Triodos Investment Management

AETNA INC.

MEETING DATE	Fri, 20 May 2016 9:30 am	TYPE	AGM	ISSUE DATE	Mon, 16 May 2016
MEETING LOCATION	Avon Old Farms Hotel, 279 Avon Mountain Road, Avon, CT				
CURRENT INDICES	S&P500				
SECTOR	Hospital and medical service plans				

	PROPOSALS	ADVICE
1a	**Elect Fernando Aguirre** Independent Non-Executive Director.	**For**
1b	**Elect Mark T. Bertolini** Chairman, President and Chief Executive Officer. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the Company between the running of the Board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to Board balance, effective debate and Board appraisal.	**Oppose**
1c	**Elect Frank M. Clark** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independence on the Board.	**Oppose**
1d	**Elect Betsy Z. Cohen** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independence on the Board.	**Oppose**
1e	**Elect Molly J. Coye** Non-Executive Director. Not considered independent because she was, until May 2015, Chief Innovation Officer of UCLA Health System, which provided services to the Company for an amount exceeding $1 million and approximately 4.17% of that organisation's revenue for 2015. There is insufficient independence on the Board.	**Oppose**
1f	**Elect Roger N. Farah** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independence on the Board.	**Oppose**
1g	**Elect Jeffrey E. Garten** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independence on the Board.	**Oppose**
1h	**Elect Ellen M. Hancock** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independence on the Board.	**Oppose**
1i	**Elect Richard J. Harrington** Independent Non-Executive Director.	**For**
1j	**Elect Edward J. Ludwig** Lead Director. Not considered independent owing to a tenure of over nine years. There is insufficient independence on the Board.	**Oppose**
1k	**Elect Joseph P. Newhouse** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independence on the Board.	**Oppose**
1l	**Elect Olympia J. Snowe** Independent Non-Executive Director.	**For**

2 Ratify the appointment of the auditors **Oppose**

KPMG proposed. Non-audit fees represented 3.61% of audit fees during the year under review and 2.48% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

3 Approve Aetna Inc. 2016 Employee Stock Purchase Plan **For**

The Board has asked for shareholder approval of the Aetna Inc. 2016 Employee Stock Purchase Plan (ESPP). 5,000,000 shares are available for issuance under the ESPP. Employees may not purchase shares in excess of $25,000 in a calendar year. The purchase price will be the lesser of 85% of the fair market value of a share on the grant date of the purchase right or the last day of that offering. Non-executive officers hold 143, 263 shares purchased through the ESPP.

It is in the best interests of the Company and its shareholders to provide employees with an opportunity to benefit from business success and increase their share ownership through payroll deductions. The ESPP is open to the majority of employees at a purchase price of no less than 85% of fair market value. Triodos supports this resolution.

4 Advisory vote on executive compensation **Oppose**

The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CEC.

The annual bonus was paid out at 153% of target for the CEO, which is excessive. PSU awards were similarly excessive and were paid out at 200% of target, which indicates the target may not have been challenging. The vesting schedule for SARs and RSUs is not considered sufficiently long term to link pay with performance. Based on these concerns, Triodos opposes this resolution.

5 Shareholder Resolution: political contributions **For**

Proposed by: Comptroller of the State of New York, Thomas P. DiNapoli, trustee of the New York State Common Retirement Fund and the administrative head of the New York State and Local Retirement System

The Proponent asks for the Board to disclose annually all payments made by the Company in the previous year to tax-exempt organisations that were used for political purposes.

Supporting Argument: The Proponent states that transparency and accountability on political activities is in the best interests of shareholders. The Proponent states that the Company's current policy does not fully commit the Company to disclosing any payments publicly. The Proponent points to disclosure in a 2011 political contributions report about a payment to the US Chamber of Commerce, but states that there is no assurance the Comapny will continue making such disclosure in the absence of a Board-level commitment to doing so.

Opposing Argument: The Board recommends a vote against the proposal. The Board argues that its existing political contributions report provides transparency and accountability with respect to political donations. The Board also states that it complies with all laws governing the disclosure of political and lobbying activity. The Board points to similar, unsuccessful proposals at the three previous annual meetings.

Conclusion: Full transparency with respect to a Company's politically-motivated expenditures is in the best interests of shareholders. The Board has not demonstrated that the existing disclosure adequately addresses the Proponent's concerns. Therefore,Triodos supports this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 4 - Advisory vote on executive compensation

Disclosure: C - The Company has achieved an average level of disclosure for the fiscal year. The annual bonus was based 70% on financial metrics and 30% on quantitative measures. Targets are disclosed. Long-term incentives consisted of performance-based stock units (PSUs), time-vested stock units (RSUs) and stock appreciation rights (SARs). PSUs granted prior to 2015 were based on a compound annual growth goal over a two-year period, though it is noted that the performance period for PSUs granted in 2015 and onwards will be subject to a three-year performance period. RSUs and SARs vest over a 36-month period.

Balance: E - The Company has achieved a poor balance for rewards. The annual bonus was paid out at 153% of target for the CEO, which is excessive. PSU awards were similarly excessive and were paid out at 200% of target, which indicates the target may not have been challenging. The vesting schedule for SARs and RSUs is not considered sufficiently long term to link pay with performance. In addition, whilst the amount of reward derived from SARs is determined by share price growth, the awards of SARs have no performance conditions attached. Therefore, an increase in share price over the lifespan of an option can reward executives even in circumstances of poor relative performance.

Contracts: C - The Company has achieved an average approach to contracts with executives. Potential severance entitlements in a change of control scenario are excessive. 'Good reason' is not defined appropriately, as it includes a reduction of target bonus opportunities.

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