

Aviva Life & Pensions UK LTD

Voting and Engagement Policy



Aviva Life & Pensions UK LTD (AVLAP) believes engagement is more effective in seeking to initiate corporate change than divesting. As investors we feel a responsibility to monitor and engage with companies on issues such as: strategy; financial and non-financial performance; risk; capital structure; social and environmental impact; and corporate governance. All of our voting and engagement activity, which applies equally to actively and passively managed holdings, is delegated to asset managers under the provisions of the respective investment management agreements. All managers of funds and mandates made available on Aviva platforms should make available a Voting and Engagement Policy that demonstrates how this achieved.

Voting

We expect our asset managers to consider all voting opportunities as a means to influence companies to adopt sustainable business models from financial performance, environmental, social and governance perspectives. This does not mean we require asset managers to vote whenever they are able, however they should assess voting options and make conscious decisions on whether, and how, to vote.

Quarterly reporting is requested of asset managers on all voting and engagement activity that has been conducted on our, and our customers, behalf and voting records for all beneficial holdings across portfolios will be made publicly available via our website.

We do not require all our managers to vote in a consistent manner, however, we do expect voting behaviour to be consistent with our sustainability expectations which we expect to result in broadly consistent voting behaviour. We also expect our investment managers to cooperate and collaborate with other shareholders, where appropriate, to increase their influence on companies we invest in. AVLAP will seek justifications for the voting positions taken by managers and challenge those it believes are inconsistent with our Responsible Investment principles or sustainability expectations.

Engagement

We expect our asset managers to monitor all companies in which they invest across a range of factors including strategy; financial and non-financial performance; risk; capital structure; social and environmental impact; and corporate governance. Whilst these factors should influence individual buy/hold/sell decisions, we believe that engagement is more effective in seeking to initiate corporate change than divesting.

We expect our asset managers to establish a supportive and constructive dialogue with the boards of companies they invest in on our behalf; to understand the specific business and commercial context of a company; conduct regular engagement with company management and other stakeholders; and to exert influence where appropriate. Specific topics are discussed and agreed with our internal asset manager (Aviva Investors) on an annual basis; with this being used as a basis for interaction with our external managers on their engagement activity. We accept that measuring the effectiveness of engagement is difficult, but we expect asset managers to regularly evidence how 'successful' their engagements have been at initiating change.

We do not impose identical shareholder engagement principles across all the asset managers we use; rather we review each asset manager's approach and judge whether it is consistent with our principles; which are:

- Comprehensive shareholder engagement is a basic expectation on all asset managers, irrespective of fund type (index tracker, stewardship, impact etc).
- The engagement process applies consistently to all holdings of an asset manager; should aim to improve, or protect, corporate performance across a broad range of sustainability factors; and should focus on realistic improvements taking account of individual company circumstances.
- Engagement outcomes form part of an individual stock assessment process where they, alongside other factors, will influence investment decisions for the specific asset.

Conflicts of Interest

We expect our asset managers to have defined and robust procedures in place to identify potential conflicts of interest in its engagement with companies.