

Introduction

Standard Life Investments is a strong supporter of the principles of good stewardship that are set out in the UK Stewardship Code published by the Financial Reporting Council in July 2010. We believe that it is mutually beneficial for companies and long-term investors such as Standard Life Investments to have a relationship based on accountability, engagement and trust. Such a relationship helps to ensure that each has a good understanding of the other's views and expectations and it enables us to exercise constructive influence as and when appropriate. We believe that this serves to enhance the long-term value of our clients' investments and to protect their interests when necessary.

Voting Profile

We vote our clients' shares at all General Meetings and other shareholder meetings unless, for practical reasons (such as share blocking), this is not appropriate. We implement considered policies based on the Corporate Governance Guidelines approved by our board when voting our clients' shares.

In the event that we vote our clients' shares against a resolution at a UK shareholder meeting, we will always use best endeavours to discuss this with the company beforehand and explain the reasons. We will use reasonable endeavours to do so in respect of abstentions.

Although it is not practical for us to attend the General Meetings of all companies in which we have a major holding, we will attend and speak at shareholder meetings when it is in our clients' best interests. Also, we shall make public statements at appropriate times when we deem such statements as consistent with our responsibilities.

To enable a clear audit trail, we have a bespoke database that allows us to record both our engagement and the details of our voting analysis in contentious situations. Full records of votes cast are available on the proxy voting platforms provided by our proxy voting providers.

Voting Summary

Number of shareholder meetings at which our clients' shares were voted	163
Number of resolutions voted	1,402
Shareholder meetings at which our clients' shares were voted against management recommendations on one or more resolution	35
Number of resolutions voted against management recommendations	83
Shareholder meetings at which our clients' shares abstained on one or more resolution	7
Number of resolutions abstained	12

Breakdown of votes against management	Total
Remuneration and Share Schemes	20
Pre-emption/Dilution Matters	27
Board Matters	21
Other*	15

* Please note that 'Other' votes against management can include areas such as auditor appointment/remuneration, political donations, changes to articles of association and shareholder proposals.

Regional breakdown of votes against management	%
UK	25
Europe ex Uk	6
Canada	5
US	18
Pacific Basin	13
Japan	15
Rest of World	18

Commentary

Many Australian companies hold their AGMs during the fourth quarter of the year. However, there were relatively few votes against in Australia during this period. This could be explained in part by the new rules requiring companies to submit a proposal that all directors face re-election if the remuneration resolution receives greater than 25% opposition for 2 years in a row. Companies are likely to be making fewer changes in general, particularly controversial changes, to remuneration, resulting in a lower number of votes against management.

Most prominent during the quarter for votes against management was actually the issue of pre-emption, and the fact that many companies were seeking authorities to issue shares on a non pre-emptive basis that exceeded guideline limits. This could be explained by the increased need, particularly with regard to small cap companies, for funding to continue operations.

Contact us

To find out more about our fund range, visit our website standardlifeinvestments.com. Alternatively, please speak to your usual contact at Standard Life Investments.

Useful numbers

	Market information	0845 60 60 062
	Customer information	0845 27 93 003
	standardlifeinvestments.co.uk	

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