AVIVA INVESTORS STEWARDSHIP AND RESPONSIBLE INVESTMENT POLICY

Updated February 2019

Contents

Introduction

This document describes Aviva Investors' approach to stewardship and responsible investment including details of our policies and procedures. We hope it will enhance your understanding of the philosophy, beliefs and practices that drive Aviva Investors' behaviours as a major responsible institutional investor.

Aviva Investors has supported the development of good governance in the UK and beyond for many years and were in the vanguard of the signatories to the UK Stewardship Code. We are confident that the Stewardship Code will continue to help improve investors' exercise of governance responsibilities and enhance the quality of engagement with companies to help improve long-term returns to shareholders

This document specifically endorses the UK Stewardship Code, and sets out how we comply with the principles under this Code. However, since its introduction in July 2010, we welcome that many other markets have followed suit and have adopted similar principles for investors. For example, Japan and Taiwan introduced similar codes in 2014 and 2016 respectively. We have the same philosophy for our investments managed across other markets and continue to develop our stewardship approach across our other offices, following similar practices unless there are certain legal or regulatory reasons preventing us from doing so

We have had our stewardship approach externally reviewed and verified under the relevant assurance standards.

Key contact details are available at the end of this document should you have any questions on any aspect of our stewardship activities.

Euan Munro
Chief Executive
Aviva Investors

Aviva Investors is the global asset management business of Aviva Plc, the largest insurer in the UK. We are dedicated to building and providing focused investment solutions for clients which include local government organisations, pension funds, wholesale and retail banks, insurance companies, charities and private wealth managers. Aviva Investors operates in 15 countries in Asia Pacific, Europe, North America and the United Kingdom with assets under management of £348 billion as at 30 June 2018 across a range of real estate, equity, fixed income, money market and alternative funds. Our clients benefit not only from our unique access to, and experience of, local markets but also from the availability of considerable global resources

What is stewardship?

At its simplest, stewardship is the responsibility to take care of something in one's keeping. In this case, it involves the effort and activities undertaken by and on behalf of institutional shareholders to monitor, engage and, where appropriate, intervene on matters that may affect the long-term value of investee companies and the capital invested in them. This can encompass issues on such things as strategy, performance, corporate governance, and environmental and social issues that may materially affect the future sustainability of companies and shareholder value.

> *"It matters to all of us that companies should be governed effectively. The prosperity of many of those associated with the company - whether directly as managers and employers, or indirectly as shareholders, suppliers, and customers - depends on it"*
>
> Jonathan Charkham, Keeping Good Company, 1994

Our stewardship and responsible investment commitment

Aviva Investors is a global asset manager with £348bn[1] under management in equities, fixed income, real estate and multi asset. We seek to deliver the specific and meaningful outcomes that matter most to today's investor. We are proud founding signatories of the Principles for Responsible Investment (PRI) and we believe that responsible investment is fundamental to delivering our goals. We promote sustainable business practices in global markets, encouraging companies towards greater transparency, improved corporate governance and more sustainable behaviours. This together with our conviction-led and long term focus helps to reduce risk and can enhance the long-term value of portfolios and our clients' investments. We focus on integration, active stewardship and market advocacy to deliver positive outcomes from our responsible investment approach:

- Integration of environmental, social and governance (ESG) considerations into investment decisions – we work together with fund managers and analysts across all asset classes, customising ESG integration for each investment process, to deliver improved investment outcomes for clients
- Active ownership and stewardship through engagement and voting – we use our influence to promote good practice among those companies in which we invest, and to gain insight and reduce investment risk on ESG issues for our clients. We consider voting to be an important part of the investment process and have had a formal and considered voting policy since 1994. We focus on generating outcomes that benefit our clients and in many cases society, the environment and the broader economy as well.
- Shaping markets for sustainability – we advocate policy measures that support longer term, more sustainable capital markets. We aim to correct market failures such as a lack of corporate disclosure on ESG risks and climate change – at a national, EU, OECD and UN level – to improve long-term policy outcomes.

What is the Stewardship Code?

The UK Stewardship Code is a set of principles and guidance for institutional investors which represents current best practice on how they should perform their stewardship duties. The purpose of the Code is to improve the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities. The Code was published by the Financial Reporting Council (FRC) in July 2010, was updated in September 2012, and will continue to be overseen by the FRC. Commitment to the Code is on a "comply or explain" basis.

[1] As at 30 June 2018

Our compliance with the Stewardship Code

Aviva Investors fully supports the UK Stewardship Code and complies with all its principles. Although by its nature the Code is focused on the UK, we consider it to be a good global framework. We aim to apply the same general principles for non-UK securities managed from our London office where the majority of our equity assets are held.

The UK office is responsible for setting our global responsible investment approach, and for encouraging consistency of application, where possible across other offices.

Introduction to the principles of the Stewardship Code

There are 7 principles under the Stewardship Code. Each principle is accompanied by guidance to help investors focus on how to meet it.

The principles are as follows:

Principle 1: Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.
Principle 2:: Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship which should be publicly disclosed.
Principle 3: Institutional investors should monitor their investee companies.
Principle 4: Institutional investors should establish clear guidelines on when and how they will escalate their stewardship activities.
Principle 5: Institutional investors should be willing to act collectively with other investors where appropriate.
Principle 6: Institutional investors should have a clear policy on voting and disclosure of voting activity.
Principle 7: Institutional investors should report periodically on their stewardship and voting activities.

Principle 1: Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

Guidance

Stewardship activities include monitoring and engaging with companies on matters such as strategy, performance, risk, capital structure, and corporate governance, including culture and remuneration.

Engagement is purposeful dialogue with companies on those matters as well as on issues that are the immediate subject of votes at general meetings.

The policy should disclose how the institutional investor applies stewardship with the aim of enhancing and protecting the value for the ultimate beneficiary or client.

The statement should reflect the institutional investor's activities within the investment chain, as well as the responsibilities that arise from those activities. In particular, the stewardship responsibilities of those whose primary activities are related to asset ownership may be different from those whose primary activities are related to asset management or other investment-related services.

Where activities are outsourced, the statement should explain how this is compatible with the proper exercise of the institutional investor's stewardship responsibilities and what steps the investor has taken to ensure that they are carried out in a manner consistent with the approach to stewardship set out in the statement.

The disclosure should describe arrangements for integrating stewardship within the wider investment process.

Aviva Investors' approach:

1. We manage equity investments using a number of different styles, strategies and products. However, we are predominantly long-term investors running pension and life investments. Individual actively managed client portfolios may hold as few as 25 stocks or many more. We also manage index or tracker funds which track the FTSE All Share and other major global indices.

2. We look to invest in strong, well managed, successful companies with strong records of delivery on stated strategies and will back our convictions, often taking significant stakes in these businesses.

3. Stewardship and corporate governance issues are considered in any active investment decision making process and we would typically meet management prior to investing.

4. Stewardship has the most direct relevance to equity investments as shareholders have the right to vote at shareholder meetings, and our approach therefore initially focused on our equity investments. However, Aviva Investors stewardship principles are also applied where appropriate to other investment classes such as fixed income and property investments.

5. Aviva Investors aims to make a positive contribution to the evolution of good corporate governance, including by taking an active interest in the companies in which we invest and by protecting the rights of shareholders. By extension, our longer-term approach embraces involvement and interest in the development, enhancement and understanding of appropriate standards and industry best practice.

6. Aviva Investors has long recognised the importance of governance, environmental and social issues to companies and long-term shareholder value. As a result we have dedicated resources to the research and expertise needed to understand and assess these issues. We believe this gives us insights and an information advantage that improves the quality of our stewardship activities and helps us in seeking to protect and enhance long-term returns for our clients.

7. When reviewing the governance of companies, we look for evidence that management is striving to meet the "spirit" of good governance. In this regard, we generally expect companies to comply with the principles and provisions of the UK Corporate Governance Code. We also provide interpretations and guidance on our expectations in this regard in our Aviva Investors Corporate Governance and Corporate Responsibility Voting Policy which is available on our website.

8. The Global Responsible Investment (GRI) team, comprising governance and responsible investment specialists provide analysis to our investment teams (equities, fixed income, property and multi manager) and we work together on engagement cases and voting decisions. We collectively look for material environmental, social and corporate governance (ESG) risks to the investment case and would engage with the company to seek assurances that material risks are being addressed. The focus of any engagement is on adding value to the long-term value of our clients' investments.

9. RI Integration Strategy: The incorporation of environmental, social and corporate governance (ESG) factors into the investment process is important for Aviva Investors global mandate and stewardship responsibility. This stems from the belief that ESG research can provide valuable information and insight by analysing potentially unacknowledged yet material risks that may impact the performance and reputation of our investments. In this context we have a Responsible Investment Integration strategy and have a Responsible Investment Officers (RIO) Network. We have designed a globally consistent approach while defining tailored integration policies and plans for every asset class.

10. The Aviva Investors Responsible Investment Officer (RIO) Network is a group of predominantly but not exclusively analysts and fund managers across asset classes and regions supporting our goal of becoming a fully integrated investment company weaving environmental, social and corporate governance (ESG) considerations into our investment processes. The RIO network represents the enablers of the RI integration strategy.

11. Voting decisions are made following discussions between members of the GRI team and the relevant fund managers who bring their knowledge and assessment of company strategy and special circumstances to this debate. Their insights are critical in the decision making process. If concerns exist, we will contact the company to discuss our views and concerns. If companies do not adequately address our concerns, we would typically take further action - see principles 3, 4 and 5.

12. We subscribe to a number of proxy advisory services (see principle 6). These provide research and opinions on the state of a company's governance and corporate responsibility practices that enable us to check our own assessments. However, our voting is not determined by the recommendations of any of the proxy advisory services. There may be occasions where exceptions have been specifically agreed with our clients, but we retain responsibility for ensuring those activities are carried out in a manner consistent with their own approach to stewardship.

13. Our annually updated voting policy also covers disclosure of corporate responsibility (CR) issues. If we consider that companies do not have adequate performance, practices or disclosures in these areas we may vote against or withhold support on their Report & Accounts (or suitable alternative resolutions if this is not available) at the company's AGM.

14. Public Policy issues - In addition to the monitoring of and engaging with the companies that we hold, we also contribute significantly to public policy debates and industry and government consultations to address problems that exist in the financial industry. For example, we continue to lead and work on multiple levels to encourage the global transition to sustainable financial markets and we are a member of the European Union High-Level Expert Group on Sustainable Finance (HLEG). Aviva Investors is also a founding member of, and a major contributor to, the Corporate Human Rights Benchmark (CHRB). The CHRB is a first of its kind project that assesses and ranks listed companies on their human rights performance and aims to drive better corporate human rights performance by harnessing the competitive nature of the market through public benchmarking of corporations. In addition, we worked with and responded to the Department for Work and Pensions (DWP) consultation on Clarifying and Strengthening Trustees' Investment Duties and the Financial Reporting Council (FRC) Consultation on Proposed Revisions to the UK Corporate Governance Code.

Stock Lending

15. We manage our own stock lending programmes and have strict procedures in place that allow us only to lend shares up to agreed thresholds. We also recall shares on loan for the purposes of exercising voting rights where there is good reason to do so (e.g. for contentious meetings or on especially important matters) and when this is considered to be in the best interests of our clients.

Confidentiality and Press strategy

16. To enable company consultations with shareholders to be frank and constructive, we treat these as confidential and, where possible, avoid public comment about them.

17. On a limited number of occasions where the engagement process with a company has broken down and we believe it is in our clients' interests to do so, we may, if necessary, make public comment through the press.

18. We are normally willing to go "on the record" with the press on statements of principle relating to stewardship and engagement.

Principle 2: Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship which should be publicly disclosed.

Guidance

An institutional investor's duty is to act in the interests of its clients and/or beneficiaries.

Conflicts of interest will inevitably arise from time to time, which may include when voting on matters affecting a parent company or client.

Institutional investors should put in place, maintain and publicly disclose a policy for identifying and managing conflicts of interest with the aim of taking all reasonable steps to put the interests of their client or beneficiary first. The policy should also address how matters are handled when the interests of clients or beneficiaries diverge from each other.

Aviva Investors' approach:

1. Aviva Investors takes its fiduciary duties to clients and beneficiaries very seriously, and we apply a consistent and transparent approach to the management of conflicts of interest. Our principal objectives when considering matters such as engagement and voting are always to act in the interests of our clients and underlying beneficiaries, and to treat all clients and beneficiaries fairly.

2. Situations where conflicts of interest could arise in the context of stewardship include where:

   – the interests of Aviva Investors conflict with those of a client;

   – the interests of one client of Aviva Investors conflict with those of another client of Aviva Investors;

   – Aviva Investors has obtained restricted information relating to a client, a potential client, a former client or to publicly traded securities which would be of value to another part of Aviva Investors or to other clients of Aviva Investors; and

   – the interests of any employee or director of Aviva Investors conflicts with the interests of a client of Aviva Investors or the interests of Aviva Investors itself.

3. Actual and potential conflicts of interest can be and are managed in a number of different ways to ensure that clients and beneficiaries are not disadvantaged by any such conflicts. These include publishing our Corporate Governance and Corporate Responsibility Voting Policy and our voting records on our website (and making companies aware of any changes to policy), our transparency and reporting to clients, direct disclosure of significant conflicts of interest to clients and seeking explicit instructions from clients when necessary. We may also use "Chinese walls" to control the exchange of information between relevant personnel and use stop lists to prevent dealing in certain securities.

4. In line with FCA requirements we have in place and maintain a list of the potential conflicts of interests related to Stewardship, detailing what our conflicts of interest are, how they are identified and our procedures for managing them. This list is reviewed (and discussed with compliance) regularly, to ensure new conflicts are identified along with procedures to manage them.

   We also maintain a register of any actual conflicts that occurred for any given period and again, this will include how they have been managed.

5. Examples of us managing conflicts of interest:

   a) We fully recognise that there are or may be conflicts of interest arising from the exercise of voting rights over holdings of shares in our parent company Aviva plc. Our policy in regards to these is as follows:

   (i) Where Aviva Investors is responsible for voting rights over Aviva plc shares within funds managed for Aviva group clients (e.g. Aviva life funds), both as a matter of policy and, as appropriate, pursuant to the provisions of the Companies Act 1985, those voting rights must not be exercised.

   (ii) Subject to (iii) below, where Aviva Investors is responsible for voting rights over Aviva plc shares held or managed on behalf of external clients, given the potential for a conflict of interest, Aviva Investors will exercise no discretion over those voting rights and its default position will therefore be to refrain from exercising those voting rights.

(iii) Where external clients choose to, they may instruct Aviva Investors in writing to arrange for the voting rights over their holdings of Aviva plc shares to be exercised in accordance with independent recommendations by external proxy advisors in line with applicable corporate governance and proxy voting guidelines. Where a client wishes to put in place these or any other alternative arrangements, Aviva Investors will seek to accommodate those arrangements.

A similar procedure is applied in respect of when we are being asked to vote at a shareholder/unitholder meeting for one of our own funds (eg one of our property funds) - clients will be contacted and their approval obtained before we cast votes on their behalf.

b) Aviva Investors manages conflicts of interests when voting at the meetings of companies who may be **clients** by:

– making companies aware each year of our areas of focus on governance matters, including our Corporate Governance and Corporate Responsibility Voting Policy. This enables boards to take our expectations into account without a conflict coming into play, and also demonstrates our commitment to a transparent process and policy on behalf of all client funds:

– being transparent to companies (some of whom may also be clients) and to clients on our voting decisions and the rationale for such decisions;

– making our voting decisions public on a company by company basis so our voting record is transparent and available to all; and

when agreed with clients, arranging for an independent third party, chosen by the client, to determine the voting decisions or for the client to give alternative instructions (for their holdings only).

6. We also recognize that there could potentially be conflicts of interest with Aviva plc where we may be recommending voting against the management of a company in which our parent Company has a **commercial relationship** or interest.

(a) Where this conflict arises, Aviva Plc may give Aviva Investors instructions on how to vote the shares held in Shareholder and Beneficial Funds only (i.e. the funds where the ultimate beneficiary is Aviva Plc)
(b) Aviva Plc, in the interests of their clients, will not influence Aviva Investors' voting decisions or other interactions with companies where these are held in Policyholder and non-beneficial funds (i.e. where funds are held on behalf of third party clients and not Aviva Plc)
(c) In all other situations, Aviva Plc has delegated the responsibility of stewardship to Aviva Investors and maintains an arm's length relationship between the two organizations regarding day-to-day voting and engagement.

Principle 3: Institutional investors should monitor their investee companies.

Guidance

Effective monitoring is an essential component of stewardship. It should take place regularly and be checked periodically for effectiveness.

When monitoring companies, institutional investors should seek to:

- keep abreast of the company's performance;
- keep abreast of developments, both internal and external to the company, that drive the company's value and risks;
- satisfy themselves that the company's leadership is effective;
- satisfy themselves that the company's board and committees adhere to the spirit of the UK Corporate Governance Code, including through meetings with the chairman and other board members;
- consider the quality of the company's reporting; and
- attend the General Meetings of companies in which they have a major holding, where appropriate and practicable.

Institutional investors should consider carefully explanations given for departure from the UK Corporate Governance Code and make reasoned judgements in each case. They should give a timely explanation to the company, in writing where appropriate, and be prepared to enter a dialogue if they do not accept the company's position.

Institutional investors should endeavour to identify at an early stage issues that may result in a significant loss in investment value. If they have concerns, they should seek to ensure that the appropriate members of the investee company's board or management are made aware.

Institutional investors may or may not wish to be made insiders. An institutional investor who may be willing to become an insider should indicate in its stewardship statement the willingness to do so, and the mechanism by which this could be done.

Institutional investors will expect investee companies and their advisers to ensure that information that could affect their ability to deal in the shares of the company concerned is not conveyed to them without their prior agreement.

Aviva Investors' approach

1. As a responsible investor, we seek to monitor the companies we commit capital to as part of our investment process.

2. Company practice, circumstances and events are constantly evolving. While we exercise our best endeavours to monitor companies and promote good ESG practice in pursuit of delivering our mandates, it is important to recognise that it is not possible to provide assurance that material risks or potential risks are identifiable or can be effectively assessed or addressed pre-emptively.

3. We place great store on both the role and importance of effective corporate governance and sustainable business practices in safeguarding the capital we commit to a business and in the promotion of good practice in these areas. To that end, our GRI Team works with and supports all our fund managers, monitoring company practice in these areas and extending our scope and ability to engage with companies.

4. We monitor companies by:

   – carrying out annual reviews of companies' corporate governance practices against best practice standards. Usually we do this following the publication of companies' Annual Reports & Accounts. It is normally at this time that we will assess companies' governance structures and practices in relation to our Corporate Governance and Corporate Responsibility Voting Policy;

   – additional ad hoc reviews on a company specific, portfolio, sectoral or thematic basis;

   – the use of screening tools to assess governance and related risk indicators;

   – the use of internal and external financial and non-financial research and data;

   – monitoring of corporate developments through news flow, such as press articles and company announcements;

- meetings with management and non-executive directors, advisors and sell-side analysts;
- maintaining an active participation in formal and informal investor networks dialogue between institutional investors and other stakeholder groups;
- where appropriate, attending companies' general meetings. Our normal practice is to attend AGMs only when we feel we are likely to gain useful information to give us further insight into the company and its circumstances or if it would help send a stronger message to the board and to those attending the meeting and where we feel that our one-to-one meetings with the company are no longer helping us achieve our objectives;
- maintaining a dedicated database of the companies we invest in, tracking corporate governance, corporate responsibility and other investment issues, and our related engagement and voting activities; and
- reviews of the activities undertaken and their effectiveness, including whether desired change has been achieved.

Departure by companies from the UK Corporate Governance Code

5. The UK Corporate Governance Code is designed on a "Comply or Explain" basis. We address departures from the UK Corporate Governance Code on a case by case basis. For example, these are some of the matters we would bear in mind when considering a company's explanation of non-compliance. We would:

   - have regard to the importance of promoting good practice
   - assess the departure from the Code in relation to the context of any special circumstances affecting the company
   - refer back to previous engagements to see if there were specific reasons for not adhering to certain aspects of the code
   - take into account the views of our fund managers and analysts on the strategy of the company, how well the board has delivered on this and for their assessment of individual board members in terms of competence, skills, experience and trust if appropriate
   - look at the overall compliance to the Code, the composition and independence of the board and its committees to assess how serious the departure from the Code is or whether it is minor issue in view of the overall behaviours and practices of the board
   - consider the appropriateness of remuneration and whether arrangements are aligned to shareholder interests
   - consider how receptive the company has been to shareholder concerns in the past, and relate that experience to any future concerns
   - take into account our overall opinion of the board, and take into consideration all of the above to decide whether or not we concur with a company's rationale for its non-compliance

"Inside" information

The decision as to whether we should become insiders (ie. to be in receipt of non-public price-sensitive information on a company and hence unable to trade in the company's shares during that time) is taken on a case by case basis. As a general rule we are willing to be made insiders. However, we prefer to have a clear idea of when we will be released from being insiders and the information made public. Our preference is to be insiders for as short a time as possible, for example, for days rather than weeks.

There are no Chinese walls regarding trading restrictions so when a security is added to our Stoplist, no fund manager is able to buy or sell the stock. This will also apply to personal dealing.

Principle 4: Institutional investors should establish clear guidelines on when and how they will escalate their stewardship activities.

Guidance

Institutional investors should set out the circumstances in which they will actively intervene and regularly assess the outcomes of doing so. Intervention should be considered regardless of whether an active or passive investment policy is followed. In addition, being underweight is not, of itself, a reason for not intervening. Instances when institutional investors may want to intervene include, but are not limited to, when they have concerns about the company's strategy, performance, governance, remuneration or approach to risks, including those that may arise from social and environmental matters.

Initial discussions should take place on a confidential basis. However, if companies do not respond constructively when institutional investors intervene, then institutional investors should consider whether to escalate their action, for example, by:

- holding additional meetings with management specifically to discuss concerns;
- expressing concerns through the company's advisers;
- meeting with the chairman or other board members;
- intervening jointly with other institutions on particular issues;
- making a public statement in advance of General Meetings;
- submitting resolutions and speaking at General Meetings; and
- requisitioning a General Meeting, in some cases proposing to change board membership.

Aviva Investors' approach

1. Where engagement with companies, whether on strategic, performance, general ESG or specific voting issues, is undertaken for specific purposes, the effectiveness of such engagements will be measured against the objectives (of engagement) set at the outset. We maintain a database to record our voting and engagement with companies which allows us to review the effectiveness of our work. For our priority engagements our intention is to review these on a quarterly or half yearly basis. These are often detailed in our reports to clients and in case studies, which may also be included in Request for Proposal (RFP) material.

2. There will be times when, despite engagement with companies, our concerns have not been adequately addressed. Under these circumstances, the matter may be escalated into a more focused project of intervention aimed at securing changes to the board, management, practices or strategy.

3. As part of our escalation process, we may ask to discuss issues with executive and/or non-executive directors, work with other institutions and investors to press for change or exercise our voting rights against the board. As a last resort we may requisition a general meeting of a company or a resolution at an Annual General Meeting, or support others who are doing so. We may also make public statements where we believe this is appropriate. However, we expect this to happen only in the most extreme cases.

Considerations applicable to escalating engagement

4. In representing the long-term interests of our clients, Aviva Investors escalates its engagement with companies where circumstances warrant it. In making decisions as to whether engagement will be escalated, a number of factors will be considered which will be decided on a case by case basis (and not formally taken for all) such as:

   - The circumstances in which an issue has arisen;
   - Relevant best practice standards and investor guidelines;
   - The reasons and explanations provided by the company;
   - The potential significance of the issue for us and our clients;
   - Any pattern of issues, in combination or over time;
   - Client mandates and portfolio strategies;
   - The scope to define realistic objectives and mitigating steps (whether over short or long-term time horizons);

- The likely traction the initiative and objectives will have with the wider shareholder base, and scope for collaboration with other shareholders;
- Any resource constraints that may apply (engagement activities can be resource intensive and our focus will be on maintaining an effective mix of activities across our portfolios); and
- The scope to support initiatives by other shareholders (particularly where we are underweight or our other activities would make taking a lead role difficult).

Decisions to escalate engagement

5. The most common forms of engagement are routine regular dialogue on strategy, financials and performance and also discussions on voting issues. Correspondence and meetings may be undertaken by any combination of fund managers or GRI team members. Where engagement is to be escalated (see point 2 above), such projects are agreed with the head of the relevant investment desk. Where such activities are contentious and may be pursued in the public arena (e.g. requisitioning resolutions or general meetings), they will also be discussed with our CEO and Corporate Communications team.

Types of Escalation

6. Aviva Investors has and will use all engagement tools available to it when appropriate. However, we have a very clear preference to conduct engagement on a confidential basis, to enable frank and forthright discussions to take place. The particular approach and avenues that will be taken will depend on the circumstances of each case and may change in light of progress or other developments.
7. Escalation may include:
   - additional meetings with company management and/or non-executive directors
   - expressing concerns via company brokers and advisers;
   - withholding support or voting against management;
   - the circulation of a statement of issues at an AGM;
   - requisitioning resolutions at an AGM;
   - requisitioning a general meeting;
   - requisitioning the independent scrutiny of a poll at a general meeting;
   - requiring the publication by a company of a statement on audit-related matters;
   - collaboration with other investors (see Principle 5);
   - considered public statements and press comment; and
   - divestment of shares.

Principle 5: Institutional investors should be willing to act collectively with other investors where appropriate.

Guidance

At times collaboration with other investors may be the most effective manner in which to engage.

Collective engagement may be most appropriate at times of significant corporate or wider economic stress, or when the risks posed threaten to destroy significant value.

Institutional investors should disclose their policy on collective engagement, which should indicate their readiness to work with other investors through formal and informal groups when this is necessary to achieve their objectives and ensure companies are aware of concerns. The disclosure should also indicate the kinds of circumstances in which the institutional investor would consider participating in collective engagement.

Aviva Investors approach

1. Aviva Investors actively engages with other investors in the belief that collaboration is an important if not essential requirement for being able to exercise appropriate influence at companies when this is required. It is important to share information or areas of concern regarding companies, not just in times of stress, but also in normal times in order to identify potential issues or risks. Therefore regular meetings with other investors to discuss developing concerns about the way companies are run and to discuss how investors can collectively work to persuade companies to improve practices is equally as important as the collaboration that takes place during a period of crisis.

2. In this regard we are founder members and active participants in a number of UK and international investor networks. These networks facilitate discussion and sharing of information and individual institutions may decide to work collaboratively when appropriate.

3. Whether we take collaborative action depends upon a number of factors such as what the issue is; what our individual influence or holding is; who the other investors are and the extent to which shareholder views and objectives may be aligned; whether other approaches may be more effective; and our chances of success. When we believe collaborative action would be an effective means by which investors can exercise appropriate influence, we will willingly initiate action or support other investors' actions. Many of our engagements with companies are collaborative. These will often start off as individual engagements with companies, later sharing our concerns with other investors, ascertaining other investor views, deciding a course of action and then engaging as agreed.

4. The Investment Association (IA), the Pensions and Lifetime Savings Association (PLSA), the Investor Forum, the UK Sustainable Investment and Finance Association (UKSIF) and the Principles for Responsible Investment (PRI) coordinate and support collective shareholder meetings which can be very effective as they are carried out in a neutral environment. Where we have an interest, we are regular participants in such meetings

5. In taking collaborative action we are cognisant of legal and regulatory requirements, including on market abuse, insider dealing and concert party regulations.

6. All our engagement activities are undertaken in the best interests of our clients' funds.

7. Circumstances in which we would consider participating in collective engagement include when our direct engagement with the Company on what we consider to be a material issue has proved unsuccessful or where we feel that collaborative engagement is a more efficient way of seeking change (such as co-signing joint letters with other investors to one or multiple companies or market regulators expressing concerns). Specific examples can be found on our website.

Principle 6: Institutional investors should have a clear policy on voting and disclosure of voting activity.

Guidance

Institutional investors should seek to vote all shares held. They should not automatically support the board.

If they have been unable to reach a satisfactory outcome through active dialogue then they should register an abstention or vote against the resolution. In both instances, it is good practice to inform the company in advance of their intention and the reasons why.

Institutional investors should disclose publicly voting records.

Institutional investors should disclose the use made, if any, of proxy voting or other voting advisory services. They should describe the scope of such services, identify the providers and disclose the extent to which they follow, rely upon or use recommendations made by such services.

Institutional investors should disclose their approach to stock lending and recalling lent stock.

Aviva Investors' approach

1. Aviva Investors votes all its UK and most of its global holdings held in our funds managed from London. We consider all resolutions separately and all decisions are made in accordance with our Corporate Governance and Corporate Responsibility Voting Policy which is available on our website.

2. In forming our vote decisions, we take into account any issues we have discussed with companies. On remuneration consultations, we will respond directly where we hold more than 1% of the stock or we are a top 10 shareholder. In all other cases, we will liaise internally with the fund managers and work with the IVIS team at the Investment Association in coming to an appropriate voting decision.

3. As can be seen from our voting records, which are publicly available on our website, we do not automatically support boards and we regularly oppose management on AGM and EGM resolutions. In addition, we provide an overall summary of our voting and engagement activities with an analysis of the issues involved. This is also available on our website.

4. In making voting decisions, we use governance and other research from a number of sources. These include the Investment Association's IVIS service and ISS. We use research for data analysis only and we do not automatically follow any voting recommendations. For ESG research we subscribe to EIRIS, MSCI and Boardex. We believe that subscribing to a wide range of research gives us a better and more objective overview of the ESG arrangements at companies and enables us to check our own assessments.

5. Given the number of companies we own in our portfolios (including index funds), we seek to prioritise engagement where it is most likely to benefit our clients. Our general practice is to seek to have pre-vote discussions with companies where we hold more than 2% of their stock (or where we have a sufficiently significant active position in at least one of our portfolios) and where we have concerns that may indicate that we will not support one or more resolutions. In addition, every year we write to the large majority of the companies we hold to notify them of our voting policy (highlighting any changes we have made), and also direct them to our voting records, where they are able to see how we have voted at their AGMs etc and our reasons for not supporting any resolutions.

6. We manage our own stock lending programmes and have strict procedures in place that allow us only to lend shares up to agreed thresholds. We also recall shares on loan for the purposes of exercising voting rights where there is good reason to do so (e.g. for contentious meetings or on especially important matters) and when this is considered to be in the best interests of our clients.

Principle 7: Institutional investors should report periodically on their stewardship and voting activities.

Guidance

Institutional investors should maintain a clear record of their stewardship activities.

Asset managers should regularly account to their clients or beneficiaries as to how they have discharged their responsibilities. Such reports will be likely to comprise qualitative as well as quantitative information. The particular information reported and the format used, should be a matter for agreement between agents and their principals.

Asset owners should report at least annually to those to whom they are accountable on their stewardship policy and its execution.

Transparency is an important feature of effective stewardship. Institutional investors should not, however, be expected to make disclosures that might be counterproductive. Confidentiality in specific situations may well be crucial to achieving a positive outcome.

Asset managers that sign up to this Code should obtain an independent opinion on their engagement and voting processes having regard to an international standard or a UK framework such as AAF 01/062. The existence of such assurance reporting should be publicly disclosed. If requested, clients should be provided access to such assurance reports.

Aviva Investors approach

1. We report regularly (normally quarterly) to our clients on voting and engagement activity and ESG developments.

2. We publish our Responsible Investment Annual Review, which showcases our stewardship activities in detail and is available on our website.

3. Our standard reporting offering include (a) a statistical summary of the number of and types of resolutions we have opposed; (b) a detailed report listing all the resolutions we voted on (note that not all clients choose to receive the detailed reports given these are typically very large documents), and (c) a summary of our engagement highlights and key ESG issues over the quarter. Examples of these reports can also be viewed on our website.

4. We are also able to provide special reports in accordance with clients' needs, and where agreed we can report specifically on other aspects of stewardship activities (for example, company specific engagement and escalation of activities) in addition to voting activities.

5. We obtained an independent assurance on our Stewardship Code statement under the AAF 01/06 Stewardship Supplement. (See http://www.icaew.com/en/technical/audit-and-assurance/assurance/technical-release-aaf-01-06) in December 2014 and February 2019. We will look to obtaining further independent assurances as and when necessary and consider this at least on a biannual basis

Principles for Responsible Investment

Aviva Investors supports and is a signatory to the Principles for Responsible Investment (PRI) as part of our approach to good stewardship.

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

1 We will incorporate ESG issues into investment analysis and decision-making processes.

2 We will be active owners and incorporate ESG issues into our ownership policies and practices.

3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.

4 We will promote acceptance and implementation of the Principles within the investment industry.

5 We will work together to enhance our effectiveness in implementing the Principles.

6 We will each report on our activities and progress towards implementing the Principles.

Further information - available via our web site https://www.avivainvestors.com/

Aviva Investors Corporate Governance and Corporate Responsibility Voting Policy

Aviva Investors public voting records

UK Stewardship Code

UK Corporate Governance Code

Principles for Responsible Investment

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Important information