

FOR IMMEDIATE RELEASE

Pension funds seek distance between BSkyB and hacking scandal

London, UK – 11th November 2011 – British Sky Broadcasting should put distance between its board and the phone-hacking scandal at News Corp by making changes to its corporate governance, according to the UK's leading shareholder engagement group.

The Local Authority Pension Fund Forum (LAPFF), whose 54 members have combined assets of £100bn and own approximately 1% of the company, has issued a voting alert to its members today ahead of the BSkyB AGM on 29th November. Having undertaken extensive research into the phone-hacking scandal, and having engaged with BSkyB directly, LAPFF believes the company would now benefit from the appointment of an independent chair.

The voting alert issued by the Forum has also taken account of the evidence provided by BSkyB's chairman James Murdoch at his second appearance before the parliamentary select committee. Due to concerns about his independence, and the ongoing risk of reputational contagion from his association with the phone-hacking scandal, LAPFF has recommended that its members oppose his re-election as chair of BSkyB.

The hacking scandal has affected both News Corp and BSkyB. The recent exposure of illegal activities at News International had a direct impact on the failed News Corp bid for the remaining 61% of BSkyB.

In addition James Murdoch's position as a director of BSkyB's largest shareholder, News Corp, has raised questions over his ability to independently represent the views of minority shareholders. Now that News Corp has dropped its bid to acquire the outstanding shares of BSkyB the case for appointing a chair who is independent of the controlling shareholder is hard to ignore.

As such the Forum has recommended that its members oppose the re-election of James Murdoch as chair of BSkyB. Separately, LAPFF has recommended members vote for the re-election of Nicholas Ferguson in recognition of the company's willingness to engage with the Forum.

LAPFF chair Ian Greenwood said: "BSkyB shareholders need to see some distance put between the company and the scandal engulfing News Corp, but this is not possible without governance reform. While the Forum acknowledges James Murdoch's contribution to BSkyB's past success, we believe that the company would now benefit from having a new independent chair."

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About the Local Authority Pension Fund Forum

The Local Authority Pension Fund Forum (LAPFF), which was set up in 1991, is a voluntary association of 54 public sector pension funds based in the UK. It exists to “promote the long-term investment interests of local authority pension funds, and to maximise their influence as shareholders to promote corporate responsibility and high standards of corporate governance amongst the companies in which they invest.” The Forum’s members currently have combined assets of over £100 billion. PIRC is the Research and Engagement partner to the Forum. www.lapfforum.org

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