

Schedule of Voting



Aviva Investors (in respect of Aviva Investors Global Services Limited in the UK and Aviva Investors Ireland Limited in Ireland) voted at 1,315 shareholder meetings in the quarter of 1 April to 30 June 2010. At 982 of these meetings we voted against or abstained on at least one resolution.

The second quarter of 2010 has as usual been very busy with the AGM season and voting. During the quarter we have voted at 687 shareholder meetings across the UK and Europe, and 628 in the US and other markets. However, there have also been some significant new governance developments this quarter, with both the new UK Corporate Governance Code and new Stewardship Code having been issued, and a flurry of new business legislation proposed, threatened and mused on at many levels and in many jurisdictions.

To no-one's surprise, there has been a much higher public focus on banks and bank pay than in previous years, alongside some greater shareholder scrutiny (and more votes against bank pay) than has been evident before. We are also seeing regulators both at national and international levels starting to put pressure on shareholders generally for having done a poor job of holding companies to account. The shareholder revolt at the Prudential over their Asian AIG acquisition strategy is a high profile illustration of what shareholders can do, but it also remains an exception, notable for being a rare time when the views of a critical mass of shareholders coincided on a major issue. Other companies which have felt the rumble of shareholders this quarter include Gecina in Spain (a 61% vote against transactions involving insider shareholders), SIG plc (a 61% vote against remuneration), Cookson Group plc (48.8% vote against remuneration), Debenhams (42% against remuneration), Tesco (37% against remuneration) and HSBC (23% against and abstained on remuneration).

An updated UK Corporate Governance Code (previously the Combined Code) has been published this quarter, with an increased emphasis for companies on the long-term responsibilities of the board, risk management and greater accountability to shareholders (with annual re-election of directors recommended for larger companies). For us however, potentially the biggest change might come with the new UK Stewardship Code which is focused on the responsibilities of institutional shareholders. This is the first such code in the world, and its success or failure over the next few years, particularly in promoting more effective engagement between companies and shareholders, will be carefully watched. Both investing institutions, such as pension funds, and asset managers who manage investments for institutional clients, such as ourselves, will have to declare publicly whether or not they comply with the Stewardship Code, and if not why not. There will also be reporting and monitoring for those that say they do comply, to make sure they are doing what they say. For Aviva Investors, we are already doing on our clients' behalf much of what the Stewardship Code recommends, but we are also currently working on the more formal approach and monitoring that will be required in future. Our work on this will continue into the second half of the year, and we expect to give a further update in our next quarterly report.

Other areas to note for the future are a new EU Green Paper just issued on corporate governance in financial companies, with another for all listed companies expected to be issued in early 2011. We will report more in the future on any significant developments arising. However, as a general point, the message from EU regulators to markets (both companies and investors) is simple: if and where the markets don't work to safeguard the financial system, Brussels will look to legislate.

If you have any comments, points of view or any other feedback, please feel free to e-mail us at corpgovernance.uk@avivainvestors.com. We are always eager to find out what is important to our clients.

Schedule of Voting



Number of meetings voted		1315
Meetings voted against or abstained on at least one resolution		982
Number of resolutions		14586
Votes for		10904
Votes against		3400
Abstentions		282
Breakdown of opposition issues		
Resolution	Against votes	Abstentions
Acquisitions, mergers and disposals	1	0
Amendment to investment objective	1	0
Amendments to Investment Management arrangements	4	0
Approval of / amendments to Incentive Schemes	266	21
Articles of Association	22	1
Auditors	290	12
Board/Committee nomination process	45	10
Charitable donations	0	1
Continuation of Company/Investment Trust	8	0
Discharge of Board of Auditors	8	7
Discharge of Management Board ¹	88	7
Discharge of Supervisory Board ¹	12	5
Dividend approval	1	0
Executive Directors	426	5
Introduction of new holding company/new listings	0	2
Miscellaneous	15	1
Non-Executive Directors	1687	73
Poison pill arrangements	17	0
Political Donations	1	0
Related party transactions	12	0
Remuneration Policy	156	58
Report & Accounts ¹	38	28
Rule 9 Waiver	4	2
Sale of assets to Directors	1	0
Share Buybacks	46	12
Share Issues with Pre-Emptive Rights	1	7
Share issues without pre-emptive rights	144	16
Shareholder Resolutions	45	12
Special Auditors report re related party transactions	47	2
Transact any other business	14	0

¹ Please note that our default position is to flag any concerns regarding Social, Ethical & Environmental (SEE) issues in our vote on the Report and Accounts. However, some meetings do not offer the opportunity to vote on the R&As and in these cases, we apply a “surrogate” vote where we may oppose the discharge of management and supervisory boards and on the re-election of directors.

Engagement/activism issues covered during the quarter (i.e separate from routine meetings with companies as part of our investment process) ²	149
Acquisition/Merger strategies	0
Management succession, Board and auditor issues	29
Re-structuring discussions	0
Management buy-out discussions	0
Social and environmental issues	9
Remuneration consultations	36
AGM/EGM issues	75

²Please note that on occasions, we engage with the same company on more than one issue.