



CLIMATE TRANSPARENCY REPORT 2019

Aviva Investors

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-1F893633-F4DE-471C-9400-169ED213D12D/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	✓	Public				
SG 14.5	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	-	Public				
SG 15.3	-	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	Aviva Investors
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ > 50 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2006
Region	Europe
Country	United Kingdom
Disclosure of Voluntary Indicators	79% from 38 Voluntary indicators

Aviva Investors

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Aviva Investors' goal is to deliver the specific and meaningful outcomes that matter most to today's investor. Our approach has five key pillars and responsible investment is both a pillar and embedded across all pillars.

1) We are inspired by our customers' needs: By listening to our customers we aim to create the strategies and funds that focus on delivering the specific outcomes they need.

2) We collaborate to innovate: Our global business acts as one team by bringing together our knowledge, skill and creativity across major asset classes, disciplines and regions globally.

3) We believe in informed risk, effectively managed: We manage risk with discipline and rigour. By combining our extensive experience and unique insights, we reach an informed view on every decision throughout the whole investment process.

4) We are actively responsible investors: We manage risk with discipline and rigour. By combining our extensive experience and unique insights, we reach an informed view on the ESG risks associated with key investment decisions.

5) We invest with conviction for the long term. Everything we do is driven by our long-term perspective and our focus on building strategies and funds that are built to last.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Responsible investment is embedded in our main investment principles, both as a separate principle as well as being integrated into the other principles.

To further strengthen our approach, we adopted a new firm-wide Responsible Investment Philosophy in 2018. It includes an overall investment belief and a set of clear commitments, a governance framework and outlines how we continue to turn the policy into an investment approach across integration, stewardship, avoidance and market reform.

Aviva Investors believes it should act in a manner consistent with its role as long-term stewards of its clients' assets. We maintain a deep conviction that environmental, social and governance (ESG) factors can have a material impact on investment returns and client outcomes. We believe that being a responsible financial actor means our investment approach must support, and not undermine, the long-term sustainability of capital markets, economies and society.

Our Responsible Investment Philosophy is reviewed and approved by the Aviva Investors Holdings Limited ("AIHL") Board. Responsibility for implementation rests with the Executive Committee and heads of investment functions.

Our Responsible Investment Philosophy is further supported by two other policies - our Stewardship Policy and our Voting Policy. Both of these are approved by the AIHL Board and also the Aviva Group Board

Governance Committee and are reviewed on an annual basis.

Our approach has four main pillars:

1. Integration of environmental, social & governance (ESG) considerations into investment decisions - we continue to work together with fund managers and analysts, customising ESG integration for each investment process, to deliver improved investment outcomes for clients

2. Active ownership & stewardship through engagement and voting - we use our influence to promote good practice among those companies in which we invest, and to gain insight and reduce investment risk on ESG issues for our clients. We focus on generating outcomes that benefit our clients and in many cases society, the environment and the broader economy as well.

3. Avoidance and solutions - we provide clients with optionality of fund strategies which enable the achievement of financial objectives while avoiding direct exposure to companies and sectors that are contrary to their religious, ethical or sustainability values. We avoid or divest positions when unmanaged ESG factors fall outside of our risk tolerance and engagement is deemed unsuccessful.

4. Shaping markets for sustainability - we advocate policy measures that support longer term, more sustainable capital markets. We aim to correct market failures such as a lack of corporate disclosure on ESG risks and climate change - at a national, EU, OECD and UN level, to improve long-term policy outcomes.

The policy is implemented by an ESG team of 18 permanent employees who work with the rest of Aviva Investors to deliver the four pillars. They are supported by a network of Responsible Investment Officers (RIOs) - people from across Aviva Investors teams responsible for integrating ESG into their teams' work, as well as a number of internally seconded colleagues from across the Aviva Group who deliver specific projects.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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SG 01.6 CC	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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There are two main ways in which climate related risks can impact our investments; physical implications and the impacts of efforts (or not) to decarbonise the global economy.

These impacts present both risks and opportunities to our investments and investment processes, though the materiality of these will vary depending on geography, sector, asset class and time scales.

Physical impacts will manifest through acute impacts (e.g. extremes such as wildfires, tornados) and chronic impacts (e.g. sea level rise, long term precipitation changes, heat, ecosystem change). The severity of these impacts will depend on the success of efforts to decarbonise the economy but we are already observing increased evidence of the physical changes at 1C above pre-industrial warming. Research indicates that the severity and frequency of these events will only increase at higher rates of warming.

The decarbonisation impacts will be influenced by various factors, government ambition (international, regional, national and local), which can manifest through fiscal or monetary policies and regulatory requirements designed to promote low carbon solutions. Technological disruptions (e.g. the current impact of renewable energy on fossil fuel energy as technological developments continue to drive down the prices of renewables); consumer choices (an increasing trend in consumers to be more environmentally conscious) and liability risks (e.g. lawsuits for failing to act on climate breakdown, or deliberately subverting efforts to address it).

We believe that all these issues can and do manifest during our investment time horizons and, accordingly, are factored into our key investment processes and decision making.

SG 01.7
CC

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

SG 01.8
CC

Indicate the associated timescales linked to these risks and opportunities.

Given the global nature of climate breakdown and society's response to it, the risks and opportunities presented by it are evident today.

Acute physical risks - there is well documented evidence of the increasing trend in extreme weather. In 2018 alone there were multiple examples on a global scale of wildfires, droughts, floods and extreme storms. An example of the implications of this was the impact of drought on water levels in two major European rivers (the Rhine and the Danube) which led to water levels dropping and industries (dependant on the rivers for the transport of their raw materials and products) being impacted.

Chronic physical risks - The impact of "nuisance" flooding in low lying areas of the US (e.g. flooding caused by a combination of sea level rise and tides is affecting real estate values and local businesses. Examples of chronic impacts of climate breakdown on different sectors, asset classes and regions will grow as global heating continues.

We consider that both these acute and chronic physical risks are already present and should be considered as relevant for the time horizon of all our investment strategies.

No

SG 01.9
CC

Indicate whether the organisation publicly supports the TCFD?

Yes

No

SG 01.10
CC

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

Aviva Investors' parent company, Aviva plc, published its overarching policy on climate change, "Aviva's Strategic Response to Climate Change" in July 2015. This was subsequently updated in 2016 and 2017, and a stocktake of progress against it was published in 2018. It sets out five pillars that describe how Aviva plc has sought to integrate climate change into its investment strategy, allocate its capital and use its influence to support the transition to a lower carbon - 2°C aligned - economy. As the investment manager, Aviva Investors endeavours to:

1. Integrating climate risk into investment considerations - we will continue to explore ways to integrate carbon risk, alongside other material environmental, social and governance issues (ESG), and actively seek to collaborate to publish new research and insights. We remain deeply committed to ensuring ESG issues are included in our investment analysis and decision making.

2. Investment in lower carbon infrastructure - we will target a £500 million annual investment in low-carbon infrastructure for the next five years. This means more money invested into renewable energy and energy efficiency. We will also target 'carbon returns' alongside financial returns on our investment and are setting an associated carbon savings target for this investment of 100,000 tonnes of CO2 annually. The transition to a low-carbon economy requires capital. A large proportion of this will need to be directed towards infrastructure.

3. Supporting strong policy action on climate change - we will support policymakers in negotiating a credible long-term greenhouse gas reduction goal at the upcoming UNFCCC negotiations in Paris in December 2015 and beyond that at a national and regional level. It is in all our interests to see a smooth transition to a lower carbon economy. Climate change is a market failure that requires government action

to correct.

4. Active stewardship on climate risk - we will actively engage with companies to achieve climate-resilient business strategies. We have a fiduciary duty to protect and enhance the value of client assets. Acting as responsible stewards - engaging and voting with the companies where we are shareholders - is central to delivering this.

5. Divesting where necessary - we will divest highly carbon-intensive fossil fuel companies where we consider they are not making sufficient progress towards the engagement goals set. This decision will not be taken lightly and only where we believe that divestment is a balanced and proportionate response.

Further information can be found here: <http://www.aviva.com/media/thought-leadership/climate-change-value-risk-investment-and-avivas-strategic-response/>

No

SG 1.12 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Reports on the Internet for stakeholder groups

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach

URL/Attachment

- URL

URL

{hyperlink:<https://www.avivainvestors.com/en-gb/institutional/about-us/investment-philosophy.html>}

- Attachment (will be made public)
- Formalised guidelines on environmental factors

URL/Attachment

- URL

URL

{hyperlink:https://www.avivainvestors.com/content/dam/aviva-investors/main/assets/about/responsible-investment/our-approach-to-responsible-investment/downloads/ai-stewardship-statement-v2019.pdf}

Attachment (will be made public)

Attachment

[File 1:ai-stewardship-statement-v2019.pdf](#)

Formalised guidelines on corporate governance factors

URL/Attachment

URL

URL

{hyperlink:https://www.avivainvestors.com/content/dam/aviva-investors/main/assets/about/responsible-investment/our-approach-to-responsible-investment/downloads/uk-corporate-governance-and-corporate-responsibility-voting-policy-v2019.pdf}

Attachment (will be made public)

Attachment

[File 1:uk-corporate-governance-and-corporate-responsibility-voting-policy-v2019.pdf](#)

Fiduciary (or equivalent) duties

URL/Attachment

URL

URL

{hyperlink:https://www.avivainvestors.com/content/dam/aviva-investors/main/assets/about/responsible-investment/our-approach-to-responsible-investment/downloads/ai-stewardship-statement-v2019.pdf}

Attachment (will be made public)

Attachment

[File 1:ai-stewardship-statement-v2019.pdf](#)

Screening / exclusions policy

URL/Attachment

URL

URL

{hyperlink:https://www.aviva.com/social-purpose/policies/}

Attachment (will be made public)

Engagement policy

URL/Attachment

URL

URL

{hyperlink:https://www.avivainvestors.com/en-gb/about/responsible-investment/our-approach/}

Attachment (will be made public)

Attachment

[File 1:uk-corporate-governance-and-corporate-responsibility-voting-policy-v2019.pdf](#)

[File 2:ai-stewardship-statement-v2019.pdf](#)

(Proxy) voting policy

URL/Attachment

URL

URL

{hyperlink:https://www.avivainvestors.com/content/dam/aviva-investors/main/assets/about/responsible-investment/our-approach-to-responsible-investment/downloads/uk-corporate-governance-and-corporate-responsibility-voting-policy-v2019.pdf}

Attachment (will be made public)

Attachment

[File 1:uk-corporate-governance-and-corporate-responsibility-voting-policy-v2019.pdf](#)

We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

{hyperlink:https://www.avivainvestors.com/content/dam/aviva-investors/main/assets/about/annual-review/responsible-investment-2017.pdf}

Attachment

File Attachment

{hyperlink:AI ESG Philosophy_March 2019.docx [80KB]}

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

{hyperlink:https://www.avivainvestors.com/content/dam/aviva-investors/main/assets/about/responsible-investment/our-approach-to-responsible-investment/downloads/ai-stewardship-statement-v2019.pdf}

Attachment

File Attachment

{hyperlink:ai-stewardship-statement-v2019.pdf [507KB]}

Time horizon of your investment

URL/Attachment

URL

URL

{hyperlink:https://www.avivainvestors.com/content/dam/aviva-investors/main/assets/about/responsible-investment/our-approach-to-responsible-investment/downloads/ai-stewardship-statement-v2019.pdf}

Attachment

File Attachment

{hyperlink:ai-stewardship-statement-v2019.pdf [507KB]}

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

{hyperlink:https://www.avivainvestors.com/content/dam/aviva-investors/main/assets/about/responsible-investment/our-approach-to-responsible-investment/downloads/ai-stewardship-statement-v2019.pdf}

Attachment

File Attachment

{hyperlink:ai-stewardship-statement-v2019.pdf [507KB]}

ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:https://www.avivainvestors.com/content/dam/aviva-investors/main/assets/about/responsible-investment/our-approach-to-responsible-investment/downloads/ai-stewardship-statement-v2019.pdf}

Attachment

File Attachment

{hyperlink:ai-stewardship-statement-v2019.pdf [507KB]}

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:https://www.avivainvestors.com/content/dam/aviva-investors/main/assets/about/responsible-investment/our-approach-to-responsible-investment/downloads/ai-stewardship-statement-v2019.pdf}

Attachment

File Attachment

{hyperlink:ai-stewardship-statement-v2019.pdf [507KB]}

Reporting

URL/Attachment

URL

URL

{hyperlink:https://www.avivainvestors.com/content/dam/aviva-investors/main/assets/about/responsible-investment/our-approach-to-responsible-investment/downloads/ai-stewardship-statement-v2019.pdf}

Attachment

File Attachment

{hyperlink:uk-corporate-governance-and-corporate-responsibility-voting-policy-v2019.pdf [420KB]}

Climate change

URL/Attachment

URL

URL

{hyperlink:https://www.aviva.com/content/dam/aviva-corporate/documents/socialpurpose/pdfs/2018-aviva-climate-change-stocktake.PDF}

Attachment

File Attachment

{hyperlink:2018-aviva-climate-change-stocktake.PDF [495KB]}

We do not publicly disclose any investment policy components

SG 02.3

Additional information [Optional].

Screening

In the above list for SG 02.1, our selection of "screening / exclusions policy" was based on the fact that Aviva Investors employs a screen that excludes companies involved in the manufacture of cluster munitions and anti-personnel mines across all of our assets. This forms our general exclusion policy across all asset classes.

Across our Stewardship Fund range we apply exclusions across ethically controversial products and activities, namely alcohol, animal welfare (animal testing and fur), endangered species, gambling, genetic modification, labour standards and human rights, pornography, tobacco and weapons (both weapons and weapons systems, conventional and controversial). They also include a set of environmental exclusions based on sectors and activities such as chemicals, aviation, coal and oil.

We have also applied bespoke screens on behalf of individual clients based on their own ethical and investment policies. Our parent company Aviva plc is one such client and we implement screens which exclude companies involved in cluster munitions and tobacco manufacturing across their assets that we manage (links to these policies are included in the URL in SG 02.1). We also offer bespoke ESG integration and engagement strategies.

Aviva Investors France also employs a firm-wide exclusion list across all funds and mandates they manage. The criteria cover both companies that manufacture or sell cluster munitions or landmines as well as companies that have their headquarters located in a tax haven black-listed by the European Union.

Further policies as a subsidiary of Aviva plc

As part of Aviva plc we are committed to respect and uphold fundamental principles in the areas of human rights, labour standards, the environment and anti-corruption across all of our activities. As a sign of this commitment Aviva is a signatory to the United Nations Global Compact and supports human rights principles as outlined in the United Nations Universal Declaration of Human Rights (UNUDHR) and the International Labour Organisation (ILO) core labour standards. They can all be found here: <https://www.aviva.com/social-purpose/policies/>

Relevant policies include:

The Human Rights policy

<https://www.aviva.com/content/dam/aviva-corporate/documents/socialpurpose/pdfs/policies-responses/20171025-Human-Rights-Policy-Final.pdf>

The Business Ethics policy

<https://www.aviva.com/content/dam/aviva-corporate/documents/socialpurpose/pdfs/Aviva-Business-Ethics-Code-2018.pdf>

The CR climate change and environment business standard

https://www.aviva.com/content/dam/aviva-corporate/documents/socialpurpose/pdfs/policies-responses/CR_climate_change_and_environment_business_standard.pdf

Modern Slavery Act statement

https://www.aviva.com/content/dam/aviva-corporate/documents/socialpurpose/pdfs/Modern-Slavery-Statements-2017_2016-for-website-with-signatures1.pdf

Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Board members or trustees
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Portfolio managers
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Investment analysts
--	---------------------

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Dedicated responsible investment staff
--	--

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	External managers or service providers
--	--

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6 CC	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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The structure and process for assessing and managing climate-related issues forms part of our overall ESG approach, as set out in the Strategy & Governance section.

SG 07.7 CC	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
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One of the tools we use to integrate ESG issues into the investment process is the "Aviva Heatmap Algorithm" or "AHA" score. The AHA score provides a quantitative metric for a company's exposure to and management of ESG risks. If a company is in a sector that has a high exposure to climate change issues then the weighting of climate change in the overall AHA score is increased to reflect this.

The AHA scores, and additional metrics on carbon and water are made available to our credit and equity analysts and portfolio managers via Bloomberg, monthly updates and as briefing materials ahead of company meetings. The additional metrics are:

- **Carbon emissions exposure** - based on the carbon intensity of a business activity, and the exposure of operations to carbon regulations
- **Carbon emissions management** - a measure of the quality of and performance in a company's management of climate change risks
- **Water stress exposure** - assesses the water intensity of a company's operations and exposure to water stresses or scarce regions
- **Water management** - provides an assessment of a company's water management strategy and performance.

On a monthly basis the portfolio risk team undertakes an analysis of key investment portfolios. This analysis includes a review of a portfolio's AHA score, looking at any directional trends in the score as well as movements relative to the portfolio's benchmark. Where this review raises significant ESG concerns then the portfolio manager provides a rationale for this and, where relevant, may work with Aviva Investors' Global Responsible Investment team in developing this rationale and a suitable course of action (e.g. active stewardship or investment action). All the portfolio analytics are aggregated and reported to the Aviva Investors CIO of equities.

On a bi-monthly basis we run workshops in partnership with the corporate research teams. Each workshop takes a deep dive into a sector by looking at how and why ESG is relevant. This is illustrated by the sector analysts presenting specific company case studies, as well as evaluating the key ESG risks and opportunities to be factored into their analysis. Sessions to date have included industrials, financial services and the auto sector. Climate change is one of the factors we have discussed as part of the risk framework

**SG 07.8
CC**

Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.

- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

SG 13.1

Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, to assess future ESG factors

Describe

Aviva Investors has developed an intra-departmental approach towards forming forward-looking positions on key political, economic and social trends and expected outcomes - see our answer to SG 13.3 below for further details.

- Yes, to assess future climate-related risks and opportunities

Describe

Aviva's strategy to implement the TCFD recommendations includes conducting climate-related scenario analysis consistent with the recommendations, wherever possible using commonly agreed sector/subsector scenarios and time horizons. This will enable us to better anticipate and manage climate risks, as well as identify climate-related opportunities.

- No, not to assess future ESG/climate-related issues

SG 13.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13.3

Additional information. [OPTIONAL]

In shaping our macro outlook, Aviva Investors has developed an intra-departmental approach towards forming forward-looking positions on key political, economic and social trends and expected outcomes. Quarterly meetings of representations from across the business culminates in the official Aviva Investors' House View, which cascades back through the organisation and helps guide medium to long-term investment positions. The Global Responsible Investment Team (GRI Team) is a key component in this process and ensures that material ESG factors are considered when determining firm-wide macro outlooks.

For investment ideas, the Aviva Investors Strategic Investment Group (the 'SIG') is established as a forum to debate, deliberate and ultimately decides which investment strategies are available for the portfolio management team to use within the Aviva Investors Multi Strategy (AIMS) funds. A member of the GRI team is a permanent member of the SIG where ESG consideration helps develop investment themes and challenge ideas presented.

For climate-related risks, our current disclosure as part of our parent Aviva plc accounts for the final version of the TCFD recommendations (July 2017). In climate-related scenario analysis, they are partnering with industry associations and sector peers to drive consistency in scenarios.

SG 13 CC

Voluntary

Public

Descriptive

General

SG 13.4 CC

Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.

 Initial assessment

Describe

In conjunction with the United Nations Environment Programme Finance Initiative (UNEP FI), our parent company Aviva has developed models and scenario analysis tools to assess the potential impact on the business of the four IPCC scenarios. Outputs include financial metrics such as direct/indirect emission costs, additional capital expenditure, and revenue implications broken down by sector and geography. Each scenario describes a potential trajectory for future levels of greenhouse gases and other air pollutants and can be mapped to likely temperature rises (levels of mitigation required): 1.5°C (emissions halved by 2050), 2°C (emissions stabilise at half today's levels by 2060), 3°C (emissions rise to 2080 then fall) and 4°C (emissions continue rising at current rates).

To assess the impact of climate change on the business, Aviva is calculating a Climate Value-at-Risk (Climate VaR) from the model outputs for each IPCC scenario to assess the climate-related risks and opportunities over the next 15 years with the ability to look at shorter time periods (three to five years) where appropriate. A range of different financial indicators are used to assess the impact on our investments. These impacts are aggregated together to determine the overall impact of climate-related risks and opportunities across all scenarios by assigning relative likelihoods or probabilities to each scenario.

The Climate VaR includes the financial impact of transition risks and opportunities. This covers the projected costs of policy action related to limiting greenhouse gas emissions as well as projected profit from green revenues arising from developing new technologies and patents. In addition, it captures the financial impact of physical risks from extreme weather (e.g. flood, windstorm and wildfires) as well as the impact of rising sea levels and mean temperatures, although we recognise that the most extreme physical effects may only be felt in the second half of the century. Aviva also recognises the growing trend in climate-related litigation and has assessed its potential exposure to litigation risks accordingly.

For further details of our approach, please refer to Aviva's Climate Related Financial Disclosure Report 2018 available on their website:

<https://www.aviva.com/social-purpose/climate-related-financial-disclosure/>

- Incorporation into investment analysis
- Inform active ownership
- Other

**SG 13.5
CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

**SG 13.6
CC**

Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.

- Yes

Describe

Climate change impact is integrated into Aviva Investors' House View. This document sets out our macro economic views and is the foundation for strategic allocation decisions across all portfolios and multi-asset funds. The House View also highlights the key trends that could impact our investment portfolio. Our investment analysts and the GRI team perform rolling deep dives by sector to establish the key climate-related risks and opportunities.

With regards to stock selection, fund managers and analysts consider climate change impacts in their company research and consult with the GRI team. When meeting with senior management of the companies we invest in, we challenge them about the key risks, including climate change impacts where relevant and increasingly are seeing companies' management proactively raising climate change in their discussions. Fund managers, risk managers and our CIOs have access to a growing suite of tools to assess climate change risk at a portfolio level. This includes MSCI's ESG Ratings and carbon foot-printing information, which is embedded in our risk systems.

On a bi-monthly basis, our portfolio risk team undertakes an analysis that includes a review of the Aviva Heatmap Algorithm (AHA) scores, and additional metrics (for example carbon emissions exposure, carbon emissions management, water stress exposure and water management), looking at any directional trends in the score as well as movements relative to the portfolio's benchmark. If a company is in a sector that has a high exposure to climate change then the weighting of climate change in the overall AHA score is increased to reflect such a risk.

With respect to property, real estate debt and infrastructure, we have recently moved to an integrated system to monitor, manage and reduce the environmental (and other ESG) impacts across our real asset categories. This system enables us to identify areas in which we can improve our environmental performance and meet both our annual and our longer-term commitments. For example, for real estate, we consider flood risk and building-related energy efficiency. This strengthens our investment analysis and decision-making, reducing risk and enhancing long-term value of our clients' investments.

For further details of our approach, please refer to Aviva's Climate Related Financial Disclosure Report 2018 available on their website:

<https://www.aviva.com/social-purpose/climate-related-financial-disclosure/>

- No

**SG 13.7
CC**

Indicate whether a range of climate scenarios is used.

- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

**SG 13.8
CC**

Indicate the climate scenarios the organisation uses.

Provider	Scenario used
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input type="checkbox"/> New Policy Scenario (NPS)
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)
IRENA	<input type="checkbox"/> RE Map
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	<input type="checkbox"/> BNEF reference scenario
IPCC	<input checked="" type="checkbox"/> Representative Concentration Pathway (RCP) 8.5
IPCC	<input checked="" type="checkbox"/> RPC 6
IPCC	<input checked="" type="checkbox"/> RPC 4.5
IPCC	<input checked="" type="checkbox"/> RPC 2.6
Other	<input type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 14

Mandatory to Report Voluntary to Disclose

Public

Additional Assessed

PRI 1

SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

SG 14.4

If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

To date this has focussed on carbon footprint (Scope 1 and 2) of portfolios, but as our understanding of the limitations of various measures and the availability of other tools develops this will be reflected in our reporting.

SG 14.5

Additional information [Optional]

Aviva's Climate Change Stocktake 2018:

<https://www.aviva.com/content/dam/aviva-corporate/documents/socialpurpose/pdfs/2018-aviva-climate-change-stocktake.PDF>

Further information can be found here:

<http://www.aviva.com/media/thought-leadership/climate-change-value-risk-investment-and-avivas-strategic-response/>

SG 14 CC**Voluntary****Public****General****SG 14.6
CC**

Please provide further details on these key metric(s) used to assess climate related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Weighted average carbon intensity	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Current and future national and international policies and regulations to limit the carbon emissions are likely to affect carbon intensive industries adversely. We need a framework to compare companies with each other.	Metric tonnes/\$million revenue	Data is collected once per year from the most recent corporate sources, including Annual Reports, Corporate Social Responsibility Reports or websites. In addition, MSCI ESG Research uses the greenhouse gas (GHG) data reported through CDP (formerly the Carbon Disclosure Project) and government databases when reported data is not available through direct corporate disclosure. When companies do not disclose data, MSCI ESG Research uses a proprietary methodology to estimate both direct (Scope 1) and indirect (Scope 2) GHG emissions.
Portfolio carbon footprint	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
Total carbon emissions	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
Carbon intensity	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

- Process for climate-related risks is integrated into overall risk management

Please describe

We have a structured approach to ESG integration. This means that determining which climate-related short, medium and long-term risks and/or opportunities that could have a material impact on the organisation and its activities forms part of the overall investment process. We are currently exploring options for fully integrating ESG risk factors into our investment risks processes. This includes an assessment of environmental and specifically carbon-related risk.

- Process for climate-related risks is not integrated into our overall risk management

**SG 14.9
CC**

Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.

- Yes

Please describe

In addition, we discuss TCFD adaptation as part of our individual engagements with companies and as part of collaborative engagements, particularly through Climate Action 100+ where we lead on two companies and support further four. We have had extensive engagements with companies, encouraging them to advance their disclosure.

For example, we have addressed the board of National Grid at its AGM in 2018, requesting advanced TCFD disclosure as well as offering support. The company has subsequently reached out to us for advice. We had a TCFD dedicated session where we have provided our recommendations and pushed the company further to lead the way for companies in the energy sector.

We also use our vote; Aviva Investors was the first asset manager to publicly say it will vote against businesses that do not report in line with the TCFD's climate change recommendations. We also have an ESG disclosure policy that forms part of our voting policy and is how we seek hold companies to account on their disclosure practice and to encourage companies to improve their practices. We receive dedicated research from a third party analysing companies against their ESG disclosure practices around social, environmental and ethical practices, including climate change. On the back of this analysis, the GRI team makes a final voting recommendations taking into other proprietary information and analysis. The implementation of this voting policy focuses on key holdings to facilitate positive engagement and the greatest leverage to bring about corporate change.

We participate in a number of initiatives specifically focusing on climate change:

- UN PRI
- CDP Climate Change, Water and Forest Disclosure Requests
- CDP Non-Disclosure Campaign
- Climate Action 100+
- Institutional Investors Group on Climate Change
- The ClimateWise Principles
- Transition Pathways Initiatives (TPI)
- CDSB TCFD Commitment
- Investor Network on Climate Risk (INCR)/CERES
- UN Global Compact Principles
- UNEP FI

- No, we do not engage

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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- Yes
- No