

PRESS RELEASE

Pension Funds declare support for the FRC's Stewardship Code

23 September 2010 - A group of 11 UK pension funds has today sent a letter to the Financial Reporting Council [FRC] in support of the Stewardship Code for investors, which it unveiled in July.

The signatories, whose funds have a collective value of £180 billion, welcome the FRC's initiative and the Code's potential to enhance the quality of engagement between institutional investors and companies.

The pension funds include: RAILPEN Investments, Universities Superannuation Scheme, BT Pension Scheme Management, BBC Pension Fund, Environment Agency Pension Fund, Lothian Pension Fund, Local Authority Pension Fund Forum, Merseyside Pension Fund, Northern Ireland Local Government Officers' Superannuation Committee, Strathclyde Pension Fund and the West Midland Pension Fund.

In giving their support, the pension funds acknowledge their role as asset owners in ensuring that their fund managers adhere to the Principles of the Code and provide their clients with the relevant information upon which they can assess their managers' commitment to the Code.

The signatories also welcome the FRC's intention to keep the Code under review and to address, in due course, issues such as stock-lending and voting rights for beneficial owners in relation to pooled accounts. It is also hoped that the next stage of development should cover other asset classes (beyond public equities) and address the absence of an independent monitoring mechanism to assess investors' adherence to the principles.

Frank Curtiss, Head of Corporate Governance at RAILPEN, said:

"The Code is welcome and has the potential to enhance stewardship through effective engagement but it will only be successful if investors take it seriously and that very much includes asset owners. The Code and the proposed FSA compliance regime will give pension funds a valuable manager selection and monitoring tool which should help raise the bar and help us in the quest for long term value. This is good for our end beneficiaries and our investee companies and I encourage pension funds and other asset owners to rise to the challenge."

Daniel Summerfield, Co-Head of Responsible Investment at the Universities Superannuation Scheme, said:

"This letter demonstrates pension funds' broad support for the key principles of the Stewardship Code and its underlying objective to improve the quality of engagements undertaken by investors. We agree that the Code is an appropriate starting point to encourage investors to strive towards meeting stewardship best practice. The onus is now on institutional investors to respond positively and constructively to the Code if we want to avoid any further regulation in this area."

Ends

1. For further information, please contact Frank Curtiss, Head of Corporate Governance at RAILPEN on: 020 7220 5000 / frank.curtiss@rpmi.co.uk

2. A copy of the letter is attached

3. About USS

USS is the second largest private sector pension scheme in UK and the principal pension scheme for UK Universities and Higher Education institutions. It had in excess of £28 billion of assets as of December 31st 2009 and approximately 270,000 members across 395 institutions.

4. About RAILPEN:

Railway Pension Investments Limited (“Railpen Investments”) is the wholly owned subsidiary of rpmi, and carries out investment management for the Trustee of the railways pension schemes. Trustee assets were £17 billion at 31 December 2009. Railpen Investments is authorised by the FSA. rpmi provides other investment services, together with pensions administration and trustee support services, to the Trustee of the railways pension schemes and pensions administration to a growing portfolio of third party businesses.