PRESS RELEASE

Enhancing fund value drives local authority progress on Responsible Investment

London, 4 December 2009 — Local authority pension funds are increasingly implementing Responsible Investment, according to research announced today at the Local Authority Pension Fund Forum (LAPFF) Conference. For 75% of local authority schemes, the increasing commitment to Responsible Investment is being driven by the need to protect and enhance fund value.

Four out of five schemes agree or strongly agree that considering long term Responsible Investment is part of their fiduciary duty. However, barriers to implementation remain, with 88% of respondents pointing to lack of time, resources, and competing priorities as significant barriers.

The research was conducted by CIPFA, the Chartered Institute of Public Finance & Accounting, LAPFF, and UKSIF – the sustainable investment and finance association, and measured the extent to which Responsible Investment is being addressed by local authority pension funds, as well as how many funds are using the Responsible Investment self-assessment template introduced in 2007.

Mike Taylor, CEO of the London Pensions Fund Authority said:
"The survey shows clear evidence that the understanding of long term responsible investment (LTRI) and Environmental, Social and Governance (ESG) issues by local government pension scheme trustees has improved significantly over the last two years. I hope that funds will report on their LTRI and ESG

activities on a regular basis and in time that this features in annual reports integrated with the descriptions of their compliance with Myners principles."

Nigel Keogh, CIPFA's Technical Manager - Pensions and Central Government said:

"There are increasing calls upon institutional investors to actively engage with the companies in which they invest. The results of this survey demonstrate that LGPS funds are taking this message on board."

Penny Shepherd MBE, Chief Executive, UKSIF – the sustainable investment and finance association said:

"Local government pension funds should show leadership in responsible ownership and stewardship of assets, particularly following the Walker Report. We welcome the steps taken by some funds in increasing their transparency and encourage all local authority funds to report on how they deliver their responsible investment approach."

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Notes to Editors

About the 2009 "Local Government: Responsible Pension" survey

The survey was conducted by CIPFA, LAPFF and UKSIF to determine to what extent the Local Government Pension Scheme (LGPS) self-assessment template (first launched in November 2007) has been adopted by funds. It also measures the extent to which Responsible Investment and environmental, social and governance issues have become embedded with LGPS investment strategies. 32 out of 99 funds responded to the survey, representing 50% of AUM of LGPS funds.

About CIPFA

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national

audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed. As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a postgraduate diploma for people already working in leadership positions.

They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world. We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to advance public finance and support better public services.

About the UKSIF Sustainable Pensions Project (SPP)
The UKSIF Sustainable Pensions Project (www.uksif.org/sustainablepensions) assists UK occupational pension funds in adopting more sustainable and responsible investment strategies. It seeks to encourage pension schemes to consider environmental, social and governance issues in their investment decisions, with the goal of protecting and enhancing long-term shareholder value and financial returns for the scheme beneficiaries.

The UKSIF Sustainable Pensions Project provides resources for pension fund trustees and their advisers. In addition to the survey, these include the UKSIF Sustainable Pensions Library and our quarterly e-newsletter. All resources are free to use and available at www.uksif.org/sustainablepensions

The project is overseen by an independent Sustainable Pensions Advisory Board, chaired by Michael Deakin. The other members of the Sustainable Pensions Advisory Board are:

Sally Bridgeland, BP Pension Trustee Ltd
Tim Currell, Hewitt Associates
Duncan Exley, FairPensions
Jane Goodland, Watson Wyatt
Emma Hunt, Mercer
Peter Montagnon, Association of British Insurers (ABI)
Will Oulton, FTSE Group
Andrew Parker, BT Pension Scheme
David Paterson, NAPF
Mike Taylor, London Pension Fund Authority

Board members serve in a personal capacity. Organisational affiliations are given for information only.

About UKSIF
UKSIF, the sustainable investment and finance association, promotes responsible investment and other forms of finance that support sustainable economic development, enhance quality of life and safeguard the environment. It also seeks to ensure that individual and institutional investors can reflect their values in their investments. Its more than 200 members include pension funds, banks, asset managers, investment consultants, research providers, financial advisers and non-governmental organisations. For more info, visit www.uksif.org.