CLIMATE TRANSPARENCY REPORT 2020

Aviva Investors

Principles for Responsible Investment

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 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-0651182C-E0A3-421C-BBD1-78B6A0A45390/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1). 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 2020 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 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	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 14.6 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.

PRI Principles for Responsible Investment

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	81% 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.

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General

SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

◉ Yes

	Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

Climate risk impacts our investments through physical implications and the impacts of efforts (or not) to decarbonise the global economy.

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.

We have developed a transition risk model which is applied in to the Climate Transition Fund (CTF). This transition risk model will also be applied to the climate franchise we are starting to launch in 2020. The investment strategy of the CTF has two sleeves; solutions sleeve (allocates to companies provide mitigation and adaption) and a transition sleeve (allocates to stocks whose business models align with and support low-carbon economy transition). The fund also excludes fossil fuel companies under following criteria:

- >/= 0% revenues from coal, unconventional fossil fuels, Arctic gas & oil production or thermal coal electricity generation;
- >/=10% revenues from oil & gas production and liquid fuels electricity generation;
- >/=15% revenues from natural gas electricity generation.

The model has also been scaled to other funds across our capability. Our Real Assets platform assesses climate transition risk in every transaction. Climate transition risks are assessed by our origination teams at the point of origination, where opportunities are sourced from the market and analysed for suitability for clients. Through the origination process, the team assesses the asset, activity or counterparty involved in the transaction for exposure to climate transition risk, undertaking a detailed analysis of high-risk sectors such as chemicals, utilities and automotive. Where transition risk is high, we may seek to mandate an environmental covenant in the transaction agreement or may choose to decline the transaction where transition risk cannot be mitigated. Legal and reputational transition risks are assessed in the real estate component of the Real Assets platform. Exposure to legislative changes concerning Minimum Energy Efficiency Standards is assessed quarterly, where the volume of assets with non-compliant Energy Performance Certificate ratings are reported internally.

○ No

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

◉ Yes

	Describe 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 01.8 CC	Indicate whether the organisation publicly supports the TCFD?

◉ Yes

○ No

SG 01.9 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 CO_2 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 1.10 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

☑ Public PRI Climate Transparency Report

☑ Annual financial filings

☑ Regular client reporting

☐ Member communications

☑ Other

	specify

Reports on the Internet for stakeholder groups

☐ We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General

SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

	Board members or trustees

☑ 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

☑ Oversight/accountability for climate-related issues

☐ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

	Other Chief-level staff or heads of departments

☑ Oversight/accountability for climate-related issues

☐ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

	Portfolio managers

☑ 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 that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

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 07.8 CC	Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

☑ Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)

☐ Request incorporation of TCFD into regular client reporting

☐ Request that external managers complete PRI climate indicator reporting

☐ Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide

☐ Other

☐ We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1

SG 13.1	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

☑ Yes, in order 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, in order to assess future climate-related risks and opportunities

	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.

☐ No, our organisation does not currently carry out scenario analysis and/or modelling

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. A Global Responsible Investment (GRI) representative attended each of the quarterly House View forums in 2019, ensuring material ESG factors were accounted for and understood.

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 and the Asset Allocation Committee, 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 updated version of the TCFD recommendations published in 2019. In climate-related scenario analysis, they are partnering with industry associations and sector peers to drive consistency in scenarios.

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General

SG 13.4 CC	Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

☑ Initial assessment

	Describe

In conjunction with the United Nations Environment Programme Finance Initiative (UNEP FI), our parent company Aviva plc 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 2019; which takes a long-term view on the impacts of climate change in meetings liabilities. It concludes that the 1.5 alignment is desired, thus affecting strategy.

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

Within the annual Stress and Scenario Testing exercise, an exploratory climate change scenario was conducted in 2019 to potential financial impacts on Aviva Investors. This scenario comprised of accelerated carbon taxes impacting our liquid funds under management, and accelerated implementation of energy policy, leading to increasingly stringent regulation in real estate causing downward pressure on real estate valuations. The stress scenario was run against the Aviva Investors three-year plan and reported to the board as part of the wider Stress and Scenario Testing report. The climate change scenario will be retained and reassessed in order to capture new risks as they materialise. This will allow Aviva Investors to monitor the impact of climate risk within each asset class and the resilience of the business plan to the long-term structural risks associated with climate change and international policy responses

☑ Incorporation into investment analysis

	Describe

One of the tools we use to integrate ESG issues into the investment process is the "Aviva Heat map 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 risk.

☑ Inform active ownership

	Describe

We are strong supporters of the recommendations of the FSB Taskforce on Climate-Related Financial Disclosures. This includes a requirement to stress-test business models against 2-degree policy scenarios. Climate risk remains an important consideration in our long-term valuation of companies, and we expect boards to be able to demonstrate 'climate competency' in their communications with investors. We expect companies to begin reporting climate risks, strategy, policies and performance against the Taskforce disclosure framework.

We expect companies to begin reporting climate risks, strategy, policies and performance against the Taskforce disclosure framework. This should include stress testing of business models and assets against various climate policy scenarios. We will vote against the report and accounts of companies operating in high impact sectors that have not made sufficient progress in providing the market with investment relevant climate disclosures.For the very highest emitters in scope of CA 100+, we will take voting action if the company has not committed to setting science based targets.

Our climate engagement program is executed by all investment functions as a reflection of the centrality of climate risks to our investment outlook. Typically, interactions with company chairman and the board are lead by members of the GRI team to ensure that boards are appropriately reflecting on climate. Portfolio managers are tasked with driving the climate agenda with the executive team as part of their regular company interactions, to ensure board level discussions and commitments are being actioned and operationalised. Engagements outcomes are looped back into the research process to ensure a dynamic and informed climate investment view of companies and sectors.

☐ 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 your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its 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 2010 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.

☑ Analysis based on a 2°C or lower scenario

☐ Analysis based on an abrupt transition, consistent with the Inevitable Policy Response

☐ Analysis based on a 4°C or higher scenario

☐ No, a range is not used

SG 13.8 CC	Indicate the climate scenarios your organisation uses.

Provider	Scenario used
IEA	☐ Beyond 2 Degrees Scenario (B2DS)
IEA	☐ Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	☐ Sustainable Development Scenario (SDS)
IEA	☐ New Policy Scenario (NPS)
IEA	☐ Current Policy Scenario (CPS)
IRENA	☐ RE Map
Greenpeace	☐ Advanced Energy [R]evolution
Institute for Sustainable Development	☐ Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	☐ BNEF reference scenario
IPCC	☑ Representative Concentration Pathway (RCP) 8.5
IPCC	☑ RPC 6
IPCC	☑ RPC 4.5
IPCC	☑ RPC 2.6
Other	☐ Other (1)
Other	☐ Other (2)
Other	☐ 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 14.5	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

Aviva's Climate Related Financial Disclosure 2018:

https://www.aviva.com/content/dam/aviva-corporate/documents/investors/pdfs/reports/2018/climate-related-financial-disclosure-aviva-plc-2018-annual-report-and-accounts.pdf

Further information can be found here:

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

For SG 14.2 we are phasing out fossil fuel in some funds.

SG 14 CC	Voluntary	Public		General

SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	☐ All assets ☐ Majority of assets ☐ Minority of assets			
Weighted average carbon intensity	☐ All assets ☑ Majority of assets ☐ Minority of assets			
Carbon footprint (scope 1 and 2)	☐ All assets ☑ Majority of assets ☐ 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	☐ All assets ☐ Majority of assets ☐ Minority of assets			
Total carbon emissions	☐ All assets ☐ Majority of assets ☐ Minority of assets			
Carbon intensity	☐ All assets ☐ Majority of assets ☐ Minority of assets			
Exposure to carbon-related assets	☐ All assets ☐ Majority of assets ☐ Minority of assets			

SG 14.7 CC	Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				

SG 14.8 CC	Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

⦿ Processes for climate-related risks are integrated into overall risk management

	Please 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.

○ Processes for climate-related risks are not integrated into overall risk management

SG 14.9 CC	Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake 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 undertake active ownership activities.

○ No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1

SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

◉ Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.

	%

0.7

SG 15.3	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

	Area

☑ Energy efficiency / Clean technology

	Asset class invested

☑ Listed equity

	Percentage of AUM (+/-5%) per asset class invested in the area

100

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☐ Fixed income - Corporate (non-financial)

☐ Fixed income - Securitised

☐ Property

☐ Infrastructure

☐ Cash

☐ Other (1)

	Brief description and measures of investment

Climate Transition Fund Investment

The Sub-Fund invests principally in the equities of European companies which facilitate the transition to a low carbon economic model. It excludes fossil fuel companies and has two investment sleeves:

- Solutions sleeve, which allocates to companies whose goods and services provide solution for climate change mitigation and adaptation;
- Transition sleeve, which allocates to stocks whose business models positively align with and support the transition to a low-carbon economy. These companies will need to adapt to the impacts of a warmer world on their value chain and the economy at large.

Specifically, the Sub-Fund invests in equities and equity-related securities of companies that have their registered office, or do most of their business, in Europe.

Strategy The Sub-Fund Investment Manager excludes fossil fuel companies from the investment universe using the following criteria:

- >/= 0% revenues from coal, unconventional fossil fuels, Arctic gas & oil production or thermal coal electricity generation.
- >/=10% revenues from oil & gas production and liquid fuels electricity generation.
- >/=15% revenues from natural gas electricity generation. Companies within that ex-fossil fuel universe are then identified as solution providers, transition leaders or both, using Aviva Investors' proprietary climate selection model.

☑ Renewable energy

Asset class invested

☐ Listed equity

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☐ Fixed income - Corporate (non-financial)

☐ Fixed income - Securitised

☐ Property

☑ Infrastructure

Percentage of AUM (+/-5%) per asset class invested in the area

100

☐ Cash

☐ Other (1)

Brief description and measures of investment

Our Infrastructure Equity and Debt desks, part of our Real Assets platform, invest in renewable energy generation technology and low-carbon infrastructure, with combined AUM of £4.4bn as at end 2019, 1.2% of our total AUM. In July 2015, we announced an investment target of £500m annually for the next five years in low carbon infrastructure (i.e. investing £2.5bn in low carbon infrastructure by 2020). We have already achieved our 2020 target. In 2019, we invested £717.3m into wind, solar, energy from waste and energy efficiency projects. This level of investment in renewable and low carbon energy generation supports the transition to net zero and will create 159,000 tCO2e savings.

☐ Green buildings

☐ Sustainable forestry

☐ Sustainable agriculture

☐ Microfinance

☐ SME financing

☑ Social enterprise / community investing

Asset class invested

☐ Listed equity

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☐ Fixed income - Corporate (non-financial)

☐ Fixed income - Securitised

☐ Property

☐ Infrastructure

☐ Cash

☑ Other (1)

Percentage of AUM (+/-5%) per asset class invested in the area

100

Brief description and measures of investment

Croissance Durable ISR

The fund is a thematic multi-asset fund- with €23m AUM- which implements a conviction-based investment strategy around three main themes linked to the Sustainable Development Goals. These include the goals to; the fight against global warming, the preservation of the planet's resources and the improvement of individuals living conditions.

The launch of this fund is fully in line with our strategy, placing responsible investment and sustainable finance at the heart of our concerns. It also responds to the UN Sustainable Development Goals, a frame of reference for assessing the impact of our responsible investments.

In June 2019, Aviva Croissance Durable ISR obtained the Public Label "Socially Responsible Investment" (SRI).

☐ Affordable housing

☐ Education

☐ Global health

☐ Water

☑ Other area, specify

Ethical Funds: Stewardship Fund Range

Asset class invested

☑ Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

89

☐ Fixed income - SSA

☑ Fixed income - Corporate (financial)

Percentage of AUM (+/-5%) per asset class invested in the area

11

☐ Fixed income - Corporate (non-financial)

☐ Fixed income - Securitised

☐ Property

☐ Infrastructure

☐ Cash

☐ Other (1)

Brief description and measures of investment

Stewardship Fund Range

- Aviva Stewardship Fixed Interest Fund
- Aviva Stewardship UK Equity Fund
- Aviva Stewardship UK Equity Income Fund
- Aviva Stewardship International Equity Fund

The aims of the Stewardship fund are to:

1. Exclude companies that do not meet certain ethcial standards or harm the society and/or environment. These include: Coal, Oil, Tobacco, HR, Media Violence, Military and Defence, Alcohol, Gambling, Nuclear Power, Chemical.
2. Support companies that make a positive contribution to society.
3. Encourage better business practices through shared ownership and dialogue.

○ No