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Via email to: codereview@frc.org.uk

28 July 2011

Dear Chris

CONSULTATION DOCUMENT: GENDER DIVERSITY ON BOARDS

About Aviva Investors

Aviva plc ("Aviva"), the parent company of Aviva Investors, is one of the world's largest insurance groups, serving 53 million customers across Europe, North America and Asia Pacific. Aviva's main business activities are long-term savings, asset management and general insurance. Aviva is the largest insurer in the UK and one of the leading providers of life and pensions products in Europe.

Aviva Investors is the global asset management business of Aviva, managing assets in excess of £259¹ billion across a range of real estate, equity, fixed income, money market and alternative funds.

Aviva Investors' Response to the Consultation:

Aviva Investors welcomed the publication of Lord Davies' report Women on Boards in February 2011 ("the Davies report") and now welcomes the opportunity to respond to the FRC's consultation on potential changes to the UK Corporate Governance Code ("the Code") in respect of gender diversity on boards.

We are committed responsible investors who believe that good governance and effective, responsible boards and leadership at companies is critical to creating sustainable long term shareholder value, and that investors have an important role to play in engaging with company boards and in paying attention to such matters. We believe that appropriate diversity (of all kinds) on company boards can contribute meaningfully to more effective boards and to the long-term success of companies. On the issue of gender diversity, we are fully supportive of both the recommendations of the Davies report and the objectives of the 30% Club. As part of our approach to stewardship, we already hold

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discussions on board diversity including that of gender with many companies we invest in and will continue to engage on this issue.

Should further changes be made to the Code?

Aviva Investors strongly believes that further changes to the Code should be made in line with the recommendations made by the Davies report. We believe such changes to the Code will act as a catalyst for both companies and investors to ensure that they properly address the issues and the opportunities inherent in increasing gender diversity on boards.

We further believe that there is evidence (both tangible and anecdotal) that, whilst many FTSE 100 companies have started to make changes in line with the Davies report recommendations, many companies below the FTSE 100 have yet to make progress in addressing the issues. We therefore support changes being made to the Code as they will help to focus the attention of FTSE 250 companies and others on the issues and opportunities inherent in increasing gender diversity in their boardrooms too.

What should the changes be?

Principle B.2: Appointments to the Board

Aviva Investors welcomes the FRC's suggestion that there should be amendments to Provision B.2.4 of the Code requiring a description of the board's policy on gender diversity in the boardroom. However, we believe that the proposed amendments should go further in requiring boards to explain if and why they are not making progress towards their objectives.

We would suggest that Provision B.2.4 and its following supporting principle could be further amended along the following lines (our suggested further amendments are in ***bold italics***):

"A separate section of the annual report should describe the work of the nomination committee, including the process it has used in relation to board appointments. This section should include a description of the board's policy on gender diversity in the boardroom, including any measurable objectives that it has set for implementing the policy and progress on achieving these objectives. ***If the objective for female representation on the board is less than 25%² by 2015, an explanation should be provided. An explanation should also be given if progress towards the board's***

¹ As at 31 December 2010

² Whilst 25% is in line with the Davies review recommendations, we would also support this minimum target being increased to 30% in line with the objectives of the 30% Club.

gender diversity objectives is not being made, alongside proposals which demonstrate how they will be met in future. An explanation should be given if neither an external search consultancy nor open advertising has been used in the appointment of a chairman or a non-executive director.”

Principle B.6: Evaluation

With respect to the amendment of Principle B.6 on board evaluation, Aviva Investors supports the addition of a new supporting principle on board evaluation as set out in the consultation document.

Davies report recommendation on further disclosures regarding appointment process and approach to diversity, and FRC suggestion of further guidance on key elements of gender diversity policies

Aviva Investors supports the recommendation of the Davies report on further disclosure by companies but agrees with the FRC that this recommendation does not require a change to the Code. However, we would welcome the provision of guidance on the key elements to be covered by a gender diversity policy in so far as such guidance takes into account the varied nature of companies subject to the Code, and the markets in which they operate, and does not stifle creativity in achieving board diversity.

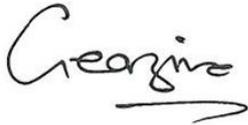
When should any changes to the Code be introduced and take effect?

We do not consider that there are benefits to be had in waiting to make such changes to the Code, nor in a long delay in the provisions coming into effect. We believe that companies will benefit from considering their approaches to gender diversity and in taking any appropriate actions sooner rather than later. Such changes to the Code will also encourage more focused dialogue and engagement between companies and investors on gender diversity, and we believe this will also assist progress.

We therefore support such changes being made to the Code at the earliest opportunity, not waiting for either the next FRC formal review in 2012 or for any follow-up to the European Commission's Green Paper on Corporate Governance. Indeed, we consider that delay in making voluntary progress on gender diversity may unnecessarily strengthen the push being seen in some areas of the EU for gender quotas on boards. As investors we would prefer companies and shareholders to be able to decide flexibly on appropriate targets for gender diversity for their boards and on how best to achieve those targets in ways that encourage effective board composition, rather than being driven by quotas which may not have the intended effect of improving board effectiveness.

Aviva Investors would be happy to discuss any of our views on these issues in more detail.

Yours sincerely

A handwritten signature in black ink that reads "Georgina". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Georgina Marshall

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