that and other issues.

The probe by the Cupertino, California-based company was in response to a recent report by a British newspaper, the Mail on Sunday, alleging that workers at the factory were paid as little as GBP27 (\$50) a month and forced to work 15-hour shifts making the devices.

"The team reviewed personnel files and hiring practices and found no evidence whatsoever of the use of child labor or any form of forced labor," Apple said in a report on its Web site that summarized the findings of its audit of the facility.

However, the probe did find that in many cases workers were exceeding the company's limits for overtime, which specify a maximum of 60 hours or six days a week.

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Read more: <http://www.dowjones.com>

## 17 August 2006 – U. Maryland system will not invest in Sudan

By Alan J. McCombs, *The Diamondback* (U. Maryland)

COLLEGE PARK, Md. -- University System of Maryland officials ordered investment managers last week not to invest in companies thought to be contributing financially to an ongoing crisis in Sudan after concerns were raised by human rights organizations.

The Sudanese government has been involved in a civil conflict in the western region of Darfur since 2003, and has been repeatedly accused of associating with rebels who have engaged in ethnic cleansing there. System

officials described their actions as taking "a stand against companies complicit in genocide."

"It will send a message to our administration, to our leaders and [to] foreign governments that actions like these against innocents aren't permitted and aren't approved of," said Leonard Raley, president and CEO of the University System of Maryland Foundation Inc.

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