

Press Release

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INSTITUTIONAL INVESTORS' ENGAGE WITH UNITED NATIONS GLOBAL COMPACT PARTICIPANTS

In a sign of the escalating importance that mainstream institutional investors attach to corporate responsibility, a group of signatories to the UN Principles for Responsible Investment (PRI) has written to the chief executive officers of 103 companies in more than 30 different countries to recognise front-runners in the integration of environmental, social and governance (ESG) issues, while pressing laggards to improve performance.

All 103 companies are participants of the UN Global Compact, the world's largest voluntary corporate responsibility initiative. This requires a commitment by CEOs to implement ten principles in the areas of human rights, labour standards, the environment, and anti-corruption – and to communicate annually on progress made.

In a letter to CEOs, the investors – representing approximately US\$2.13 trillion in assets – focus on adherence to the disclosure dimension of the UN Global Compact, known as the Communication on Progress. Depending on whether the company is a leader or a laggard in this regard, the jointly signed investor letter either welcomes particularly good practices, or challenges companies to achieve full participant status.

The letter states that the investors believe the UN Global Compact has improved the debate surrounding corporate impact with respect to environmental, social and corporate governance (or ESG) issues, which they regard as potentially significant issues for companies' business performance. This is further evidence that a company's ability to manage and mitigate exposure to ESG risk is seen by investors as highly relevant to long-term financial success.

As one of the collaborating investment institutions, Morley's Head of Engagement, Steve Waygood said:

"We see a corporate commitment to adhering to the Global Compact as a positive public statement, which helps companies maintain a company's license to operate. We believe that good corporate practices warrant our support.

"We want to help to protect the credibility of the Global Compact, which suffers when companies free-ride on the good work of others. Without adequate reporting on progress, a company signing the Global Compact's ten principles represents little more than a statement of good intentions", he added.

This is why this group of investors' has focussed their engagement on the Global Compact requirement to produce an annual Communication on Progress (known as a COP). It is through the COP process that participants can be held to account by stakeholders, including the investment community. Where companies have committed to produce a COP, but not delivered on that commitment, then it is sensible for investors to use their influence to ensure that the management does deliver. Equally, where companies have produced notably good communications, then this should be welcomed. COPs are accessible on the Global Compact's web site.

The group includes a large number of investors from around the world, including:

- BC Investment Management Corporation (bcIMC) (Canada)
- Canada Pension Plan Investment Board (Canada)
- Comité Syndical National de Retraite Bâtirente (Canada)
- Carlson Investment Management (Sweden)
- CCLA (United Kingdom)

- Crédit Agricole Asset Management (France)
- DnB NOR Asset Management (Sweden)
- Domini Social Investments (United States)
- Kommunal Landspensjonkasse – KLP (Norway)
- Mergence Africa Investments (South Africa)
- Meritas Mutual Funds (Canada)
- Morley Fund Management (United Kingdom)
- Newton Investment Management (United Kingdom)
- New Zealand Superannuation Fund (New Zealand)
- The Environment Agency Pension Fund (United Kingdom)
- The Ethical Council (Swedish pension funds AP1, AP2, AP3, AP4) (Sweden)
- Universities Superannuation Scheme (United Kingdom)
- 27Four Investment Managers (South Africa)

Many believe that collaborative approaches to engagement can be more effective than individual attempts at engagement. This will be an interesting test of whether the theory works in practice.

- Ends -

Notes to Editors

How did the investors identify companies?

The investors used the Global Compact public database to identify listed companies from around 3000 Global Compact signatories where they felt that engagement was warranted. They selected 30 'non-communicating' and 48 'inactive' companies for poor performance – as well as 25 companies that are producing particularly good reporting.

The collaborating investor group includes 20 investment organisations from 10 countries. The companies receiving the letters are in more than 30 different countries. This highlights the benefit of a global engagement initiative such as the PRI, where investors from around the world can work together to promote corporate improvement.

What are the Principles for Responsible Investment?

The PRI initiative was established as a framework to help investors achieve better long-term investment returns and sustainable markets through better analysis of environmental, social and governance issues in the investment process and the exercise of responsible ownership practices. The PRI is convened by the United Nations Environment Program Finance Initiative and the United Nations Global Compact. More than 275 institutional investors have signed up to the PRI representing more than US\$11 trillion in assets under management.

What is the UN Global Compact?

Launched in 2000, the UN Global Compact brings business together with UN agencies, labour, civil society and governments to advance ten universal principles in the areas of human rights, labour, environment and anti-corruption. Through the power of collective action, the Global Compact seeks to mainstream these ten principles in business activities around the world and to catalyze actions in support of broader UN goals. With over 3,600 participating companies and hundreds of other stakeholders from more than 120 countries, it is the world's largest voluntary corporate citizenship initiative. For more information, please visit www.unglobalcompact.org.

How is corporate adherence to the Global Compact evaluated?

Once a company has made a commitment to the Global Compact, it is expected to make the ten principles part of its strategy, culture and daily operations. However, it is not possible for the Global Compact Office to actively monitor and assess the extent to which this takes place. As a result, the company is required to publish in its annual financial report, or similar public document, a description of the ways in which it is supporting the Global Compact. This description is known as a Communication on Progress (COP).

The rationale behind the COP is to raise transparency and contribute to public accountability, by creating a repository of corporate practices that serve as a basis for continuous performance improvement.

There are many ways to structure a COP. However, use of a globally recognised reporting framework such as that developed by the Global Reporting Initiative (GRI) is encouraged by the Compact where businesses are of a scale and complexity that warrant that form of disclosure.

Failure to submit a Communication on Progress puts the company at risk of being identified as "non-communicating" or "inactive" on the Global Compact website. For further information, see www.unglobalcompact.org as well as the COP database at www.unglobalcompact.org/COP/cop_search.html

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Morley

Morley is the UK-based asset management business of Aviva plc. Firms within the Morley group of companies manage £167bn (€240bn) from offices around the world as at 30 September 2007.

Morley manages both institutional and retail funds. It also acts as investment manager for a range of retail investment funds, marketed in the UK under the Norwich Union brand and in Europe under the Morley name.

Awards

- ▶ Best Property Manager - Financial News Excellence in Institutional Management Awards, Europe 2007
- ▶ Morley ranks no.1 fund manager in the Thomson Extel SRI Survey, 2007
- ▶ Property Manager of the Year, UK Pensions Awards 2007
- ▶ Morley's G7 Fund awarded Fixed Income Hedge Fund of the Year, Eurohedge Awards 2006
- ▶ Equity End User of the Year – Derivatives Week DEAL Awards 2006
- ▶ Property Fund Manager of the Year, Pensions Management Awards 2006
- ▶ Best Commitment to Raising Standards of Trustee Education, Engaged Investor Awards 2006
- ▶ Property Fund Manager of the Year, Property Week Awards 2006
- ▶ SRI Provider of the Year, Global Pensions 2006
- ▶ Central European Property Awards 2005 - Outstanding Company of the Year & Investor of the Year
- ▶ UK Pensions Awards 2005 – Property Manager of the Year

Aviva

- ▶ Aviva is the leading provider of life and pensions to Europe with substantial positions in other markets around the world, making it the world's fifth largest insurance group based on gross worldwide premiums at 31 December 2006.
- ▶ Aviva's principal business activities are long-term savings, fund management and general insurance, with worldwide total sales of £41.5 billion and assets under management of £364 billion at 31 December 2006.
- ▶ The Aviva media centre at www.aviva.com/media includes images, company and product information and a news release archive.

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