

March 17, 2010

FRC Consultation on the Revised UK Corporate Governance Code

*Section E.2: Constructive Use of the AGM, Poll voting*

We are writing as long-term, responsible institutional investors with collective assets under management of over £400 billion. We would like to call attention to a revision in the UK Corporate Governance Code that could establish voting by show of hands as the accepted means of counting votes. As we consider all poll voting to be the best practice, we oppose this change.

Provision E.2.2 of the UK Corporate Governance Code is revised as follows:

“For each resolution, after a vote has been taken on a show of hands, the company should ensure that the following is given at the meeting and made available as soon as reasonably practicable on a website which is maintained by or on behalf of the company:

- the number of shares in respect of which proxy appointments have been validly made;
- votes for, votes against, withheld, etc.”

The addition of the underlined phrase implies that counting votes by show of hands is the *normal* means of tabulating shareholder votes rather than the *exception*. We view this as a step backwards. We note that most FTSE 100 companies have adopted all poll voting and many have had it in place for some time. Voting by poll ensures that shareholders' voting rights are protected and that the good governance principle of one share, one vote is maintained.

We understand that the current wording in Provision E.2.2 is somewhat confusing and that the proposed revision is intended to clarify. However, we think that the proposed clarification is not worth the cost of entrenching show of hands as a standard method of tabulating votes. Instead, please consider the following:

“For each resolution, after a vote has been taken, whether by poll or by show of hands, the company should ensure that the following ....”

This language is fairly straightforward and communicates that the stated disclosures are required, irrespective of how votes are counted. We believe this version does not establish show of hands as the default mechanism for counting votes and clarifies that the disclosures should be made in all cases.

We sincerely appreciate the opportunity to comment on the revisions to the UK Corporate Governance Code. We hope you will take this letter into consideration when finalizing the Code revision.

Sincerely,



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