

Aviva ESG Baseline Underwriting Statement

Purpose

This document sets out our environmental, social and governance baseline underwriting statement to ensure we:

- Help drive the transition to a low-carbon, climate resilient economy
- Support the environmental alliances to which we are committed
- Clearly define the activities we exclude as an insurer.

Background

At Aviva we have always taken our responsibilities to society seriously. Our business purpose and strong values give us the confidence to take bold decisions and lead by example, which is why we have committed to becoming a net zero insurer by 2040.¹

As insurance providers for the last 325 years, we support customers who share our long term view. We are working with customers to help them reduce their exposure to the risks arising from the transition to a low carbon, climate resilient economy. We have a very low appetite for climate-related risks which could have a material negative impact upon our customers and wider society as well as our business model and balance sheet.

We are already focused on providing insurance that enables the transition to a new low-carbon economy;

In 2019 we exited the London Market for insurance of standalone operational fossil fuel power generation and replaced this with a renewable energy insurance offering. Through this product we currently insure some of the largest wind & solar farms in the world.

We believe the highest emission fuels are not part of a net zero future and this requires immediate action to drive the phase-out of thermal coal and provide support for companies aligned to a clean energy transition.

We also believe in strong alliances to bring about change and take action in addressing complex issues like climate change. That is why we; support the objectives of the Paris Agreement² to limit global warming to 1.5 degrees, are a founding signatory of ClimateWise³, are a founding signatory of the Powering Past Coal Finance Principles⁴ and are founding members of the UN-convened Net Zero Insurance Alliance.⁵

Our industry leading sustainability ambition is company-wide, accordingly this underwriting statement closely aligns to our investment baseline exclusion policy.

Phasing out the highest emission fuels

Thermal coal emits significantly more carbon than any other energy source in today's fuel mix, meaning that reducing the use of thermal coal in power generation is a critical first step that must take place if the goals of the Paris Agreement are to be achieved.

Further to our commitment as signatories to the Powering Past Coal Alliance, we have set our own bold ambition to build a zero-carbon future.

Effective immediately, we will no longer offer insurance for:

- Construction of coal-fired power stations
- Construction or operation of thermal coal mines
- Power generation risks which generate power from coal
- Any new fossil fuel mining or extraction projects
- Companies where more than 5% of their revenues are directly generated from extracting fossil fuels.
- Offshore oil and gas rigs and platforms

Exceptions

- We will consider companies serious about their transition out of high carbon fuels and who have committed to clear Science Based Targets aligned to the Paris Agreement target of limiting temperature rises to 1.5 degrees
- Businesses indirectly related to fossil fuels such as Solid Fuel Merchants and Commodity Traders
- We will continue to provide:
 - Employee benefit insurances
 - Management liability insurance
 - Construction and property coverage for stand alone renewable energy assets

Support and guidance

Tackling the climate emergency requires commitment from everyone and we think it is important to encourage companies to continuously improve. We will proactively engage with our customers on climate action to provide insurance and risk management solutions as they seek to reduce emissions and evolve their business practices for a sustainable future.

For customers already at increased risk we provide expert risk management advice and guidance to help make their properties more resilient reducing the impacts of future climate related events.

We actively support the development of renewable energy generation and have developed specific insurance solutions to help the construction of new facilities and protect those in operation.

Controversial Products

We believe there are some products and business practices that are detrimental to society and incompatible with our values and our strong lead on climate action.

We are therefore reaffirming our position not to insure companies involved in the following;

- The manufacture of tobacco products
- The manufacture, sale or supply of cluster bombs or anti-personnel mines
- The manufacture, sale or supply of arms and munitions
- Animal testing

Exceptions

- We will consider publicly listed arms and munition companies that can demonstrate strong corporate governance and oversight where this is an incidental/ancillary element of their business and companies that provide support equipment.
- We will consider companies where animal testing is an incidental non-core activity, that can evidence animal testing is only used as a last resort and where the use of controversial testing is minimised.
- We will continue to provide support to employees of these companies through employee benefit insurances

Acquisitions

In the event Aviva were to acquire a business which had pre-existing underwriting books that were non-compliant with this statement we would take proactive practical steps to bring that business back within tolerance of this statement in a reasonable time period.

Footnotes

¹ Further details at [Taking Climate Action – Aviva plc](#)

² Further details at https://ec.europa.eu/clima/policies/international/negotiations/paris_en

³ Further details at <https://www.cisl.cam.ac.uk/business-action/sustainable-finance/climatewise>

⁴ Further details at <https://www.poweringpastcoal.org/>

⁵ <https://www.unep i.org/net-zero-insurance/>

Definitions

Thermal Coal – Thermal Coal includes lignite, bituminous, anthracite and steam coal, and excludes revenue from metallurgical coal.

Tobacco products include Cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco. This also includes companies that grow or process raw tobacco leaves.

Cluster bombs: A conventional munition that is designed to disperse or release explosive submunitions each weighing less than 20 kilograms, and includes those explosive submunitions. It does not mean the following: A munition or submunition designed to dispense flares, smoke, pyrotechnics or chaff or a munition designed exclusively for an air defence role; A munition or submunition designed to produce electrical or electronic effects.

Anti-personnel mines: Mines designed to be exploded by the presence, proximity or contact of a person and which will incapacitate, injure or kill one or more persons. Mines designed to be detonated by the presence, proximity or contact of a vehicle (...) that are equipped with anti-handling devices, are not considered anti-personnel mines as a result of being so equipped.

Arms and munitions – any weapons and ammunition designed for use in warfare or against any person. Includes civilian firearms, biological and chemical weapons.

Related Aviva policies

[Taking Climate Action – Aviva plc](#)

[Aviva Policy on Tobacco Manufacturing](#)

[Aviva Biodiversity Policy](#)