


The image shows two overlapping forms from the PRI LEA (Leadership Engagement) toolkit. The top form is LEA 02, titled 'Disruptive Mandatory', and the bottom form is LEA 03, titled 'Gateway'. Both forms are designed for recording engagement activities and are structured with columns for 'Type of engagement', 'Reason for interaction', and 'Action'. The forms are partially filled out with handwritten text.

Type of engagement	Reason for interaction	Action
Individual/ internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making in a company's ESG issues <input checked="" type="checkbox"/> To encourage corporate practice for identifying the need to enhance ESG disclosure <input type="checkbox"/> Other: specify	<input type="checkbox"/> To support investment decision-making in a company's ESG issues <input type="checkbox"/> To encourage corporate practice for identifying the need to enhance ESG disclosure <input type="checkbox"/> Other: specify
Collaborative engagements	<input type="checkbox"/> To support investment decision-making in a company's ESG issues <input type="checkbox"/> To encourage corporate practice for identifying the need to enhance ESG disclosure <input type="checkbox"/> Other: specify	<input type="checkbox"/> To support investment decision-making in a company's ESG issues <input type="checkbox"/> To encourage corporate practice for identifying the need to enhance ESG disclosure <input type="checkbox"/> Other: specify
Service provider engagements	<input type="checkbox"/> To support investment decision-making in a company's ESG issues <input type="checkbox"/> To encourage corporate practice for identifying the need to enhance ESG disclosure <input type="checkbox"/> Other: specify	<input type="checkbox"/> To support investment decision-making in a company's ESG issues <input type="checkbox"/> To encourage corporate practice for identifying the need to enhance ESG disclosure <input type="checkbox"/> Other: specify

# RI TRANSPARENCY REPORT

## 2016

Aviva Investors

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2016 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Public							✓
OO 08	Segregated mandates or pooled funds	✓	Public							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Additional information about organisation	✓	Public							✓
OO 11	RI activities for listed equities	✓	Public							✓
OO 12	RI activities in other asset classes	✓	Public							✓
OO 13	Modules and sections required to complete	✓	Public							✓

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	RI goals and objectives	✓	Public							✓
SG 05	Main goals/objectives this year	-	n/a							✓
SG 06	RI roles and responsibilities	✓	Public							✓
SG 07	RI in performance management, reward and/or personal development	✓	Public							✓
SG 08	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09	Promoting RI independently	✓	Public				✓			
SG 10	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
SG 11	ESG issues in strategic asset allocation	✓	Private	✓						
SG 12	Long term investment risks and opportunity	✓	Public	✓						
SG 13	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 14	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 15	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 16	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
SG 17	Innovative features of approach to RI	✓	Public							✓
SG 18	Internal and external review and assurance of responses	✓	Public							✓

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Role of investment consultants/fiduciary managers	✓	Public				✓			
SAM 02	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 03	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public							✓
SAM 04	ESG incorporation strategies	✓	Public	✓	✓					
SAM 05	Selection processes (LE and FI)	✓	Public	✓					✓	
SAM 06	Appointment considerations (LE and FI)	⚡	n/a				✓			
SAM 07	Monitoring processes (LE and FI)	✓	Public	✓						
SAM 08	Percentage of (proxy) votes cast	✓	Public		✓					
SAM 09	Selection processes (PE, PR and INF)	⚡	n/a	✓					✓	
SAM 10	Appointment considerations (PE, PR and INF)	⚡	n/a				✓			
SAM 11	Monitoring processes (PE, PR and INF)	⚡	n/a	✓					✓	
SAM 12	Percentage of externally managed assets managed by PRI signatories	✓	Private	✓					✓	
SAM 13	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public		✓					
SAM 14	Disclosure of RI considerations	✓	Public						✓	

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public							✓
LEI 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 06	Types of screening applied	🔒	n/a	✓						
LEI 07	Processes to ensure screening is based on robust analysis	🔒	n/a	✓						
LEI 08	Processes to ensure fund criteria are not breached	🔒	n/a	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 11	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 12	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 13	ESG issues in index construction	✓	Public	✓						
LEI 14	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 15	Measurement of financial and ESG outcomes of ESG incorporation	✓	Public	✓						
LEI 16	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
LEI 17	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	⚡	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	⚡	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagement methods	✓	Public		✓					
LEA 13	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 14	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 15	Examples of ESG engagements	✓	Public		✓					
LEA 16	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 17	Voting policy & approach	✓	Public	✓	✓	✓				
LEA 18	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 19	Percentage of voting recommendations reviewed	⚡	n/a		✓					
LEA 20	Confirmation of votes	✓	Public		✓					
LEA 21	Securities lending programme	✓	Public		✓					
LEA 22	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 23	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 24	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 25	Shareholder resolutions	✓	Public		✓					
LEA 26	Examples of (proxy) voting activities	✓	Public		✓					
LEA 27	Disclosing voting activities	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive,active strategies	✓	Public							✓
FI 02	Option to report on <10% assets	⚡	n/a							✓
FI 03	Breakdown by market and credit quality	✓	Public							✓
FI 04	Incorporation strategies applied	✓	Public	✓						
FI 05	ESG issues and issuer research	✓	Public	✓						
FI 06	Processes to ensure analysis is robust	✓	Public	✓						
FI 07	Types of screening applied	⚡	n/a	✓						
FI 08	Negative screening - overview and rationale	-	n/a	✓						
FI 09	Examples of ESG factors in screening process	-	n/a	✓						
FI 10	Screening - ensuring criteria are met	-	n/a	✓						
FI 11	Thematic investing - overview	⚡	n/a	✓						
FI 12	Thematic investing - themed bond processes	⚡	n/a	✓						
FI 13	Thematic investing - assessing impact	⚡	n/a	✓						
FI 14	Integration overview	✓	Public	✓						
FI 15	Integration - ESG information in investment processes	✓	Public	✓						
FI 16	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 17	ESG incorporation in passive funds	✓	Public	✓						
FI 18	Engagement overview and coverage	✓	Public		✓					
FI 19	Engagement method	✓	Public	✓	✓					
FI 20	Engagement policy disclosure	✓	Public	✓	✓					
FI 21	Financial/ESG performance	✓	Public							✓
FI 22	Examples - ESG incorporation or engagement	✓	Public	✓	✓					
FI 23	Communications	✓	Public		✓				✓	



Direct - Property				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PR 01	Breakdown of investments	✓	Private							✓
PR 02	Breakdown of assets by management	✓	Public							✓
PR 03	Largest property types	✓	Private							✓
PR 04	Description of approach to RI	✓	Private	✓					✓	
PR 05	Responsible Property Investment (RPI) policy	✓	Public	✓					✓	
PR 06	Fund placement documents and RI	✓	Public	✓			✓		✓	
PR 07	Formal commitments to RI	✓	Private				✓			
PR 08	Incorporating ESG issues when selecting investments	✓	Public	✓						
PR 09	ESG advice and research when selecting investments	✓	Private	✓			✓			
PR 10	Examples of ESG issues in investment selection process	✓	Public	✓		✓				
PR 11	Types of ESG information considered in investment selection	✓	Private	✓		✓				
PR 12	ESG issues impact in selection process	✓	Public	✓						
PR 13	ESG issues in selection, appointment and monitoring of third-party property managers	✓	Public				✓			
PR 14	ESG issues in post-investment activities	✓	Public		✓					
PR 15	Proportion of assets with ESG targets that were set and monitored	✓	Public		✓	✓				
PR 16	Certification schemes, ratings and benchmarks	✓	Private		✓					
PR 17	Proportion of developments and refurbishments where ESG issues were considered	✓	Public		✓					
PR 18	Proportion of property occupiers that were engaged with	✓	Public		✓					
PR 19	Proportion of green leases or MOUs referencing ESG issues	✓	Public		✓					
PR 20	Proportion of assets engaged with on community issues	✓	Public		✓					
PR 21	ESG issues affected financial/ESG performance	✓	Public	✓	✓					
PR 22	Examples of ESG issues that affected your property investments	✓	Public	✓		✓				
PR 23	Disclosure of ESG information to public and clients/beneficiaries	✓	Public						✓	

Aviva Investors

Reported Information

Public version

Organisational Overview

## PRI disclaimer

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## Basic Information

OO 01	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

### OO 01.1 Select the services you offer.

☒ Fund management

% of assets under management (AUM) in ranges

- ☐ <10%  
☐ 10-50%  
☒ >50%

☒ Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

- ☒ <10%  
☐ 10-50%  
☐ >50%

☐ Other, specify

☐ Execution and advisory services

OO 02	Mandatory	Peering	General
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### OO 02.1 Select the location of your organisation's headquarters.

United Kingdom

### OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- ☐ 1  
☐ 2-5  
☐ 6-10  
☒ >10

### OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

1393

OO 02.4

Additional information. [Optional]

Investment management and distribution of Aviva Investors' products takes place in the UK, France, Poland, Singapore, Canada and the United States. We have offices covering distribution only in Australia, Ireland, the Netherlands, Sweden, Switzerland, Taiwan and UAE. Our office in Germany has an investment team and our Luxembourg office manages fund administration.

OO 03

Mandatory

Descriptive

General

OO 03.1

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

☐ Yes

☒ No

OO 04

Mandatory

Gateway/Peering

General

OO 04.1

Indicate the year end date for your reporting year.

31/12/2015

OO 04.2

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		289	910	000	000
Currency	GBP				
Assets in USD		438	230	608	036

OO 06

Mandatory

Descriptive

General

OO 06.1

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

☐ Publish our asset class mix as percentage breakdown

☒ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	<10%
Fixed income	>50%	<10%
Private equity	0	0

Property	10-50%	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	<10%	0
Other (2), specify	0	0

'Other (1)' specified

Other mixed assets, balanced funds and structured products managed by Aviva Investors which cannot be allocated to a specific asset class

OO 06.2

Publish our asset class mix as per attached image [Optional].

OO 07

Mandatory to Report Voluntary to Disclose

Gateway

General

OO 07.1

Provide to the nearest 5% the percentage breakdown of your Fixed Income AUM at the end of your reporting year, using the following categories.

Internally managed	SSA
	10
	Corporate (financial)
	50
	Corporate (non-financial)
	40
	Securitised
Externally managed	0
	Total
	100%
	SSA
	10
	Corporate (financial)
	50
	Corporate (non-financial)
	30
	Securitised
	10
	Total
	100%

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 08.1	Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds.
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	% of externally managed assets
Segregated mandate(s)	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %
Pooled fund(s)	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %
<i>Total externally managed assets</i>	100%

OO 09	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 09.1	Indicate the breakdown of your organisation's AUM by market.
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Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

OO 10	Voluntary	Descriptive	General
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OO 10.1	Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.
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We are a global asset manager with a broad range of expertise across asset classes. Our investment services include:

- Global and regional fixed income strategies
- Global and regional equity strategies
- Global and regional real estate strategies
- A range of multi-asset strategies and multi-strategy outcome-oriented solutions offering investors access to asset-allocation expertise.
- Global Client Solutions providing bespoke portfolio management expertise across the full range of asset classes.

Our overarching strategy is to offer investment propositions that deliver those outcomes that are central to the success or wellbeing of our customers. We focus on what we do best, and on capabilities and propositions that build on our heritage in managing long-term savings.

## Gateway asset class implementation indicators

OO 11	Mandatory	Gateway	General
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OO 11.1	Select your direct or indirect ESG incorporation activities your organisation implemented, for listed equities in the reporting year.		
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- ☒ We incorporate ESG in our investment decisions on our internally managed assets
- ☒ We address ESG incorporation in our external manager selection, appointment and/or monitoring processes
- ☐ We do not incorporate ESG in our directly managed listed equity and/or we do not address ESG incorporation in our external manager selection, appointment and/or monitoring processes.

OO 11.2	Select your direct or indirect engagement activities your organisation implemented for listed equity in the reporting year.		
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- ☒ We engage with companies on ESG issues via our staff, collaborations or service providers
- ☐ We require our external managers to engage with companies on ESG issues on our behalf
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors.

OO 11.3	Select your direct or indirect voting activities your organisation implemented for listed equity in the reporting year		
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- ☒ We cast our (proxy) votes directly or via dedicated voting providers
- ☒ We require our external managers to vote on our behalf
- ☐ We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

OO 12	Mandatory	Gateway	General
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OO 12.1	Select internally managed asset classes where you implemented responsible investment into your investment decisions and/or your active ownership practices (during the reporting year)		
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- ☒ Fixed income – SSA
- ☒ Fixed income – corporate (financial)
- ☒ Fixed income – corporate (non-financial)
- ☒ Property
- ☐ Other (1)
- ☐ None of the above

	'Other (1)' [as defined in OO 05]
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Other mixed assets, balanced funds and structured products managed by Aviva Investors which cannot be allocated to a specific asset class



**OO 12.2**

Select externally managed assets classes where you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes (during the reporting year)

- ☒ Fixed income – SSA
- ☒ Fixed income – corporate (financial)
- ☒ Fixed income – corporate (non-financial)
- ☒ Fixed income – securitised
- ☐ None of the above

**OO 13****Mandatory****Gateway****General**

**You will need to make a selection in OO 13.1 only if you have any voluntary modules that you can choose to report on.**

**OO 13.1**

You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list below.

**Core modules**

- ☒ Organisational Overview
- ☒ Strategy and Governance

**RI implementation directly or via service providers****Direct - Listed Equity incorporation**

- ☒ Listed Equity incorporation

**Direct - Listed Equity active ownership**

- ☒ Engagements
- ☒ (Proxy) voting

**Direct - Fixed Income**

- ☒ Fixed income - SSA
- ☒ Fixed income - Corporate (financial)
- ☒ Fixed income - Corporate (non-financial)

**Direct - Other asset classes with dedicated modules**

- ☒ Property

**RI implementation via external managers**

## Indirect - Selection, Appointment and Monitoring of External Managers

- ☒ Listed Equities
- ☒ Fixed income - SSA
- ☒ Fixed income - Corporate (financial)
- ☒ Fixed income - Corporate (non-financial)
- ☒ Fixed income - Securitised

## Closing module

- ☒ Closing module

DRAFT

Aviva Investors

Reported Information

Public version

Strategy and Governance

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## Responsible investment policy

SG 01

Mandatory

Core Assessed

General

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 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"/> Asset class-specific guidelines <input type="checkbox"/> Sector specific RI guidelines <input 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 what norms have you used to develop your RI policy.

- ☒ UN Global Compact Principles
- ☒ UN Guiding Principles on Business and Human Rights
- ☒ Universal Declaration of Human Rights
- ☐ International Bill of Human Rights
- ☒ International Labour Organization Conventions
- ☐ United Nations Convention Against Corruption
- ☒ OECD Guidelines for Multinational Enterprises
- ☒ Other, specify (1)

other (1) description

UK Stewardship Code, UK Corporate Governance Code and International Corporate Governance Network (ICGN) Global Corporate Governance Principles

- ☒ Other, specify (2)

other (2) description

Oslo Convention on Cluster Munitions and Ottawa Convention on Anti-Personnel Mines

- ☐ Other, specify (3)
- ☐ None of the above

**SG 01.4**

Provide a brief description of the key elements of your investment policy that covers your responsible investment approach [Optional].

Aviva Investor's overarching investment philosophy forms five pillars, three of which directly draw on our approach to responsible investment.

1. *We believe in informed risk, effectively managed:* by combining our extensive experience and unique insights, we reach an informed view on every decision throughout the whole investment process.
2. *We are actively responsible investors:* we promote sustainable business practices in global markets, encouraging greater transparency and better corporate governance. This helps us to reduce risk and strive to enhance the long-term value of our clients' investments
3. *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.

<https://uk.avivainvestors.com/gb/en/institutional/about-us/investment-philosophy.html>

☐ No

**SG 01.5**

Additional information [Optional].

At Aviva Investors, we seek to deliver the specific and meaningful outcomes that matter most to today's investor. Our commitment to responsible investment is fundamental to delivering this goal. We focus on integration, active stewardship and market advocacy to deliver our view of responsible investment.

THE THREE STRATEGIC PILLARS OF OUR APPROACH ARE:

1. Integration of environmental, social& governance (ESG) considerations into investment decisions - we 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. 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.

KEY POLICIES

For 93% of assets under management we have developed a tailored responsible investment approach. The key policies that guide our approach to responsible investment are:

The Aviva Investors Stewardship Statement sets out our commitment to the UK Stewardship Code and the Principles for Responsible Investment. It also outlines the philosophy, beliefs and practices that drive Aviva Investors' behaviours as a major responsible institutional investor.

Our Corporate Governance and Corporate Responsibility Voting Policy sets out the standards of good corporate governance and corporate responsibility we expect from the companies in which we invest and outlines how this is translated into our voting policy.

We have also developed specific policies for different asset classes as we regard the consideration of ESG issues and their impact on investment as an essential part of our fiduciary duty to clients. For example, as one of Europe's largest real estate investment manager we have a Responsible Property Policy that applies to all Aviva Investors Real Estate's global activities.

SG 02	Mandatory	Core Assessed	PRI 6
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SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide URL and an attachment of the document.
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- ☒ Policy setting out your overall approach

URL
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<https://uk.avivainvestors.com/gb/en/institutional/about-us/responsible-investment.html>

- ☐ Formalised guidelines on corporate governance factors

- ☒ Asset class-specific guidelines

URL
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[http://www.avivainvestors.co.uk/pension\\_schemes/cs/groups/internet/documents/webattachment/zgzf/mdmw/~edisp/pdf\\_030468.pdf](http://www.avivainvestors.co.uk/pension_schemes/cs/groups/internet/documents/webattachment/zgzf/mdmw/~edisp/pdf_030468.pdf)

- ☒ Engagement policy

URL
-----

<https://uk.avivainvestors.com/content/dam/aviva/aviva-investors/united-kingdom/documents/institutional/ai-stewardship-statement.pdf>

- ☒ (Proxy) voting policy

URL
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<https://uk.avivainvestors.com/content/dam/aviva/aviva-investors/united-kingdom/documents/institutional/uk-corporate-governance-and-corporate-responsibility-voting-policy-rebranded.pdf>

- ☐ We do not publicly disclose our investment policy documents

SG 03	Mandatory	Core Assessed	General
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SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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- ☒ Yes

**SG 03.2**

Describe your policy on managing potential conflicts of interest in the investment process.

Our approach to managing conflicts of interest is publicly disclosed within our Stewardship Statement, which we update on an annual basis.

☐ No

**Objectives and strategies****SG 04****Mandatory****Gateway/Core Assessed****General****SG 04.1**

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc basis
- ☐ It is not reviewed

**SG 04.2**

Additional information. [Optional]

The Global Responsible Investment team reports annually to the Aviva Investors Executive Committee and the Aviva Board Governance Committee on performance against responsible investment objectives. We hold a quarterly planning meeting on our annual overarching objectives as well as review our engagement targets. Progress is reviewed on a quarterly basis by the Global Responsible Investment Advisory Committee comprising four experts in governance and sustainability issues.

**Governance and human resources****SG 06****Mandatory****Core Assessed****General****SG 06.1**

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation
------------------------------------

- ☒ Board members or trustees
  - ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other Chief-level staff or head of department, specify
- ☒ Portfolio managers
  - ☐ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Investment analysts
  - ☐ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Dedicated responsible investment staff
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ External managers or service providers
- ☐ Investor relations
- ☐ Other role, specify
- ☐ Other role, specify

<b>SG 06.3</b>	Indicate the number of dedicated responsible investment staff your organisation has.
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	Number
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7

<b>SG 06.4</b>	Additional information. [Optional]
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The Global Responsible Investment (GRI) team comprises seven corporate governance and responsible investment professionals. We have plans to expand our team and will be recruiting for two new roles in 2016. Our responsible investment work is supported by a network of over 30 Responsible Investment Officers distributed across all asset classes, front and middle office functions as well as different geographic regions.

SG 07	Voluntary	Additional Assessed	General
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**Board members/Board of trustees**

- ☐ Responsible investment included in personal development and/or training plan
- ☒ None of the above

**Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee**

- ☐ Responsible investment KPIs and/or goals included in objectives
- ☐ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☒ None of the above

**Portfolio managers**

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

**Investment analysts**

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

**Dedicated responsible investment staff**

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

**SG 07.3**

Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

Aviva Investors was one of the first large mainstream asset managers to make the integration of environmental, social and governance (ESG) factors into investment decisions part of the pay criteria of its main investment desk heads. We have a network of Responsible Investment Officers (RIO)s that play an active role in embedding ESG data and analysis fully into each desk's investment process. This network of over 30 fund managers, analysts and support functions is the first point of contact for ESG integration within each investment desk and region. Responsible Investment objectives are now incorporated into the appraisal and compensation of a number of our RIO network, with a modest but meaningful part of their annual compensation linked to ESG issues.

## Promoting responsible investment

**SG 08****Mandatory****Core Assessed****PRI 4,5**

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

**SG 08.1**

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

**Select all that apply**

☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Aviva Investors is proud to be a founding signatory and a strong supporter of the Principles for Responsible Investment (PRI). We previously played a formal role in the PRI (Steve Waygood, Chief Responsible Investment Officer, was a Partner of the PRI Academic Network). Our current involvement is being active participants in leading and supporting engagements through the PRI Clearing House.

- ☐ AFIC – La Commission ESG
- ☐ Asian Corporate Governance Association
- ☐ Australian Council of Superannuation Investors
- ☐ BVCA – Responsible Investment Advisory Board
- ☒ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Having supported CDP since before its inception in 2001, Aviva provided seed funding to the Carbon Action Initiative and participated in the investor steering group along with CCLA, Robeco and Scottish Widows Investment Partnership (SWIP) in its development. We continue to work closely with them on their focus on non-disclosure of risks relating to carbon, water and forest commodities. Aviva Investors continues to be an active spokesperson on carbon risks and the CDP, contributing to a promotional video in 2015.

☒ CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Please see CDP response above

☒ CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Please see CDP response above

☒ CFA Institute Centre for Financial Market Integrity

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☐ Code for Responsible Investment in SA (CRISA)
- ☐ Council of Institutional Investors (CII)
- ☐ ESG Research Australia
- ☐ Eumedion
- ☐ EVCA – Responsible Investment Roundtable
- ☒ Extractive Industries Transparency Initiative (EITI)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☒ Global Investors Governance Network (GIGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Aviva Investors is a founding member of GIGN and held the position of Chair for 10 years until 2014 when our tenure ended. We continue to be active members of the organisation.

- ☐ Global Impact Investing Network (GIIN)
- ☒ Global Real Estate Sustainability Benchmark (GRESB)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Aviva Investors joined GRESB in 2010. Both our European Direct Real Estate team and Global Indirect Real Estate (GIRE) team are currently members. Kathleen Jowett of our GIRE team sits on GRESB's Advisory Board.

GIRE requires all its underlying managers to participate in GRESB. From an indirect investing perspective, the GRESB survey allows us to both monitor existing practices and promote best practice. This is something we have done since 2005.

Since 2014 Aviva Investors has co-chaired an investor-led initiative to create a global standard and benchmarking tool for measuring sustainability in infrastructure investments in order to allow investors to better assess ESG performance and risk across infrastructure investments. This working group entered into a partnership with GRESB and will form the Infrastructure Advisory Board and commit to the development of the initiative for the next 3 years. In 2015 we hosted the European launch of the GRESB Infrastructure initiative in London.

John Gellatly, Head of UK and Europe in our Global Indirect Real Estate (GIRE) team, presented at GRESB's 2015 results event in London on how Aviva Investors participates in GRESB and uses the results to monitor and encourage best practice.

☒ Institutional Investors Group on Climate Change (IIGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We are active participants in IIGCC, our Head of Responsible Investment Strategy & Research chairs the Corporate Working Group which shapes IIGCC engagement priorities with carbon and energy intensive companies on carbon risk. Part of this role has involved the development of sector specific engagement guides for investors.

☒ Interfaith Center on Corporate Responsibility (ICCR)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic  
☐ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We are supportive of the organisations efforts and have followed their work on ESG shareholder resolutions closely. We have been supportive of the shareholder proposals when they have been in line with our voting policy.

☒ International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

We are longstanding members of ICGN and previously served on the Board of Governors. We currently Chair the Nomination Committee.

- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☒ International Integrated Reporting Council (IIRC)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

We were formerly members of the investor working group and continue to follow their work, contributing where relevant.

- ☒ Investor Network on Climate Risk (INCR)/CERES

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Aviva Investors is signatory to the Ceres Carbon Asset Risk initiative and we are actively engaging with target companies. We also collaborate via the Global Investor Coalition on climate change, which includes IIGCC, ICGG and AIGCC.

- ☐ Local Authority Pension Fund Forum
- ☐ Principles for Financial Action for the 21st Century
- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify  
UKSIF, Eurosif

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Aviva Investors is a long standing member of UKSIF. In addition, although serving in a personal capacity, our Head of Responsible Investment Strategy and Research is on the Board of UKSIF and our Head of Responsible Investment Engagement is on the Leadership Committee. We support flagship initiatives such as Ownership Day co-hosted events on several ESG topics including Sustainable Fisheries.

- ☐ Shareholder Association for Research and Education (Share)
- ☒ United Nations Environmental Program Finance Initiative (UNEP FI)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
  - ☒ Moderate
  - ☐ Advanced
- ☒ United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Our parent company, Aviva is a longstanding signatory to the UN Global Compact Principles. In 2010, we were invited to be one of approximately 50 companies forming the Global Compact LEAD, to set a best practice example to others. As well as reporting annually against these principles we support the UN Global Compact principles through our Corporate Governance and Corporate Responsibility Voting Policy and targeted engagement (including leading a collaborative engagement on the PRI Clearing House).

We also consider the UN Global Compact to be a strategic partner in the Sustainable Stock Exchange Initiative and work closely on a range of other initiatives.

- ☒ Other collaborative organisation/initiative, specify

Sustainable Stock Exchange Initiative - a partnership between investors, the UN Global Compact, the PRI, UNEP-FI and UNCTAD.

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Aviva Investors played a prominent role in helping to establish the Sustainable Stock Exchange (SSE) in 2009, which is now run by PRI, UNEP, UNGC and UNCTAD. The SSE initiative is a peer-to-peer learning platform for exploring how exchanges, in collaboration with investors, regulators, and companies, can enhance corporate transparency - and ultimately performance - on ESG issues and encourage sustainable investment as well as promoting sustainable capital markets encouraging long term approaches to investment.

In 2015 30 stock exchanges joined the initiative, whilst stock exchanges from Kazakhstan, Mexico, Morocco, Norway and Spain announced their public commitment to produce a guidance on ESG disclosure by the end of 2016. These five exchanges join eight others that announced their commitment at the launch of the United Nations SSE initiative's Campaign to Close the ESG Guidance Gap, hosted at the London Stock Exchange in September 2015.

☒ Other collaborative organisation/initiative, specify

2020 Stewardship Working Party

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

We are founding members of the 2020 Stewardship Working Party a group whose outputs include:

- development of the stewardship framework of the PLSA (formerly NAPF)
- publication, with the ICSA, of 'Enhancing Stewardship Dialogue'
- research collaboration of the Investment Association, PLSA, ICSA and Investor Relations Society to assess the progress of stewardship since the introduction of the Stewardship Code.

☒ Other collaborative organisation/initiative, specify

Investment Association (IA)

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

We are active members of the Investment Association participating in various ways including:

- members of the Corporate Governance and Stewardship Committee
- Directorship on the Board of the Investor Forum, the IAs body for collective investor engagement
- members of the Productivity Steering Group that is producing an Action Plan for improved productivity for UK companies.



☒ Other collaborative organisation/initiative, specify

Corporate Human Rights Benchmark (CHRB)

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

In December 2014, together with six collaborating NGO, investor and research organisations, Aviva Investors launched the Corporate Human Rights Benchmark (CHRB). This is the first global project to rank companies on their human rights performance. The CHRB will harness the competitive nature of the markets to drive better human rights performance by developing a transparent, publicly available and credible benchmark. Initially, a total of 500 of the world's top companies from the four highest impact sectors for human rights risks (agriculture, telecom and consumer electronics production, textile and clothing manufacture and raw materials) will all be researched and ranked on their human rights performance.

Aviva Investors Chairs the Steering Group that in 2015 oversaw the global stakeholder consultation to develop the measurement themes and indicators.

SG 09

Mandatory

Core Assessed

PRI 4

SG 09.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

☒ Yes

SG 09.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- ☒ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations  
☒ Provided financial support for academic or industry research on responsible investment  
☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry  
☒ Spoke publicly at events and conferences to promote responsible investment  
☒ Wrote and published in-house research papers on responsible investment  
☒ Encouraged the adoption of the PRI  
☒ Wrote articles on responsible investment in the media.  
☐ Other, specify

☐ No

SG 09.3

Additional information. [Optional]

During the year we have launched a number of initiatives to further develop our own responsible investment practices and to improve corporate practice within specific sectors and on specific topics. All of these initiatives have a global reach and are aimed at improving company performance and market standards.

**Climate change**

As part of our proactive response to understanding climate risk and the economic implications to our customers, business and society as a whole, Aviva commissioned research from the Economist Intelligence Unit on the value at risk from climate change to the global asset base, including investment, pensions and long-term savings. We have been active in sharing this publicly available research amongst the industry.

In July 2015 we set out our Strategic Response to Climate Change, which identified five areas where we will focus our attention as part of our contribution to tackling climate change. The response is based on five carbon pillars, which all have an associated work stream. These are: further integrating climate risk into investment considerations; investment in lower carbon infrastructure; supporting policy action on climate change; active stewardship on climate risk; and divesting where necessary.

### World Heritage Sites

Together with Investec Asset Management and WWF we launched a report on protecting World Heritage Sites (WHS) from extractive activities. Together we produced research on the scale of the problem, producing guidance and recommendations for investors as well as establishing a collaborative engagement group via the PRI Clearing House. We consider launching projects to address emerging issues an important part of our responsibility as investors.

### Human rights

Along with 6 partners, Aviva Investors launched the Corporate Human Rights Benchmark (CHRB). This is the first global project to rank companies on their human rights performance. The CHRB will harness the competitive nature of the markets to drive better human rights performance by developing a transparent, publicly available and credible benchmark. Initially, a total of 500 of the world's top companies from the four highest impact sectors for human rights risks (agriculture, telecom and consumer electronics production, textile and clothing manufacture and raw materials) will all be researched and ranked on their human rights performance.

SG 10	Voluntary	Additional Assessed	PRI 4,5,6
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<b>SG 10.1</b>	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.
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☒ Yes

☒ Yes, individually

☒ Yes, in collaboration with others

<b>SG 10.2</b>	Select the methods you have used.
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☒ Endorsed written submissions to governments, regulators or public policy developed by others

☒ Drafted your own written submissions to governments, regulators or public policy markers

☒ Participated in face-to-face meetings with government members or officials to discuss policy

☐ Other, specify

<b>SG 10.3</b>	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.
----------------	--

☐ Yes, publicly available

☒ No

☐ No

### Implementation not in other modules

<b>SG 12</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**SG 12.1**

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

- ☒ Changing demographics
- ☒ Climate change

**SG 12.2**

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
- ☒ 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 12.3**

Indicate which of the following tools you use to manage emissions risks and opportunities

- ☒ Carbon footprinting
- ☐ Scenario testing
- ☐ Disclosure on emissions risk to clients/trustees/management/beneficiaries
- ☐ Target setting for emissions risk reduction
- ☒ Encourage internal and/or external portfolio managers to monitor emissions risk
- ☐ Emissions risk monitoring and reporting are formalised into contracts when appointing managers
- ☐ Other, specify
- ☐ None of the above
- ☐ Resource scarcity
- ☐ Technology developments
- ☐ Other, specify(1)
- ☐ Other, specify(2)
- ☐ None of the above

**SG 12.5**

Additional information [Optional]

Our Strategic Response to Climate Change identified five areas where we will focus our attention as part of our contribution to tackling climate change. The response is based on five carbon pillars, which all have an associated work stream. These are:

4. **Further 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.
5. **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.

6. **Supporting strong policy action on climate change** - we supported 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. We consider climate change a market failure that requires government action to correct.
7. **Active stewardship on climate risk** - we have been actively engaging with 40 coal 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.
8. **Divesting where necessary** - we have committed to 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/>

SG 13	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1
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SG 13.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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☐ Yes

☒ No

SG 13.4	Additional information [Optional].
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We run a limited number of bespoke mandates with specific environmental or social criteria.

## Innovation

SG 17	Voluntary	Descriptive	General
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SG 17.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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☒ Yes

**SG 17.2**

Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

A key innovation to facilitate our integration of ESG issues into investment analysis and decision-making is our Responsible Investment Officer (RIO) network. This network of 30 fund managers, analysts and support functions is the first point of contact for ESG integration within each investment desk and region. The RIOs play an active role in embedding ESG data and analysis fully into each desk's investment process. This includes working with the Global Responsible Investment team on the most appropriate use of ESG data and the development of tools.

☐ No

## Assurance of responses

**SG 18****Voluntary****Additional Assessed****General****SG 18.1**

Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.

☒ Yes

**SG 18.2**

Indicate who has reviewed, validated and/or assured your reported information.

- ☐ Reviewed by Board, CEO, CIO or Investment Committee
- ☒ Validated by internal audit or compliance function
- ☐ Assured by an external independent provider, specify name
- ☐ Other, specify

**SG 18.3**

Describe the steps you have taken to review, validate and/or assure the content of your reported information.

This report was prepared by the Head of Responsible Investment Strategy and Research with support from the RIO network at Aviva Investors and has been reviewed and signed-off by the relevant desk heads for each asset class and the Chief Responsible Investment Officer.

In December 2014, we were pleased to receive independent assurance on our Stewardship Code statement under the AAF 01/06 Stewardship Supplement by PwC. One of less than ten per cent of signatories to the UK Stewardship Code to do so. It is our intention to have our Stewardship Code Statement externally audited periodically.

☐ No

Aviva Investors

## Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

## 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.

## Overview

<b>SAM 01</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 4</b>
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**SAM 01.1** Indicate whether your organisation uses investment consultants and/or fiduciary managers.

- ☐ Yes, we use investment consultants  
☐ Yes, we use fiduciary managers  
☒ No

<b>SAM 02</b>	<b>Mandatory</b>	<b>Gateway</b>	<b>General</b>
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**SAM 02.1** Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring

Select all that apply

Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Listed equity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - SSA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - Corporate (financial)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - Corporate (non-financial)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - Securitised	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**SAM 02.2** Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

We consider responsible investment to be a fundamental part of asset management and as such have integrated responsible investment performance into the external manager selection process.

A standardised request for proposal (RFP) is sent to external fund managers as part of an initial due diligence process which covers in detail the 7Ps investment process. The 7Ps investment process is based on seven key criteria that are analysed in-depth: Parent, Product, Philosophy, Process, People, Performance, Position.

In evaluating each of these aspects the Multi Manager (MM) team is aiming to objectively assess whether the manager can demonstrate added value which has been derived from skillful investment decision making. Each of the 7Ps investment process is scored to assist in building our overall rating and understanding of the fund. It is important to note that no one answer is 'correct'; rather we seek to build up a holistic understanding of a manager's approach in order to gain conviction. Given the importance we place on ESG issues, each of these 'Ps' incorporates an ESG dimension. For example, the Position 'P' includes analysis of the ratings of each holding's MSCI ESG score. Aviva Investors Multi-Manager team's scale provides excellent access to managers, which is a key stage of the due diligence process.

The RFP incorporates a number of questions relating to ESG, both at the firm level and in the investment process. These are focused on assessing external fund managers' commitment but also evidence of their ESG integration strategy.

The MM team seeks to understand how managers consider and incorporate ESG factors into their investment processes. For instance, although a number of the asset managers that the MM team invests with are signatories to the PRI (as at end 2015, just over 79% of our managers are PRI signatories, up from 55% in 2014), the MM team also seeks evidence through the due diligence process that these values feed into the individual strategy level.

It is indeed not just about potential robust corporate ESG policies, the team requires external fund managers to evidence ESG integration and ownership (where relevant) in their investment processes.

Once appointed, ESG features in the monitoring process and is covered during the review meetings we regularly host with managers.

Listed equity (LE) and Fixed income (FI)			
Overview			
SAM 03	Mandatory to Report	Voluntary to Disclose	Gateway
General			
SAM 03.1	Provide a breakdown of your externally managed listed equities and fixed income by passive, active quant and, active fundamental and other active strategies.		



Listed equity (LE)	<div> <div>Passive strategies</div> <div>0</div> </div> <div> <div>Active - quantitative (quant) strategies</div> <div>10</div> </div> <div> <div>Active - fundamental and active - other</div> <div>90</div> <div>100%</div> </div>
Fixed income - SSA (SSA)	<div> <div>Passive strategies</div> <div>0</div> </div> <div> <div>Active - quantitative (quant) strategies</div> <div>0</div> </div> <div> <div>Active - fundamental and active - other</div> <div>100</div> <div>100%</div> </div>
Fixed income - Corporate (financial)	<div> <div>Passive strategies</div> <div>0</div> </div> <div> <div>Active - quantitative (quant) strategies</div> <div>0</div> </div> <div> <div>Active - fundamental and active - other</div> <div>100</div> <div>100%</div> </div>
Fixed income - Corporate (non-financial)	<div> <div>Passive strategies</div> <div>0</div> </div> <div> <div>Active - quantitative (quant) strategies</div> <div>0</div> </div>

	<div>Active - fundamental and active - other</div> <div>100</div> <div>100%</div>
Fixed income - Securitised	<div>Passive strategies</div> <div>0</div> <div>Active - quantitative (quant) strategies</div> <div>0</div> <div>Active - fundamental and active - other</div> <div>100</div> <div>100%</div>

<b>SAM 04</b>	<b>Mandatory</b>	<b>Gateway</b>	<b>PRI 1,2</b>
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☐ Appeal approved for this indicator

<b>SAM 04.1</b>	Indicate which of the following ESG incorporation strategies you require your external manager(s) to implement on your behalf:
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Active investment strategies
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Active investment strategies	LE	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Screening	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Thematic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integration	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>Selection</b>
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<b>SAM 05</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1-6</b>
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**SAM 05.1**

Indicate whether your organisation and/or your investment consultant typically do any of the following in the manager selection process for listed equity and/or fixed income.

**General**

	<b>LE</b>	<b>SSA</b>	<b>Corporate (financial)</b>	<b>Corporate (non-financial)</b>	<b>Securitised</b>
Review the manager's responsible investment policies	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss managers' governance and management of responsible investment activities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Meet staff with responsible investment responsibilities to assess their skills and competence	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss minimum responsible investment expectations that managers must meet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discuss the role managers have played in collaborative initiatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's responsible investment reporting to clients and/or the public, (excluding PRI)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's PRI Transparency or Assessment reports	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss the type of ESG reporting you expect	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assign specific weighting to ESG factors in your manager evaluation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other general aspects in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## ESG incorporation

		SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Evaluate the quality and coverage of ESG research used by managers		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess how the manager incentivises brokers to provide ESG research		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assess managers' ESG incorporation strategies and ability to identify and manage ESG issues		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss with managers how ESG issues have impacted specific investment decisions and, where relevant, stock or portfolio performance		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other ESG incorporation issues in your selection process, specify		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Engagements

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Discuss with the manager the historic interactions they have had with the investee entities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss the comprehensiveness of managers' engagement processes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss the role managers have played in influencing investee entities' ESG practices and performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss the escalation strategies the manager deploys in case of insufficient ESG performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss how information gained through engagement is incorporated into investment decision-making	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other engagement issues in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(Proxy) voting

	LE
Discuss the managers' voting processes	<input checked="" type="checkbox"/>
Discuss how information gained through research for (proxy) voting is used in investment-decision making	<input type="checkbox"/>
Discuss whether the manager is able to deploy the asset owner's proprietary voting policy or aligning its voting policy with the asset owner's investment beliefs and strategy	<input type="checkbox"/>
Other (proxy) voting issues in your selection process, specify	<input type="checkbox"/>
None of the above	<input type="checkbox"/>

<b>SAM 05.2</b>	Please describe the level of experience board members/trustees/chief-level staff have with incorporating ESG factors into investment decision-making processes.
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This question is not applicable.

## Monitoring

<b>SAM 07</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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<b>SAM 07.1</b>	Indicate whether your organisation and/or your investment consultant in the dialogue and monitoring of your external manager typically do any of the following.
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	General
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DRAFT

	LE	SSA	Corporate (financial)	Corporate (non- financial)	Securitised
Include responsible investment as a standard agenda item at performance review meetings	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Highlight examples of good responsible investment practice by other managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discuss if the manager has acted in accordance with your overall investment beliefs on responsible investment and ESG issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss if the manager has acted in accordance with your organisation's overall strategy on responsible investment and ESG issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discuss if the manager has acted in accordance with your organisation's overall policy on responsible investment and ESG issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Review the manager's responsible investment reporting (excluding PRI)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's PRI Transparency or Assessment reports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Review ESG characteristics of the portfolio	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the impact of ESG issues on financial performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Encourage your managers to consider joining responsible investment initiatives/organisations or participate in collaborative projects with other investors	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other general aspects of your monitoring, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ESG incorporation

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Request information on ESG incorporation in specific investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other ways you monitor ESG incorporation, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Engagements

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Review the ESG information relevant to the engagements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss the number of engagements and their comprehensiveness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discuss the type of role played (i.e. leading or supporting)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discuss the outcomes and quantifiable impact of the engagements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the progress of ongoing engagements and/or outcomes of completed engagements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other ways you monitor engagement activities, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## (Proxy) voting



	<b>LE</b>
Review the number or percentage of votes cast	<input checked="" type="checkbox"/>
Request an explanation of reasons for votes cast	<input type="checkbox"/>
Discuss whether companies were informed of the reasons for votes against management recommendations or abstentions/withheld votes	<input type="checkbox"/>
Review the number of resolutions on ESG issues filed or co-filed	<input type="checkbox"/>
Discuss the changes in company practice (outcomes) that have been achieved from voting activities	<input type="checkbox"/>
Other ways you monitor (proxy) voting activities, specify	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>

If you select any 'Other' option(s), specify

Our sub investment managers apply their own voting policies to our mandates, however our Investment Management Agreements (IMA) require that they provide us with their proxy voting records. We publish these proxy voting records on our website alongside the votes cast by Aviva Investors using our Corporate Governance and Corporate Responsibility Voting Policy.

<b>SAM 08</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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#### SAM 08.1

For the listed equities where you have given your external managers a (proxy) voting mandate, indicate the approximate percentage (+/- 5%) of votes that were cast during the reporting year.

☒ We track or collect this information

Votes cast (to the nearest 5%)

%

80

Specify the basis on which this percentage is calculated

- ☐ Of the total number of ballot items on which they could have issued instructions
- ☐ Of the total number of company meetings at which they could have voted
- ☒ Of the total value of your listed equity holdings on which they could have voted
- ☐ We do not track or collect this information

**SAM 08.2** Additional information. [Optional]

A small number of our managers do not have the resources to proxy vote on our behalf. We are currently looking into voting these holdings ourselves applying our Corporate Governance and Corporate Responsibility Voting Policy.

**Outputs and outcomes**

SAM 13	Voluntary	Descriptive	PRI 2
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**SAM 13.1** Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.

☒ Add Example 1

Topic or issue	Integration
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input checked="" type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – securitised
Scope and process	In a recent monitoring meeting with an equity manager with a focus on Asian equities, the manager gave us a specific example of a stock they chose not to invest in following interaction with their dedicated ESG team. The ESG team highlighted a case of child labour at an affiliate of the company in question and the manager decided not to invest.
Outcomes	This demonstrated that their ESG process actively impacts portfolio management decisions, confirming our conviction in the responsible investment performance of the manager.

☒ Add Example 2

Topic or issue	ESG scoring
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input checked="" type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – securitised
Scope and process	A manager of a short-dated corporate bond fund described how ESG scores feed into analyst reports. If the scores are low the team are required to carry out a further assessment prior to investing. If the score is low due to poor governance or poor accounting standards it is highly unlikely the team would invest.
Outcomes	We consider a fully integrated ESG research function as best in class. This is a strong positive and a contributory factor as to why we have strong conviction in this manager.

☒ Add Example 3

Topic or issue	Screening for CCC holdings
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input checked="" type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – securitised
Scope and process	As part of our active monitoring process we recently reviewed our Asian managers, specifically, we use the MSCI ESG screen to see how many CCC rated holdings our managers are exposed to. We have one manager in this area who is very conscious of ESG in their process and they were not exposed to any CCC rated holdings. Where our managers are exposed to CCC holdings we question our managers at our bi-annual meetings on these holdings.
Outcomes	These reviews are used to understand how well ESG is integrated into their approach and hold managers to account on their communicated processes.

☐ Add Example 4

☐ Add Example 5

## Communication

SAM 14	Mandatory	Core Assessed	PRI 6
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**SAM 14.1** Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.

☒ Yes, we disclose information publicly

provide URL

<https://uk.avivainvestors.com/content/dam/aviva/aviva-investors/united-kingdom/documents/Jan-Dec-14-individual-uk-EngagementReport-VotingSchedule.pdf>

**SAM 14.2** Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.

☐ Yes

☒ No

**SAM 14.3**

Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.

Information	Public	Clients/beneficiaries
How responsible investment considerations are included in manager selection, appointment and monitoring processes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Details of the responsible investment activities carried out by managers on your behalf	<input type="checkbox"/>	<input checked="" type="checkbox"/>
E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other, specify below	<input type="checkbox"/>	<input type="checkbox"/>

- ☐ Yes, we disclose information to clients/beneficiaries only  
☐ We do not proactively disclose information to the public and/or clients/beneficiaries

**SAM 14.4**

Additional information. [Optional]

ESG is part of both the Multi Manager (MM) team's RFP process as well as part of its in-depth investment process. We now report on the voting of our underlying external managers on the Aviva Investors website. Upon client request, we could also provide details of the responsible investment activities carried out by managers on our behalf as well as specific E, S and/or G impacts from some of the MM team's investments and active ownership.

Aviva Investors

Reported Information

Public version

Direct - Listed Equity Incorporation

## 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.

## Overview

LEI 01	Mandatory to Report	Voluntary to Disclose	Gateway	General
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**LEI 01.1** Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.

Percentage of internally managed listed equities

	Passive
39	
	Active - quantitative (quant)
0	
	Active - fundamental and active - other
61	
	Total
100%	

## ESG incorporation in actively managed listed equities

### Implementation processes

LEI 03	Mandatory	Gateway	PRI 1
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**LEI 03.1** Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies (+/- 5%)

#### ESG incorporation strategy (select all that apply)

- ☐ Screening alone (i.e. not combined with any other strategies)
- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☒ Integration alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied	<div> <div></div> <div>%</div> </div> 100
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- ☐ Screening + Integration strategies
- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

Total actively managed listed equities
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100%

<b>LEI 03.2</b>	Describe your organisation's approach to incorporation and the reasons for choosing the particular ESG incorporation strategy/strategies.
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We've always believed that companies conducting their business in responsible and sustainable manner are more likely to succeed over time, benefiting both our customers and society as a whole. We believe by being responsible investors, which involves encouraging greater transparency and sustainability and better corporate behaviours we can help reduce the risk and enhance the long-term value for our clients' investments.

We took an approach of integrating environmental, social and governance (ESG) issues into investment analysis and decision-making across the full range of assets as we believe ESG issues are frequently material and this insight can be used to deliver improved outcomes for our clients. The tailored responsible investment policies for each asset class that feed into our buy, sell and hold portfolio decisions are linked to our investment philosophy pillars of believing in informed risk, effectively managed and investing with conviction for the long term.

Our long history of stewardship and over two decades of active engagement and voting is based on the belief that we should use our influence as shareholders to promote responsible and sustainable practices in our investee companies. Our approach to stewardship and active ownership draws on our conviction that investors' fiduciary responsibilities go beyond capital allocation decisions as our influence can be used to drive strong sustainability performance, which in turn delivers improved long-term returns. Our annually updated Corporate Governance and Corporate Responsibility Voting Policy sets out our position on a range of issues and is applied at the thousands of company AGMs we vote on every year. Our policy goes beyond corporate governance to include ESG performance and disclosure. This policy helps us encourage companies to be better governed, more transparent and more sustainable, the qualities we believe will result in better long term returns for our clients.

To compliment our voting practices we also engage with hundreds of companies a year with the specific aims of flagging our concerns and driving better corporate behaviour in order to improve client returns. The issues we address range from human rights, health, safety and labour standards to operating in environmentally-sensitive habitats, corporate values and tackling bribery and corruption, issues we believe can be material to our investments.

We tend not to screen our funds for "controversial" companies but have long considered that the manufacture of cluster munitions and anti-personnel mines undermined fundamental human rights and since 2008 Aviva has avoided holding securities linked to companies involved in the manufacture of cluster munitions or antipersonnel mines on its own account.

<b>LEI 04</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PR1</b>
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<b>LEI 04.1</b>	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.
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**Type of ESG information**

- ☒ Raw ESG company data

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ Company-related analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Sector-related analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Country-related analysis or ratings

**Indicate who provides this information**

- ☐ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Screened stock list
- ☒ ESG issue-specific analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Other, specify

<b>LEI 04.2</b>	Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.
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We source a range of high quality independent ESG research and data. We use this research, the expertise of the team, bespoke research commissioned from brokers and research organisation and additional information from less conventional sources such as NGOs and civil society to build up a rich picture of how the ESG issues impact the businesses and other asset classes in which we invest.

Our research is sourced from a range of specialist independent research providers as well as sell-side brokers. Current providers include Bloomberg, CDP, Vigeo EIRIS, Institutional Shareholder Services and MSCI. A biennial review of research providers is conducted to ensure the best available data.

The GRI team and dedicated research analysts are the primary users of the ESG data as it is incorporated into the investment analytical process. All fund managers have access to key data - our voting record and selected ESG scores from our research providers - on a company by company basis through an 'ESG heat map' we have designed in-house and made available on Bloomberg. We continue to develop portfolio management tools and run regular knowledge sharing sessions to share the latest ESG research and trends with fund managers, strategists and analysts.

<b>LEI 04.3</b>	Indicate if you incentivise brokers to provide ESG research.
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☒ Yes

<b>LEI 04.4</b>	Describe how you incentivise brokers.
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We allocate a proportion of broker commission specifically to providers of ESG research. We also provide feedback to brokers on the ESG research we receive.

☐ No

<b>LEI 05</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>LEI 05.1</b>	Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.
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☒ Engagement

- ☒ We have a systematic process to ensure the information is made available.
- ☐ We occasionally make this information available.
- ☐ We do not make this information available.

☒ (Proxy) voting

- ☒ We have a systematic process to ensure the information is made available.
- ☐ We occasionally make this information available.
- ☐ We do not make this information available.

## LEI 05.2

Additional information. [Optional]

All voting and engagement is recorded on a central database that both the Global Responsible Investment team and Equity team have access to. In addition, we have developed an ESG heatmap that provides a quick overview of ESG issues at all investee companies through a traffic light colour coding system. The heatmap is based on monthly data feeds from our externally sourced research and our voting history and engagement database. The heatmap is shared internally on Bloomberg allowing all relevant colleagues including Fund Managers to quickly and easily access the data via their desktop terminals. We also provide ESG briefings to fund managers ahead of their meetings with company executives. These briefings include the heatmap view of the company as well as an overview of material ESG concerns at the company, engagement records and providing specific ESG questions or requests where relevant.

## (C) Implementation: Integration of ESG issues

## LEI 10

Mandatory

Core Assessed

PRI 1

## LEI 10.1

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues	
Environmental	Environmental	<div>Environmental</div> <ul style="list-style-type: none"> <li><input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly</li> <li><input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly</li> <li><input type="radio"/> We do not review environmental issues</li> </ul>
Social	Social	<div>Social</div> <ul style="list-style-type: none"> <li><input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly</li> <li><input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly</li> <li><input type="radio"/> We do not review social issues</li> </ul>
Corporate Governance	Corporate Governance	<div>Corporate Governance</div> <ul style="list-style-type: none"> <li><input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly</li> <li><input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly</li> <li><input type="radio"/> We do not review corporate governance issues</li> </ul>

**LEI 10.2**

Additional information. [Optional]

Our central database where all voting and engagement is recorded and our company ESG heatmap of all investee companies based on external data feeds and our internal view are accessible to Fund Managers. The ESG heatmap is uploaded onto Bloomberg and refreshed on a monthly basis, allowing Fund Managers to quickly and easily access the most recent data as well as being able to see at a glance companies ESG performance based on the heatmap's traffic light coding system. Fund Managers have individual accounts to access the ESG analysis from external research providers' platforms directly. This direct access to information enables all Fund Managers to review the potential significance of environmental, social and governance issues, investigate them accordingly and factor them into the valuation process as appropriate. We also provide Fund Managers with ESG briefings ahead of their meetings with company executives. These briefings are provided for both meetings with existing investee companies as well as potential future investment targets. The briefings include the heatmap view of the company as well as an overview of material ESG concerns at the company, engagement records and providing specific ESG questions or requests where relevant.

**LEI 11****Voluntary****Additional Assessed****PRI 1****LEI 11.1**

Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Company information and/or ratings on ESG are updated regularly
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☒ Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ☒ ESG risk profile of a portfolio against benchmark
- ☐ Other, specify
- ☐ None of the above

**LEI 11.2**

Describe how ESG information is held and used by your portfolio managers.

- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ☐ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☐ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify
- ☐ None of the above

**LEI 12****Mandatory to Report Voluntary to Disclose****Core Assessed****PRI 1**

**LEI 12.1**

Indicate into which aspects of investment analysis you integrate ESG information.

- ☒ (Macro) economic analysis
  - ☐ Systematically
  - ☒ Occasionally
- ☒ Industry analysis
  - ☐ Systematically
  - ☒ Occasionally
- ☒ Analysis of operational management
  - ☐ Systematically
  - ☒ Occasionally
- ☒ Analysis of company strategy
  - ☒ Systematically
  - ☐ Occasionally
- ☒ Portfolio construction
  - ☒ Systematically
  - ☐ Occasionally

**LEI 12.2a**

Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis and/or portfolio construction.

- ☐ Adjustments to income forecasts (sales, earnings, cash flows)
- ☒ Adjustments to valuation tools (discount rates, return forecasts, growth rates)
- ☐ Other adjustments to fair value projections, specify

**LEI 12.3**

Describe how you integrate ESG information into portfolio construction

Our ESG heatmap draws on ESG data from a range of independent research providers as well as our GRI team assessment of governance quality based on our voting history. Portfolio managers and analysts have direct access to the ESG heatmap via their Bloomberg terminals. The ESG heatmap is used to review companies - very low ESG scores are avoided, valuation or earnings targets are adjusted or companies are identified for targeted engagement to improve. Aggregate scores relative to the index are also reviewed and the aim is to have a portfolio score better than the benchmark index.

**LEI 12.4a**

Describe the methods you have used to adjust the income forecast / valuation tool

Investments are analysed using a variety of relative and absolute valuation techniques. High ESG risk would engender high discount rates and bigger discounts to peer or target valuations. This would reduce the potential expected return from an investment.

- ☒ Fair value/fundamental analysis
  - ☐ Systematically
  - ☒ Occasionally

**LEI 12.2b**

Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis and/or portfolio construction.

- ☒ Adjustments to income forecasts (sales, earnings, cash flows)
- ☒ Adjustments to valuation tools (discount rates, return forecasts, growth rates)
- ☐ Other adjustments to fair value projections, specify

**LEI 12.4b**

Describe the methods you have used to adjust the income forecast / valuation tool

Investments are analysed using a variety of relative and absolute valuation techniques. High ESG risk would engender high discount rates and bigger discounts to peer or target valuations. ESG factors can also impact income forecasts and adjustments are made when considered their impact would be materially adverse. These adjustments would reduce the potential expected return from an investment.

☐ Other, specify

## ESG incorporation in passively managed listed equities

**LEI 13****Mandatory to Report Voluntary to Disclose****Descriptive****PRI 1****LEI 13.1**

Indicate if you manage passive listed equity funds that incorporate ESG issues in the index construction methodology.

☒ Yes

**LEI 13.2**

Indicate the percentage of your total passive listed equity funds for which ESG issues are incorporated in the index construction methodology.

(% of total passive listed equity funds)

- ☒ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☐ >90%

**LEI 13.3**

Specify index/fund name, provide a brief description of ESG methodology and indicate which of the following ESG incorporation strategies you apply.

☒ Index/fund 1

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
We vote all companies, jurisdictions permitting, regardless of whether they are actively or passively held. Where we see particularly poor performance we will also engage with the company again, regardless of whether they are actively or passively held. For example, we engaged extensively with Vedanta Resources despite a very small passive holding.	<input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration of ESG issues <input type="checkbox"/> Other

☐ Index/fund 2

☐ Index/fund 3

☐ Index/fund 4

☐ Index/fund 5

☐ No

## Outputs and outcomes

LEI 14	Voluntary	Descriptive	PRI 1
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LEI 14.1	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.
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☒ Integration of ESG issues

Select which of these effects followed your ESG integration:

☒ Reduce or prioritise the investment universe

☒ Overweight/underweight at sector level

☒ Overweight/underweight at stock level

☒ Buy/sell decisions

☐ Other, specify

☐ None of the above

☐ Index incorporating ESG issues (for passively managed funds)

LEI 15	Voluntary	Additional Assessed	PRI 1
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LEI 15.1	Indicate whether your organisation measures how your approach to ESG issues in listed equity investments has affected financial and/or ESG performance.
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☐ We measure whether our approach to ESG issues impacts funds' reputation

☐ We measure whether our approach to ESG issues impacts funds' financial performance: return

☐ We measure whether our approach to ESG issues impacts funds' financial performance: risk

☒ We measure whether our approach to ESG issues impacts funds' ESG performance

Describe the impact on:	Describe the impact	Which strategies were analysed?
<b>Funds' ESG performance</b>	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact	<input checked="" type="checkbox"/> Integration <input type="checkbox"/> Index construction (passive funds)

☐ None of the above

#### LEI 15.2

Describe how you are able to determine these outcomes.

We believe that ESG issues are frequently material to the performance of companies we invest in and subsequently the performance of our funds. As such we have pursued an approach of integration including ESG analysis into our fundamental analysis and integrating these conclusions into the decision making process across all asset classes and over 90% of our AuM. We do not separate out the impact of ESG considerations as it is an integral part of our investment approach. This is the point of integration. We can however measure changes in our voting positions for individual companies as well as see the evolution in individuals funds' heatmap view. These changes reflect improvements in corporate performance that we consider linked to our active stewardship and ownership approach.

#### LEI 16

Voluntary

Descriptive

PRI 1

#### LEI 16.1

Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.

☒ ESG issue 1

ESG issue and explanation	
<b>Volkswagen (Governance and subsequently environmental)</b> We were concerned about numerous governance issues at VW and had made the Company aware of our views prior to the breaking of the emissions scandal. We also had concerns over the company's large exposure to the Chinese economy.	
ESG incorporation strategy applied	
<input checked="" type="checkbox"/> Integration <input type="checkbox"/> Index incorporating ESG issues	
Impact on investment decision or performance	
We exited our active position and so only had exposure to VW shares in our index funds when the emissions fixing scandal broke in September 2015. The VW share price fell significantly following the scandal so our equity portfolios have benefited from having very little exposure. Since the scandal broke we have been taking a cautious approach to the autos sector and Volkswagen has since issued a profit warning, booked a multi-billion-euro provision, and replaced its chief executive.	

☒ ESG issue 2



	ESG issue and explanation
<b>Norilsk Nickel (environmental)</b> We have applied a deep discount to the valuation due to environmental concerns associated with the company's mining operations.	
	ESG incorporation strategy applied
<input checked="" type="checkbox"/> Integration <input type="checkbox"/> Index incorporating ESG issues	
	Impact on investment decision or performance
Although we still own the company, high ESG risk would engender high discount rates and bigger discounts to peer or target valuations. This would reduce the potential expected return from an investment.	

☒ ESG issue 3

	ESG issue and explanation
<b>Sustainable Fisheries (Environmental)</b> In 2015 we invested in Bakkafrost a salmon farmer based in the Faroe Islands. This decision was influenced by the fact that Bakkafrost employs more sustainable growing conditions than other salmon farmers and therefore their salmon are bigger and more healthy, enabling them to command higher prices and earn higher margins vs other farmers per KG of fish sold.	
	ESG incorporation strategy applied
<input checked="" type="checkbox"/> Integration <input type="checkbox"/> Index incorporating ESG issues	
	Impact on investment decision or performance
The shares have been performing strongly.	

☒ ESG issue 4

	ESG issue and explanation
<p><b>Conflicts of Interest (Governance)</b></p> <p>Power Assets Holdings Limited (PAH) proposed a merger with its sister company CKI (Cheung Kong Infrastructure). Although the merger made strategic sense to the underlying business, we voted against the deal as the conversion ratio and the dividend payout proposal was unfavourable to PAH Shareholders. We believe this was because of the material conflicts of interest inherent in this merger and the governance structures of CKI and PAH were not sufficiently robust to ensure that the transactions were reviewed as independently and objectively as minority shareholders might hope.</p> <p>Indeed, this is a warning sign of the poor corporate governance of the whole Cheung Kong Group. We did a deep analysis of the corporate governance of the CK group. Unsurprisingly, it is one of the worst in the region.</p>	
	ESG incorporation strategy applied
<p><input checked="" type="checkbox"/> Integration</p> <p><input type="checkbox"/> Index incorporating ESG issues</p>	
	Impact on investment decision or performance
<p>We haven't changed our position as the market has been very volatile but we have been reluctant to add positions in CK Group companies, given the poor corporate governance. We might seek opportunity to exit when the valuation opportunity comes.</p>	

☒ ESG issue 5

	ESG issue and explanation
<b>Anti-microbial Resistance (Social)</b> Anti-microbial resistance is a huge global issue that could render simple medical procedures high risk interventions and one which could cost millions of lives a year. To help slow the emergence of bacteria resistant to antibiotics our dependence on antimicrobial drugs needs reducing and their misuse and overuse in humans and animals must be cut. This issue is one we have been raising in our engagement with agriculture companies. Investing in companies that will find new approaches and therapies for microbial diseases is another way we can support efforts to address the problem.	
	ESG incorporation strategy applied
<input checked="" type="checkbox"/> Integration <input type="checkbox"/> Index incorporating ESG issues	
	Impact on investment decision or performance
We have identified companies active in the space of anti-infectives and have taken new positions in the past 12 months or supported capital raises for Curetis (diagnostics), Motif Bio (pharma) among others. These are both interesting investment opportunities and also support the development of new antibiotics which will be crucial going forward, and support better targeting of appropriate antibiotics which reduces resistance trends.	

## Communication

LEI 17	Mandatory	Core Assessed	PRI 2,6
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LEI 17.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.
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☒ We disclose it publicly

	Provide URL
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<https://uk.avivainvestors.com/content/dam/aviva/aviva-investors/united-kingdom/documents/Jan-Dec-14-individual-uk-EngagementReport-VotingSchedule.pdf>

LEI 17.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
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☐ Yes

☒ No

**LEI 17.3**

Indicate the information your organisation proactively discloses to the public regarding your approach to ESG incorporation.

- ☐ Broad approach to ESG incorporation
- ☒ Detailed explanation of ESG incorporation strategy used

**LEI 17.4**

Indicate how frequently you typically report this information to the public.

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☒ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc/when requested

**LEI 17.5**

Indicate the information your organisation proactively discloses to clients/ beneficiaries regarding your approach to ESG incorporation.

- ☐ Broad approach to ESG incorporation
- ☒ Detailed explanation of ESG incorporation strategy used

**LEI 17.6**

Indicate how frequently you typically report this information to clients/beneficiaries.

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc/when requested
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

Aviva Investors

## Reported Information

Public version

Direct - Listed Equity Active Ownership

## 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.

## Engagement

### Overview

LEA 01	Mandatory	Core Assessed	PRI 2
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**LEA 01.1** Indicate whether your organisation has a formal engagement policy.

☒ Yes

**LEA 01.2** Indicate what your engagement policy covers:

- ☒ Conflicts of interest
- ☒ Prioritisation of engagements
- ☒ Transparency
- ☒ Environmental factors
- ☒ Social factors
- ☒ Governance factors
- ☐ Other, describe
- ☐ None of the above

**LEA 01.4** Provide a brief overview of your organization's approach to engagement

Active stewardship is one element of our investment philosophy, beliefs and practices that drive our behaviours as responsible institutional investors. Engagement plays a fundamental part in our stewardship activities and is guided by principle 3, 4 and 5 of the UK Stewardship Code. We use our influence to promote good practice among those companies we invest in, enabling us to gain added insight and reduce the investment risk for our clients and, often, the broader economy and society at large.

Our engagement activities are undertaken by four members of the GRI team, together with fund managers where appropriate. This is co-ordinated by our Head of Responsible Investment Engagement. At the beginning of the year we update our engagement plan, with SMART targets for engagement outcomes. We record all engagement activities in a bespoke central database to monitor and track progress. We typically engage with hundreds of companies in a year with the aim of improving corporate behaviour and shareholder returns. The issues we address focus on good governance and include climate change, human rights, health, safety and labour standards, operating in environmentally-sensitive habitats, corporate values and tackling bribery and corruption.

☐ No

LEA 02	Mandatory	Gateway	PRI 1,2,3
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**LEA 02.1** Indicate your reasons for interacting with companies on ESG issues and indicate who carries these interactions out.

Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> Other, specify <b>Public policy engagements</b> <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> Other, specify <b>To build coalitions around public policy engagements</b> <input type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

## Process

### Process for engagements run internally

<b>LEA 03</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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#### LEA 03.1

Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

☒ Yes

#### LEA 03.2

Describe the criteria used to identify and prioritise engagement activities carried out by internal staff.

- ☒ Geography/market of the companies targeted
- ☒ Materiality of ESG factors
- ☒ Systemic risks to global portfolios
- ☒ Exposure (holdings)
- ☒ In reaction to ESG impacts which has already taken place
- ☐ As a response to divestment pressure
- ☐ Other, describe

☐ No

<b>LEA 03.3</b>	Additional information. [Optional]
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We review our fund specific engagement plans on a quarterly basis, using our ESG heatmap based on external ESG research feeds and our voting history to prioritise our focus both in terms of issues and areas of influence. We work closely with Fund Managers to develop SMART targets with our Advisory Committee of external advisors providing input on a quarterly basis. Our engagement activities are not restricted to this engagement plan but are also informed by emerging events and collaborative investor initiatives throughout the year.

<b>LEA 04</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 04.1</b>	Indicate if you define specific objectives for your engagement activities.
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- ☒ Yes
  - ☒ Yes, for all engagement activities
  - ☐ Yes, for the majority of engagement activities
  - ☐ Yes, for a minority of engagement activities
- ☐ No

<b>LEA 04.2</b>	Indicate if you monitor the actions that companies take following your engagements.
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- ☒ Yes
  - ☒ Yes, in all cases
  - ☐ Yes, in the majority of cases
  - ☐ Yes, in the minority of cases
- ☐ No

<b>LEA 04.3</b>	Indicate whether your organisation defines milestones and goals for engagement activities carried out by internal staff.
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- ☒ Yes

<b>LEA 04.4</b>	Indicate if you do any of the following to monitor and evaluate the progress of your engagement activities.
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- ☒ Define timelines of the milestones and goals
- ☐ Tracking, monitoring progress against defined milestones and goals
- ☒ Establish a process for when the goals are not met
- ☒ Revisit and revise if necessary goals on continuous basis
- ☐ Other, please specify
- ☐ No



<b>LEA 04.5</b>	Additional information. [Optional]
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All the above data is captured in our bespoke central database in order to support the tracking of progress, monitor actions taken by companies, support voting decisions and provide updates to clients. Our fund specific engagement plans are reviewed on a quarterly basis against our ESG heatmap to ensure emerging issues are captured and prioritised.

### Process for engagements conducted via collaborations

<b>LEA 05</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 05.1</b>	Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements
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☒ Yes

<b>LEA 05.2</b>	Describe the criteria used to identify and prioritise collaborative engagements
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- ☒ Potential to learn from other investors
- ☒ Ability to add value to the collaboration
- ☒ Geography / market of the companies targeted
- ☒ Materiality of ESG factors
- ☒ Systemic risks to global portfolios
- ☒ Exposure (holdings)
- ☒ In reaction to ESG impacts which has already taken place
- ☐ As a response to divestment pressure
- ☐ Other, describe

☐ No

<b>LEA 06</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 06.1</b>	Indicate if the collaborative engagements in which you are involved have defined objectives.
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☒ Yes

- ☒ Yes, for all engagement activities
- ☐ Yes, for the majority of engagement activities
- ☐ Yes, for a minority of engagement activities

☐ No

**LEA 06.2**

Indicate if you monitor the actions companies take following your collaborative engagements.

- ☒ Yes
- ☐ Yes, in all cases
- ☐ Yes, in the majority of cases
- ☐ Yes, in the minority of cases
- ☐ No

**LEA 06.3**

Indicate whether your organisation defines milestones and goals related to engagement activities carried out via collaborations.

- ☐ Yes
- ☒ No

**LEA 06.5**

Additional information. [Optional]

Aviva Investors actively engages with other investors in the belief that investor collaboration is an essential tool for influencing company behaviour. It is also a valuable tool when engaging with national and international regulators in order to influence the policy landscape in which both investors and companies operate to address and improve market practice in ESG issues along the entire investment value chain.

With regards to our corporate engagement activities, we actively participate in a range of investor groups and collaborative initiatives, including but not limited to:

**30% Club** - We are members of the Investor Group for the 30% Club, which was launched in the UK in 2010 with the goal of making 30 per cent of FTSE-100 boards female by end 2015. We were also one of the first asset managers to include voting against the chairman of the nominations committee where there were no women on the board.

**Access to Medicines Index** - This initiative independently ranks pharmaceutical companies' efforts to improve access to medicine in developing countries. We were a founding signatory to the investor statement, and heavily involved in the subsequent engagement campaign.

**CDP (Carbon Disclosure Project)** - We were founding signatories of the CDP and in 2010 catalysed and funded the Carbon Action Programme. We also a supporters of the forest and water initiatives.

**Climatewise** - Maurice Tulloch, Chairman of Aviva Global General Insurance serves as Chair of ClimateWise

**Corporate Human Rights Benchmark (CHRB)** - In December 2014, Aviva Investors, together with five collaborating NGO, investor and research organisations launched the world's first wide-scale project to rank companies on their human rights performance.

**Institute of Chartered Accountants in England and Wales** - We are active members of the Corporate Governance Committee.

**Institutional Investor Group on Climate Change (IIGCC)** - We chair the corporate programme, engaging with carbon and energy-intensive companies on carbon

**Investment Association** - We are active members of a number of Investment Association committees which focus on developing best practice guidelines for the industry. Committees include the Governance and Engagement and Remuneration and Share Schemes committees.

**Pensions and Lifetime Savings Association (PLSA) previously known as the National Association of Pension Funds (NAPF)** - We are active members of the Stewardship Advisory Group

**Principles for Responsible Investment** - We were founding signatories of the Principles for Responsible Investment. Currently, we are active members of the PRI, who lead and support collaborative engagements on issues including fracking, human rights, farm animal welfare, palm oil and vote confirmation.

**UK Sustainable Investment and Finance Association (UKSIF)** - We currently have representation on the Board and Leadership Committee of the UK association for sustainable and responsible financial services, which promotes responsible investment and financing for sustainable economic development. Our Chief Responsible Investment Officer was previously Chairman of UKSIF. We are also members of EuroSIF, the pan-European network of Sustainable Investment Forums.

## General processes for all three groups of engagers

LEA 09	Voluntary	Additional Assessed	PRI 1,2
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### LEA 09.1

Indicate if insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.

Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input type="radio"/> Yes, systematically <input checked="" type="radio"/> Yes, occasionally <input type="radio"/> No

### LEA 09.2

Additional information. [Optional]

Meeting notes from individual staff engagements are circulated to the relevant fund managers or discussed in person. We also log all engagement activities in our central database. We use this information where relevant when providing ESG briefings to Fund Managers in preparation for their in person meetings with company executives.

LEA 10	Mandatory	Gateway	PRI 2
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### LEA 10.1

Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track and cannot estimate our engagements

### LEA 10.2

Additional information. [OPTIONAL]

We view active stewardship as fundamental part of our responsibility as investors. We do not delegate our engagement responsibilities to third parties including service providers.

## Outputs and outcomes

LEA 11

Mandatory to Report Voluntary to Disclose

Core Assessed

PRI 2

LEA 11.1

Indicate the number of companies with which your organisation engaged during the reporting year.

	<b>Number of companies engaged</b> (avoid double counting, see explanatory notes)	<b>Proportion (to the nearest 5%)</b>	<b>Specify the basis on which this percentage is calculated</b>
Individual / Internal staff engagements	<div>Number of companies engaged</div> 917	<div>Proportion (to the nearest 5%)</div> 35	<div>Specify the basis on which this percentage is calculated</div> <input checked="" type="radio"/> of the total number of companies you hold <input type="radio"/> of the total value of your listed equity holdings
Collaborative engagements	177	<div>Proportion (to the nearest 5%)</div> 5	<div>Specify the basis on which this percentage is calculated</div> <input checked="" type="radio"/> of the total number of companies you hold <input type="radio"/> of the total value of your listed equity holdings

LEA 11.2

Indicate the proportion of engagements that involved multiple, substantive and detailed discussions or interactions with a company during the reporting year relating to ESG issue.

Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	<input type="radio"/> > 50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None
Collaborative engagements	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

LEA 11.3

Indicate the percentage of your collaborative engagements for which you were a leading organisation during the reporting year.

Type of engagement	% Leading role
Collaborative engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> None

LEA 12	Voluntary	Additional Assessed	PRI 2
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LEA 12.1	Indicate if your engagement involved:
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- ☒ Letters to outline the engagement and the objectives
  - ☐ In some cases
  - ☒ In majority cases
  - ☐ In all cases
- ☒ Meetings and/or calls with the appropriate team
  - ☐ In some cases
  - ☒ In majority cases
  - ☐ In all cases
- ☐ Visits to operations
- ☒ Roadshows
  - ☒ In some cases
  - ☐ In majority cases
  - ☐ In all cases
- ☒ ESG research
  - ☐ In some cases
  - ☐ In majority cases
  - ☒ In all cases
- ☐ Other, specify

LEA 13	Voluntary	Additional Assessed	PRI 2
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LEA 13.1	Indicate if your engagements in the reporting year covered E, S and/or G issues.
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Type of engagement	Coverage
Individual / Internal staff engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information
Collaborative engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information

### LEA 13.2

Provide an estimated breakdown by E, S and/or G issues.

#### Individual / Internal staff engagements

% Environmental only

10

% Social only

5

% Corporate Governance only

40

% Overlapping ESG issues

45

100%

#### Collaborative engagements

% Environmental only

40

% Social only

40

% Corporate Governance only

5

% Overlapping ESG issues

15

100%

**LEA 13.3** Additional information. [optional]

We view active stewardship as fundamental part of our responsibility as investors. We do not delegate our engagement responsibilities to third parties including service providers.

**LEA 14**

**Voluntary**

**Descriptive**

**PRI 2**

**LEA 14.1**

Indicate whether you have a reliable estimate of the number of cases during the reporting year where a company changed its practices, or made a formal commitment to do so, following your organisation's and/or your service provider's engagement activities.

☒ Yes

**LEA 14.2**

Indicate the number of companies that changed or committed to change in the reporting year following your organisation's and/or your service provider's engagement activities.

	Number of company changes or commitments to change
Individual / Internal staff engagements	15
Collaborative engagements	44

☐ No

**LEA 14.3**

Additional information [Optional].

The 1094 companies engaged with in 2015 includes a range of engagement activity undertaken by our GRI team, fund managers and collaboratively with other investors. Engagement intensity ranges from a single letter to multiple meetings.

We work to an engagement plan with SMART targets, which is reviewed by our external Advisory Board on a quarterly basis and is updated annually. Our engagement usually has one of two objectives: fact finding and/or change facilitation. For the fact finding engagements we may be comforted with the responses we receive and thus engagement on a particular issue may not be revisited or we may request updates on progress over a period of time. We do not necessarily expect commitments to changes following these types of engagement. Some fact finding engagements may result in subsequent engagements being of a change facilitation nature, these tend to be conducted over a period of time as we receive updates on progress and continue to push for incremental or absolute changes. Whilst we do not always receive commitments to change during engagements, we are of the firm belief that communicating our concerns does influence companies and may result in gaining buy-in for change at a later date.

Improvement in various disclosures is the easiest way to measure change. For example we are starting to see an improvement in the disclosures around executive bonuses (and the specific performance targets that had to be met for bonuses to be awarded). We have encouraged a number of companies to improve their disclosure on bonuses in 2014 and 2015 and are likely to see significant improvements in 2016. Also, it should be noted

that other than a few very intense engagements, it is difficult to isolate the impact and influence of a single investor.

LEA 15	Voluntary	Descriptive	PRI 2
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LEA 15.1	Provide examples of the engagements that your organisation carried out during the reporting year.
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☐ Add Example 1

☒ Add Example 2

Topic or ESG issue	Social: Human Capital Management
Conducted by	<input type="checkbox"/> Individual / Internal <input checked="" type="checkbox"/> Collaborative
Objectives	<p>Hon Hai is an electronics contract manufacturing company headquartered in Taiwan. It has been involved in several controversies relating to how it manages employees in China. There has been a history of suicides at its factories blamed on working conditions. For example, in January 2012, about 150 Foxconn employees threatened to commit mass-suicide in protest at their working conditions.</p> <p>The objective of the engagement was to communicate concerns and seek commitment from management to address concerns and improve practice.</p>
Scope and Process	In collaboration with AXA Investment Managers, Calstrs and Hermes we asked a question of Hon Hai Precision, the Apple supplier also known as Foxconn, at its annual general meeting in 2014. The multi pronged question covered human capital management, board composition, leadership and oversight and transparency and communication. Subsequent to this, there were several collective engagements over the course of 2015.
Outcomes	<p>Overall this was a very worthwhile intervention with some progress, commitment to dialogue or at least some reassurance on the issues we raised. Most importantly, the chairman and the rest of the board of directors heard directly about significant concerns from a group of major institutional investors and appeared more ready to engage.</p> <p>Specific outcomes include:</p> <ol style="list-style-type: none"> <li>9. Launch of vision and strategy website which will provide a platform for increased disclosure</li> <li>10. Access to and more constructive dialogue with the CEO's advisor, Louis Woo</li> <li>11. Commitment to produce a Sustainability Report that addresses the company's key challenges, including changes and progress on human capital management. This is due to be published in Q3 2016.</li> <li>12. Acknowledgement that further changes are required.</li> </ol>

☒ Add Example 3



Topic or ESG issue	Environmental: Oil Exploration in Arctic
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	To cease capital expenditure into Arctic exploration given concerns with climate resilience of the business strategy with specific reference to the decision to sign off capital expenditure to explore in the Arctic
Scope and Process	<p>In May 2015 we attended Shell's AGM in person and asked about their approach to portfolio stress-testing in line with a 2 degree scenario with specific reference to the decision to explore in the Arctic.</p> <p>We supported the Aiming for A shareholder resolution on climate change disclosure at the 2015 AGM.</p> <p>We held multiple meetings with the company including one in July 2015 with the Chairman to discuss this further.</p>
Outcomes	We welcomed management's decision to support the shareholder resolution on climate change disclosure and will continue to work with the company, in line with our published Strategic Response to Climate Change, to express concerns over the company's resilience to climate risk and the decision making process, particularly in light of the decision, following its summer exploration in the Chukchi Sea, to not pursue Arctic exploration further and the substantial costs incurred.

☒ Add Example 4

Topic or ESG issue	Governance:Takeover Concerns
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<p>Takeover Concerns: Vedanta's proposed acquisition of Cairn India.</p> <p>Aviva Investors is among a number of minority shareholders who plan to reject Vedanta Ltd's recent takeover bid for Cairn India. The objective of the engagement was to express our concerns over the deal.</p>
Scope and Process	<p>As long-term investors in both Vedanta and Cairn India, we believe that the timing of this deal is opportunistic and materially undervalues Cairn India, its current reserves and future prospects. The combination of a depressed global oil price, ongoing tax litigation and uncertainty over the long-term ownership structure of Cairn India have all contributed to the low value currently ascribed to its assets by the equity market.</p> <p>We are also concerned there is a risk of the Vedanta Group misallocating capital should its integration of Cairn India prove successful. With high levels of debt and an aggressive capital expenditure programme, we fear the Vedanta Group would prioritise its immediate needs over the long-term potential we believe exists at Cairn India.</p> <p>Our specific concerns are as follows:</p> <p>Deal represents a fundamental change to Cairn India proposition</p> <p>Valuation</p> <p>Vedanta's objective for Merger /intentions for Cairns' cash</p> <p>ESG issues at Vedanta</p>
Outcomes	<p>Vedanta's management were not influenced by our concerns and intend to proceed with the acquisition and the takeover process is ongoing. We intend to vote against the proposal once it is put to shareholder vote at a general meeting.</p> <p>In the interim we put out a press release highlighting our concerns:</p> <p>Aviva Investors is opposed to the recently announced offer by majority shareholder Vedanta Ltd - the Mumbai-based subsidiary of London-listed Vedanta Resources - to buy out minority shareholders in Cairn India. In its current structure the deal fails to deliver value to minority shareholders, as such we don't believe it's in the interests of minority investors in either Cairn India or Cairn Energy. The UK Equity Team at Aviva Investors owns a 4.3 per cent stake in Cairn Energy - the original owner of Cairn India and still the largest minority shareholder - while our Emerging Market Equity Teams in both London and India are shareholders in Cairn India. Full text here - <a href="http://uk.reuters.com/article/2015/08/06/uk-vedanta-cairn-aviva-idUKKCN0QB0F620150806">uk.reuters.com/article/2015/08/06/uk-vedanta-cairn-aviva-idUKKCN0QB0F620150806</a></p>

☒ Add Example 5

Topic or ESG issue	Environmental: Coal Extraction and threats to UNESCO World Heritage Site the Great Barrier Reef
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<p>Standard Chartered and UNESCO World Heritage the Great Barrier Reef</p> <p>To express our grave concerns over the reputational risks inherent in arranging the finance for the Carmichael Coal Project and encourage withdrawal from the project.</p>
Scope and Process	The project, if it goes ahead, could have significant negative local and global environmental and human rights impacts. Many of the major financiers recognise the concerns and have stepped away from the project. We met with Standard Chartered to seek assurances about their involvement in the project.
Outcomes	<p>Standard Chartered announced that it is pulling out of the Carmichael coal mining project in Australia.</p> <p>We welcomed the announcement that they will be withdrawing from their advisory role with Adani and considered this announcement to be in line with Standard Chartered's policy to 'restrict the provision of financial services to clients who...have impact upon and operations located within UNESCO World Heritage Sites.'</p>

☒ Add Example 6

Topic or ESG issue	Environmental: Sustainable Fisheries
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<p>Marine Harvest is a Norwegian producer of farmed salmon and processed seafood. The Company offers primary and secondary processed products (such as fresh and frozen filets, cutlets, loins) as well as value added products (such as grilled or marinated fish, ready meals).</p> <p>Marine Harvest faces a number of allegations concerning product safety, anti-competitive practices, biodiversity, protection of water resources, community involvement and working contracts.</p> <p>The aim of the engagement was to find out more about the issues they are facing and find out their plans to address them, communicate our concern as well as press for higher standards.</p>
Scope and Process	<p>In our meeting with the company we:</p> <ol style="list-style-type: none"> <li>1. Expressed concerns over the sustainability of fish feed and pushed for suppliers to become MSC certified</li> <li>2. Encouraged a globally uniform approach to farm zone management</li> <li>3. Asked for information on their activities to reduce sea lice</li> <li>4. Asked how they intend to minimise the use of antibiotics</li> <li>5. Encourage them to join the Ocean Disclosure Project</li> </ol>
Outcomes	<p>This is an ongoing engagement although recent progress includes recognition within Marine Harvest Group about concerns related to the use of fish meal/oil and it's long term sustainability. They currently produce 80% of their own fish feed for Norway and have confirmed they are looking at using alternatives such as algae based products to provide Amino Acids and Omega 3 fatty acids.</p>

☒ Add Example 7

Topic or ESG issue	Environmental: Climate Change
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<p>In July 2015 we set out our Strategic Response to Climate Change, which identified five areas where we will focus our attention as part of our contribution to tackling climate change. One of the five areas of activity is active stewardship on climate risk, using engagement and our voting rights to encourage more climate resilient business strategies. A key part of our approach is our commitment to 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.</p>
Scope and Process	<p>We identified an initial set of 40 companies where Aviva has a beneficial holding and which have more than 30% of their business (by revenue) associated with thermal coal mining or coal power generation. Not all companies will make the transition to a low carbon economy but we wish to support those companies that are willing and able to play a positive and active role.</p> <p>We have developed an engagement plan that sets out our expectations around governance, business strategy, operation efficiency and carbon intensity reduction, responsible corporate engagement on climate and energy policy and disclosure. We are looking for concrete outcomes and commitments from the 40 companies in each of these areas.</p>
Outcomes	<p>This engagement is under way and in Q4 2015 we held initial conversations with 12 of the 40 companies. It is becoming clear from these initial calls that there is large divergence on the recognition of climate risk and the extent to which resilience to changing climate regulation and energy demand has been considered in the development of business strategy.</p>

☒ Add Example 8

Topic or ESG issue	Environmental: Animal Welfare and Supply Chain Practices
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<p>At Hormel's 2015 AGM a shareholder proposal was put forward requesting that the Board report the risks associated with its position of indefinitely allowing gestation crates throughout its supply chain. We supported this resolution.</p> <p>Gestation crates are metal enclosures used in intensive pig farming, in which a female breeding pig (sow) may be kept during pregnancy and for most of her adult life. The crates measure approximately the same size as the sow thus allowing very little room to move, there is no bedding and the floors are made of concrete. Given the animal welfare concerns they raise, we see the continued usage of gestation crates as a pertinent risk, both reputational and operations, given the number of US States and Countries, including the EU, legislating against their use.</p> <p>We met with Hormel to discuss our concerns on supply chain disruption and reputational risk associated with its poor assurance of product quality, sourcing practices, poor labour practices and reliance on outmoded gestation crates for sows.</p>
Scope and Process	<p>We held a meeting with Hormel to raise our concerns and discussed the following issues:</p> <ol style="list-style-type: none"> <li>1. Shareholder resolution, improved reporting and industry practice. Specifically we requested a clear timeline for addressing shareholder concerns.</li> <li>2. Customer concerns over animal welfare</li> <li>3. step change in the industry, the phasing out gestation cages, asking when Hormel would take these market level changes into account.</li> </ol>
Outcomes	This is an ongoing engagement.

☒ Add Example 9

Topic or ESG issue	Governance: Aviva Investors Voting Policy and Stewardship Statement
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<p>As part of our ongoing commitment to engage with companies in which we invest, in March we sent approximately 600 letters to FTSE All-Share companies alerting them to our 2015 Corporate Governance and Corporate Responsibility voting policy and what our key areas of focus are for 2015. Our policy remains broadly consistent with last year and as before, it states that we continue to pay close attention to board composition, culture, diversity, succession planning and remuneration and, crucially, how these aspects of governance facilitate better decision making towards long term strategic objectives.</p>
Scope and Process	<p>Specific examples of our policy are as follows:</p> <p>Composition of the board and succession planning: We continue to believe that some companies have not paid sufficient attention to the experience, skills and diversity on boards for us to be confident that they are suitably independent and staffed to meet the challenges and opportunities that are ahead.</p> <p>Gender diversity: The Davies Review of Women on Board recommended that UK listed companies in the FTSE 100 should be aiming for a minimum of 25% female board member representation by 2015. Given our previous engagement and voting stance on this topic we anticipate an increase in the number of instances where we escalate ongoing concerns regarding the lack of diversity and poor explanations by voting against chairmen and/or nomination committee chairs.</p> <p>Living Wage: As London Living Wage accredited employers, we see the value in paying the Living Wage. Consequently we are very supportive of investee companies who are accredited or taking steps towards being accredited albeit this is not yet a factor which directs our voting decisions on its own.</p>
Outcomes	<p>This letter opened the door for a number of follow up conversations and we will repeat the process in 2016.</p>

☒ Add Example 10

Topic or ESG issue	Environmental: Palm oil
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<p>We went to Singapore in November for a full week of engagement meetings.</p> <p>We met with Wilmar twice to raise concerns including, but not limited to, landgrabbing, FPIC, biodiversity, challenges in implementation of their two year old commitments, activities in Africa, the grievance procedure, transparency and content of their dashboard and lobbying of governments.</p> <p>Another objective was to communicate the importance of voluntary disclosure and our support for the Sustainable Palm Oil Transparency Toolkit (SPOTT) developed by the Zoological Society of London.</p> <p>We also met with all the banks named in a report published by WWF reviewing Singapore, Malaysia and Indonesia financiers ESG practices, disclosures, standards and regulations. We met to discuss their response to the very recent announcement by the Association of Banks in Singapore that ESG guidelines should be integrated into operations.</p>
Scope and Process	<p>We met to discuss their response to the very recent announcement by the Association of Banks in Singapore that ESG guidelines should be integrated into operations - stemming from the haze, the WWF report and making the front page of the Straits Times and Business Times.</p> <p>The focus on this topic is timely given:</p> <ol style="list-style-type: none"> <li>13. the unprecedented haze in Indonesia, Malaysia and Singapore:</li> <li>14. the first ever boycott of anything in Singapore - Asia Pulp and Paper products were filmed by the media being removed from the shelves of major supermarkets:</li> <li>15. A WWF report, which Steve Waygood provided the foreword for, highlighting the lack of environmental, social and governance criteria applied to financial institutions in Singapore, Malaysia and Indonesia with a chapter on palm oil:  <a href="http://wwf.panda.org/wwf_news/?246790">http://wwf.panda.org/wwf_news/?246790</a></li> <li>16. The subsequent introduction of environmental, social and governance guidelines for banks by the Association of Banks in Singapore.</li> </ol>
Outcomes	<p>The concession maps were provided to SPOTT by Wilmar. We are hosting several events around our findings from the engagement trip to Singapore, the first being the City launch of the SPOTT platform, hosted February 2016 which the PRI kindly attended.</p>

## Communication

LEA 16	Mandatory	Core Assessed	PRI 2,6
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**LEA 16.1** | Indicate whether your organisation proactively discloses information on its engagements.

☉ We disclose it publicly



provide URL

<https://uk.avivainvestors.com/content/dam/aviva/aviva-investors/united-kingdom/documents/Jan-Dec-14-individual-uk-EngagementReport-VotingSchedule.pdf>

**LEA 16.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- ☐ Yes  
☒ No

**LEA 16.3**

Indicate what engagement information your organisation proactively discloses to the public.

- ☐ Details of the selections, priorities and specific goals of engagement
- ☒ Number of engagements
- ☒ Breakdown of engagements by type/topic
- ☐ Breakdown of engagements by region
- ☒ An assessment of the current status of the engagement
- ☒ Outcomes that have been achieved from the engagement
- ☒ Other information

Reports we commissioned from EIRIS on SOCO plc and Vedanta Resources reviewing their progression on previous ESG recommendations [www.eiris.org/publications/](http://www.eiris.org/publications/)

**LEA 16.4**

Indicate how frequently you typically report engagements information to the public.

- ☐ Disclosed continuously (prior to and post engagements)
- ☐ Disclosed quarterly or more frequently
- ☐ Disclosed biannually
- ☒ Disclosed annually
- ☐ Disclosed less frequently than annually
- ☐ Ad-hoc/when requested

**LEA 16.5**

Indicate what engagement information your organisation proactively discloses to clients/beneficiaries.

- ☒ Details of the selections, priorities and specific goals of engagement
- ☒ Number of engagements
- ☒ Breakdown of engagements by type/topic
- ☐ Breakdown of engagements by region
- ☒ An assessment of the current status of the engagement
- ☒ Outcomes that have been achieved from the engagement
- ☐ Other information

**LEA 16.6**

Indicate how frequently you typically report engagements information to clients/beneficiaries.

- ☐ Disclosed continuously (prior to and post engagements)
- ☒ Disclosed quarterly or more frequently
- ☐ Disclosed biannually
- ☐ Disclosed annually
- ☐ Disclosed less frequently than annually
- ☐ Ad hoc/when requested

**LEA 16.7**

Describe any other differences in the information being disclosed. [Optional]

The integration of environmental, social and governance considerations, engagement and proxy voting form an integral and active part of our approach to managing, protecting and enhancing the long-term value of the investment decisions we make for our clients across all asset classes. We therefore offer clients a tailored quarterly report detailing voting decisions, case studies of engagement with companies and any other relevant public policy developments and highlights.

In line with best practice, we also make all our voting decisions and a summary of our engagement publicly available on our website. In the interest of more effective engagement we do not make all company specific details available publicly. We also published our inaugural annual review of RI activities in Q1 2015 which covered 2014. We are currently drafting the next iteration.

- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries.

## (Proxy) voting and shareholder resolutions

### Overview

**LEA 17****Mandatory****Gateway****PRI 1,2,3****LEA 17.1**

Indicate whether your organisation has a formal voting policy.

- ☒ Yes

**LEA 17.2**

Indicate what your voting policy covers:

- ☒ Conflicts of interest
- ☒ Prioritisation of voting activities
- ☒ Transparency
- ☒ Decision making processes
- ☒ Environmental factors
- ☒ Social factors
- ☒ Governance factors
- ☒ Securities lending process
- ☐ Other, describe
- ☐ None of the above

**LEA 17.3**

Please attach or provide a URL to your voting policy. [Optional]

URL

<http://www.avivainvestors.com/vp>**LEA 17.4**

Provide a brief overview of your organization's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).

We have long recognised the importance of ESG issues to companies and long term shareholder value and have had dedicated governance expertise since the 1990s. We believe our voting and engagement gives us an information advantage that improves the quality of our stewardship activities, helping us protect and enhance long term returns for our clients.

Our Corporate Governance and Corporate Responsibility Voting Policy sets out the standards of corporate governance and corporate responsibility we expect from the companies in which we invest and how we apply this to voting on resolutions at shareholder meetings.

We subscribe to proxy advisory services to prepare research and recommendations in line with our custom policy and refer certain issues for us for further consideration. Voting decisions for our active positions are made with fund managers who bring their knowledge and assessment of company strategy and special circumstances, enabling their insights to inform the decision making process.

We have regular discussions with companies on voting decisions and ESG issues and we may also work with other investors to press for change. In 2015 we supported shareholder resolutions at BP and Royal Dutch Shell and will co-file three in 2016.

☐ No

**LEA 17.5**

Additional information [optional]

Other important issues such as how we approach conflicts of interest and recalling shares from loan are covered in our Stewardship Statement.

<https://uk.avivainvestors.com/content/dam/aviva/aviva-investors/united-kingdom/documents/institutional/ai-stewardship-statement.pdf>

**Process**

LEA 18	Mandatory	Descriptive	PRI 2
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LEA 18.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
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Approach
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- ☐ We use our own research or voting team and make our own voting decisions without the use of service providers.
- ☒ We hire service provider(s) that make voting recommendations or provide research that we use to inform our voting decisions.

Based primarily on
--------------------

- ☐ the service provider voting policy signed off by us
- ☒ our own voting policy
- ☐ our clients' requests or policy
- ☐ other, explain
- ☐ We hire service provider(s) that make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- ☐ We hire service provider(s) that make voting decisions on our behalf.

LEA 18.2	Additional information.[Optional]
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In making voting decisions, we use governance and other research from a number of sources. These include the IVIS service, Manifest and ISS-Ethix. We use research for data analysis only as we have our own robust voting policy, which is applied to all our holdings. We do not automatically follow any voting recommendations but vote based on our in house policy, taking into consideration the views of the Fund Manager and the conversations with the company through our voting specific engagement.

Governance is not the only relevant information that informs our voting position. Since 2001 our voting policy has taken into consideration, corporate responsibility performance, ESG perform and disclosure. To support with these efforts we commission research from EIRIS. We also use our own research through maintaining a dedicated database of the companies we invest in, tracking corporate governance, corporate responsibility and other investment issues, and our related engagement and voting activities. We review the activities undertaken and their effectiveness, including whether desired change has been achieved.

LEA 20	Voluntary	Descriptive	PRI 2
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LEA 20.1	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you do the following.
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- ☐ Obtain end-to-end confirmation that votes have been lodged
- ☒ Participate in projects to improve the voting trail and/or to obtain vote confirmation
- ☐ None of the above

**LEA 20.2**

Provide additional information on your organisation's vote confirmation efforts.

Since 2002 have been members of the Shareholder Voting Working Group (SVWG) and was the first industry-wide body to address the issue of improving the voting process in the UK and brought together many relevant stakeholders.

In 2010 we became members of the PRI Vote Confirmation Working Group which have been working with issuers and the other parties involved in the voting chain (i.e registrars, custodians, proxy agencies) with the long term goal of vote confirmation being provided as a matter of default.

In 2014 the PRI Vote Confirmation Working Group obtained support from issuers and all relevant intermediaries along the voting chain for a pilot project to take place in 2015 AGM season that would allow the participating issuers provide vote confirmation to us and the other members of the Group. We checked the votes that we sent against the votes that were lodged and we were pleased to see that all votes confirmed were exactly how we had instructed.

Also, for particularly contentious meetings (where the result could go either way) we would typically check with the Company's registrars or advisors that our votes have been lodged as instructed.

**LEA 21****Voluntary****Additional Assessed****PRI 2****LEA 21.1**

Indicate if your organisation has a securities lending programme.

☒ Yes

**LEA 21.2**

Indicate how voting is addressed in securities lending programme.

**Please select one of the following**

- ☐ We recall most securities for voting on all ballot items
- ☒ We recall some securities for voting on some ballot items on a systematic basis in line with specified criteria
- ☐ We occasionally recall some securities for voting on some ballot items on an ad-hoc basis
- ☐ We empower our securities lending agent to decide when to recall securities for voting purposes
- ☐ We do not recall our shares for voting purposes
- ☐ Other (please specify)

☐ No

**LEA 21.4**

Additional information.

We manage our own stock lending programmes and have strict procedures in place that allow us only to lend shares up to agreed thresholds. We also recall shares on loan for the purposes of exercising voting rights where there is good reason to do so (eg. for contentious meetings or on especially important matters) and when this is considered to be in the best interests of our clients.

The definition of a contentious meeting is largely down to interpretation, as such we have a process for defining contentious meetings/votes. Examples of criteria that would trigger a recall are:

- If the general meeting has been red-topped by IVIS (one of our research providers);
- If the vote is a commercially important decision (i.e an acquisition), particularly if we think the vote is in the balance;
- If the company/AGM features is of significant client interest;
- If we have a significant stake in the business;

- If there is a substantial shareholder in the Company who may be voting in a way that is not in the interests of minority shareholders;
- If we are not achieving the outcomes expected from engagement and we wish to escalate our action;
- If there are ESG related shareholder resolutions that we would like to support

Once a contentious / commercially important meeting has been identified, we will request that our securities lending team recall any lent stock and that they restrict any shares from being lent out until after the meeting.

LEA 22	Mandatory	Core Assessed	PRI 2
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LEA 22.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
----------	---

- ☒ Yes, in most cases
- ☐ Sometimes, in the following cases:
- ☐ No
- ☐ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

LEA 22.2	Additional information. [Optional]
----------	------------------------------------

All of our voting decisions, together with the reasons for voting against, abstaining (and where we have exceptionally supported) are available on our website 3 months in arrears of each company meeting. We also remind companies of our publicly available voting records when we write to them as part of our annual update to communicate changes to our voting policy to companies.

Given the number of companies we own in our portfolios, we seek to prioritise engagement where it is most likely to benefit our clients. Therefore our general practice is to have pre-vote discussions with companies where we hold more than 1% of their stock (or where we have a sufficiently significant active position in at least one of our portfolios) and where we have concerns that may indicate that we will not support one or more resolutions.

## Outputs and outcomes

LEA 23	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 23.1	For listed equities where you and/or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
----------	--

- ☒ We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

90

Specify the basis on which this percentage is calculated

- ☐ of the total number of ballot items on which you could have issued instructions
- ☒ of the total number of company meetings at which you could have voted
- ☐ of the total value of your listed equity holdings on which you could have voted

**LEA 23.2**

If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]

There are two main reasons for not voting 100% of our holdings.

Firstly, some markets require Powers of Attorney (PoA) which are expensive and cumbersome to organise and some are only valid for a year. Therefore, in such PoA markets where we have few or modest holdings (eg Brazil, Bulgaria, Hungary, Lithuania, Romania and Slovenia), it is not cost effective for us/our clients to vote in these markets, although this is reviewed annually.

Secondly, our French office does not currently vote all of its holdings due to significant custodian voting charges and administrative challenges (wet signature requirement). However, in 2015, the French office has committed to voting their top 40 holdings (by issued share capital and largest positions by fund). We will continue to work closely with our French office in 2016 with the aim to overcome any challenges that is preventing them from voting more of their holdings.

- ☐ We do not track or collect this information

**LEA 24**

**Voluntary**

**Descriptive**

**PRI 2**

**LEA 24.1**

Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.

- ☒ Yes, we track this information

**LEA 24.2**

Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	<div> <div></div> <div>%</div> </div> <p>73.9</p>
Against (opposing) management recommendations	<div> <div></div> <div>%</div> </div> <p>22.7</p>
Abstentions	<div> <div></div> <div>%</div> </div> <p>3.4</p>

100%

**LEA 24.3**

For the reporting year, describe your approach towards voting on shareholder resolutions.

We approach shareholder resolutions in exactly the same way as we treat management resolution i.e. whether supporting the resolution is in the best interests of shareholders and our underlying clients.

☐ No, we do not track this information

**LEA 25****Voluntary****Descriptive****PRI 2****LEA 25.1**

Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.

☒ Yes

**LEA 25.2**

Indicate the number of ESG shareholder resolutions you filed or co-filed.

Total number

1

**LEA 25.3**

Indicate what percentage of these ESG shareholder resolutions resulted in the following.

Went to vote	<div><div></div></div> %
	100
Were withdrawn due to changes at the company and/or negotiations with the company	<div><div></div></div> %
	0
Were withdrawn for other reasons	<div><div></div></div> %
	0

Total

100%

**LEA 25.4**

Of the ESG shareholder resolutions that you filed or co-filed and that were put to vote (i.e. not withdrawn) how many received:

&gt;50% approval

1



**LEA 25.5**

Describe the ESG shareholder resolutions that you filed or co-filed and the outcomes achieved.

We supported our Paris office to co-file a resolution presented by Phitrust at the Vivendi AGM on 17 April 2015, opposing double voting rights (DVRs) at the French media group. We are relatively large shareholders and as the board chairman Vincent Bolloré has a significant stake in the Company (through his family firm, the Bolloré Group), the application of double voting rights (to shareholders who have held registered shares for 2 years) will increase his influence over the company without a corresponding increase in ownership.

The resolution secured 402.5 million votes in favour, with 401.6 million against. Unfortunately however, the support of more than two thirds of the votes is required to secure exemption from the Florange law. This outcome and the impact it has on Vincent Bolloré's holding is one of the numerous factors that are taken into account as part of our investment considerations/further engagement with the company.

☐ No

**LEA 26****Voluntary****Descriptive****PRI 2****LEA 26.1**

Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.

☒ Add Example 1

Topic or ESG issue	Climate change (Shell and BP)
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	<p>We supported the climate change shareholder resolutions proposed by the Aiming for A coalition because we strongly believe that routine annual reporting from 2016 should include further information about what future actions the Company is planning to take on: (i) ongoing operational emissions management; (ii) asset portfolio resilience to the International Energy Agency's (IEA's) scenarios; (iii) low-carbon energy research and development (R&amp;D) and investment strategies; (iv) relevant strategic key performance indicators (KPIs) and executive incentives; and (v) public policy positions relating to climate change.</p> <p>It was critical for these resolutions to pass not only for our interests as BP and Shell shareholders but also to set a good precedent for other companies to follow and to help with the climate change agenda more broadly.</p>
Scope and Process	<p>We have been strongly involved with and supportive of this coalition and proposal, and whilst we did not co-file the resolution, the text used in the resolution drew on the Institutional Investors Group on Climate Change (IIGCC) Investor Expectations document (which Aviva Investors was involved in creating) - <a href="http://www.iigcc.org/publications/publication/investor-expectations-oil-and-gas-company-strategy">http://www.iigcc.org/publications/publication/investor-expectations-oil-and-gas-company-strategy</a> We welcomed the fact that the Boards supported the resolution too.</p> <p>We attended both AGMs in person and asked questions of the board at both meetings. At the Shell AGM we asked a question regarding stress testing being undertaken on portfolios and how this would impact on investment decisions such as the Arctic. Similarly at BP AGM we asked whether they had stress tested their strategy against the IEA's Current and New Policies scenarios and if so how were the strategies impacted.</p>
Outcomes	<p>The resolutions were passed with overwhelming support which we welcomed. This outcome provides a strong foundation to build on. For example, we have met with both companies since the AGMs on a number of occasions as both companies prepare the new disclosure required by the resolution.</p>

☒ Add Example 2

Topic or ESG issue	Remuneration, Strategy, and Board composition (Hydrodec plc)
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	<p>The Company was proposing a new Long Term Incentive Plan (LTIP) at its 2015 AGM. We did not want the proposal to go through as we were concerned that the level of award potential was not appropriately aligned with shareholder interests, particularly as management could benefit significantly from the increased value of a low base price of 9p (being much lower than the price new shares were issued in Nov 2013) to the relevant share price targets. As such, we wanted to see the base price for the new LTIP be increased (from 9p) to 12p. Furthermore, we expect the Executive Directors to have a higher level of personal investment in the Company (a concern exacerbated given the potential significance of the LTIP awards).</p> <p>We also want to see more independent and experience directors on the Board.</p>
Scope and Process	<p>In addition to having a number of conversations and email exchanges with the Company, we also discussed our concerns with other shareholders which included some of the company's largest investors. We voted against the initial proposal and given we had a 19% stake in the business and other investors were also likely to oppose, there was a strong possibility that the resolution would have been voted down. Other shareholders were also pushing for board change so a lack of commitment to address the issues on the LTIP would have put the board under even more pressure.</p>
Outcomes	<p>The Company listened to shareholders and went a substantial distance to address our concerns. The base price of awards was increased from 9p to 11.25p (which is the price investors came in at under the November 2013 financing round). The first share price hurdle is 14p so management would only make money if the share price reaches 14p which would be a 10% share of the incremental value in the Company's share price generated between 11.25 pence and 14 pence. We also welcome the reduction of award they will get for achieving each hurdle. Also, as the Company will incorporate the same maximum cap as under the old LTIP of 25p, the dilutive impact of the new LTIP is appropriately limited and controlled being, a maximum aggregate dilution of 6.2%. These concessions enabled us to support the adoption of the new LTIP.</p> <p>Also, we welcomed the appointment of an independent director in September 2015.</p>

☒ Add Example 3

Topic or ESG issue	Board composition, lack of Board process & oversight and labour issues (Sports Direct)
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Our overriding objective was/is for the Company to address a number of governance concerns that we (and other investors) have been raising for a couple of years. These include poor communication / engagement with shareholders, insufficient board processes& oversight and poor human capital management. There is a market view that the company's shares trade at a 20% discount due to these governance issues. Not supporting the re-election of the chairman reflects our disappointment with the lack of progress, and is a clear message to the board that we would like a change of chair.
Scope and Process	We had several meetings and calls with the Company in 2014 and 2015, a number of which included other investors and trade bodies. There has been a lack of tangible progress and as such we voted against the re-election of the chairman at the 2015 AGM, amongst other resolutions. However, given Mike Ashley is the controlling shareholder, issues would only be addressed if the majority of other shareholders also voted against.
Outcomes	The vote on the re-election of the chairman obtained 71.4% of the votes from independent shareholders, therefore he remains on the Board. Since the AGM Sports Direct has been at the centre of further controversies (such as employment practices) which has only increased our appetite for Board change. Engagement is ongoing with the company which includes a number of other investors.

☒ Add Example 4

Topic or ESG issue	Board diversity (specifically gender)
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	Our objective is for there to be diversity in the broadest sense, so not just in relation to gender but also diversity of thought. Inclusive and diverse boards are more likely to be effective boards, better able to understand their customers and stakeholders and benefit from fresh perspectives, new ideas, vigorous challenge and broad experience. Explanations are particularly important for companies that have chosen not to address or are facing challenges in addressing gender diversity.
Scope and Process	We pay particular attention to this issue for the largest companies (eg the FTSE 350) and would not support the resolution to adopt the Report & Accounts and/or the re-election of the Chairman of the Nomination Committee if we consider that the Board has not sufficiently addressed gender diversity and the reasons have not been adequately explained in the Report & Accounts. In 2015 there were 21 occasions where we didn't support the the R&As and another occasion where we voted against the chairman of the board and nomination committee.
Outcomes	Following these votes, some of the companies have improved their gender diversity on the Board and / or their explanations around board and senior manager diversity in general.

☒ Add Example 5

Topic or ESG issue	Lack of independence and oversight on the Board (Volkswagen AG)
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	To see an improvement in corporate governance practices at the Company such as the appointment of additional independent directors, a reduction in non-audit fees and the introduction of a vote on executive remuneration arrangements . Also, the company's subsidiaries have been subject to various fines for Anti-Competitive and anti-trust violations and there are cumbersome requirements that need to be met for votes to be accepted. All of these issues need to be addressed.
Scope and Process	We had met with the Company in 2013 to discuss our corporate governance concerns and although we only held VW shares passively at the time of the 2015 AGM, we nevertheless advised the Company after the AGM why we were unable to support a number of resolutions.
Outcomes	The Company acknowledged our concerns and advised that our votes / comments will help shape future policy on corporate governance. A couple of months later our governance concerns proved to be warranted with the breaking of the VW emission scandal. The scandal wiped off billions of the Company's value and has resulted in some Board changes including a new chairman. Investigations are ongoing and we will be pushing for further change.

☒ Add Example 6

Topic or ESG issue	Board succession (The Restaurant Group)
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	That the Board has sufficient succession arrangements in place for its chairman and other board members
Scope and Process	<p>We have had a large position in the Restaurant Group for some time and note that the Chairman, Alan Jackson has served on the Board for 14 years and had intended to retire in 2014. A fresh perspective would be appropriate in our view. However on 31 August 2014, the highly regarded Andrew Page stepped down as CEO (he was replaced by Danny Breithaupt who has lots of experience of the business as who was an internal appointment). As such the Board agreed that the chairman should now serve until early 2016 to provide a smooth transition. We think this is a well considered decision and therefore we supported the re-election of the chairman. We also welcome that the Board composition is much improved over the last couple of years.</p>
Outcomes	<p>The Board announced in 2016 that a successor for the chairman has been agreed (one of the new but very experienced non-executive directors). The Company provided us with a detailed explanation as to how the decision was made and we remain comfortable that succession arrangements are being properly considered.</p>

☒ Add Example 7

Topic or ESG issue	Anti-takeover arrangements (Siliconware Precision Industries Co or SPIL)
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	To ensure our / our clients interests as SPIL shareholders are protected. We had concerns our shareholding would be diluted by the share swap deal.
Scope and Process	<p>At the Siliconware Precision Industries (SPIL) EGM on 15 October 2015, the Company used a White Knight defence to counter investment by a competitor Advanced Semiconductor Engineering (ASE) by doing a share swap with Hon Hai Precision Industry. This is seen in the market as a defense by SPIL management to protect their interests over shareholders.</p> <p>Amongst other issues, the company failed to make a compelling case regarding the necessity of the share swap for SPIL's strategic alliance with Hon Hai. Furthermore the absence of premium to the company's share (offer) price with Hon Hai is left unjustified. Our view is that there would be no downside if the deal would not go through and as such we voted against the amendments to articles</p>
Outcomes	<p>The proposals were not approved by shareholders, an outcome which we welcomed. ASE's shares climbed as much as 8.3 percent to NT\$37.90. SPIL's stock climbed 5 percent to NT\$42.80, its biggest gain since August 2015. The Company announced that it fully respects the decision of the shareholders and it reiterated that the direction towards seeking strategic alliance remains unchanged and the Company will continue to look to all types of cooperation opportunities to pursue the greatest interests of all shareholders</p>

☒ Add Example 8



Topic or ESG issue	Corporate Responsibility risks
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	For there to be integrated disclosure of ESG issues within the Annual Report and Accounts as we believe companies that consider material environmental, social and governance (ESG) as part of their business strategy generate enhanced shareholder value over the long-term.
Scope and Process	<p>We expect all large and listed companies (i.e constituents of the MSCI World Index and FTSE 350) to disclose information on their exposure to and management of key corporate responsibility risks. These may include, but are not limited to, issues associated with the environment and climate change, bribery and corruption, health and safety, human rights, modern day slavery and labour standards.</p> <p>Where companies do not publish this information or where we see poor corporate responsibility performance or management practices, we may vote against or abstain on the resolution to adopt the Report and Accounts. In addition, where we consider this is warranted, we may also withhold support from the Remuneration Report (where ESG performance measure have not been appropriately integrated) or individual directors with responsibility (such as chair of a board sustainability committee or equivalent).</p>
Outcomes	<p>In 2015, we withheld support on 51 report&amp; accounts to flag concerns over poor ESG disclosures. We also withheld support on the re-election of 1014 directors where we have similar concerns but where there is no report &amp; accounts put to the shareholder vote.</p> <p>One way of measuring the effectiveness of our voting (and any associated engagement) is by looking at whether our voting position on corporate responsibility issues has improved or deteriorated, comparing how we voted at the previous AGMs of these companies. We can point to many occasions where companies improve their disclosures following our discussions with them on our voting approach to such issues.</p>

☒ Add Example 9

Topic or ESG issue	Shareholder rights (Toyota)
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	We wanted to vote down the proposal by the company to issue Model AA shares which would have a principal guarantee, making them a debt-like security, yet they also have voting rights similar to common stock. By creating such a hybrid financial instrument, effectively only available to domestic investors (as the offering will not be conducted outside Japan), the one-share-one-vote principle is distorted, creating a conflict of interest amongst its investors.
Scope and Process	<p>Ahead of the AGM, we co-signed a letter to the company written by L&amp;G outlining the reasons for investor concerns and to ask for this resolution to be withdrawn at the AGM.</p> <p>We said that we do not believe the Corporate Governance Code envisioned the creation of a new share class that discriminates against existing common shareholders, many of whom are long-term holders of the stock and all of whom are prepared to accept the risk that their principal is not guaranteed.</p>
Outcomes	Unfortunately our proposal to withdraw the resolution to create AA shares was not addressed and worse still, it received 75% support and passed. However, we followed up with a press release in Japan saying we disapproved of the arrangement and continue to engage with Toyota amongst other Japanese companies to encourage them to improve governance practices.

☐ Add Example 10

## Communication

LEA 27	Mandatory	Core Assessed	PRI 2,6
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**LEA 27.1** Indicate if your organisation proactively discloses information on your voting activities.

☒ We disclose it publicly

provide URL

[http://www.avivainvestors.com/about\\_us/our\\_corporate\\_governance/voting\\_schedules/index.htm](http://www.avivainvestors.com/about_us/our_corporate_governance/voting_schedules/index.htm)

**LEA 27.2** Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

☒ Yes

**LEA 27.3** Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- ☒ All voting decisions
- ☐ Some voting decisions
- ☐ Only abstentions and opposing vote decisions
- ☐ Summary of votes only

Indicate what level of explanation you provide

- ☐ Explain all voting decisions
- ☐ Explain some voting decisions
- ☒ Only explain abstentions and votes against management
- ☐ No explanations provided

**LEA 27.4**

Indicate how frequently you typically report voting information.

- ☐ Continuously (primarily before meetings)
- ☐ Continuously (soon after votes are cast)
- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc/as requested
- ☐ No
- ☐ We disclose it to clients/beneficiaries only
- ☐ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

**LEA 27.8**

Additional information. [Optional]

Meetings are updated 3 months in arrears (i.e a meeting held on 1/12/13 will be displayed on 1/3/14)

Aviva Investors

Reported Information

Public version

Direct - Fixed Income

## 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.

Overview			
FI 01	Mandatory to Report	Voluntary to Disclose	Gateway
General			
FI 01.1	Provide a breakdown of your internally managed fixed income securities by active and passive strategies		

DRAFT

SSA	<div> <div>Passive</div> <div>53</div> </div> <div> <div>Active - quantitative (quant)</div> <div>0</div> </div> <div> <div>Active - fundamental and active - other</div> <div>47</div> </div> <div> <div>Total</div> <div>100%</div> </div>
Corporate (financial)	<div> <div>Passive</div> <div>40</div> </div> <div> <div>Active - quantitative (quant)</div> <div>0</div> </div> <div> <div>Active - fundamental and active - other</div> <div>60</div> </div> <div> <div>Total</div> <div>100%</div> </div>
Corporate (non-financial)	<div> <div>Passive</div> <div>40</div> </div> <div> <div>Active - quantitative (quant)</div> <div>0</div> </div> <div> <div>Active - fundamental and active - other</div> <div>60</div> </div> <div> <div>Total</div> <div>100%</div> </div>

FI 03	Mandatory to Report Voluntary to Disclose	Descriptive	General
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FI 03.1	Indicate the approximate (+/- 5%) breakdown of your SSA investments, between developed markets and emerging markets.
---------	--

SSA		Developed markets
	94	
		Emerging markets
	6	
		Total
	100%	

FI 03.2	Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments between investment grade or high-yield securities.
---------	--

Corporate (financial)		High-yield
	11	
		Investment grade
	89	
		Total
	100%	
Corporate (non-financial)		High-yield
	26	
		Investment grade
	74	
		Total
	100%	

## ESG incorporation in actively managed fixed income

## Implementation processes

FI 04

Mandatory

Gateway

PRI 1

FI 04.1

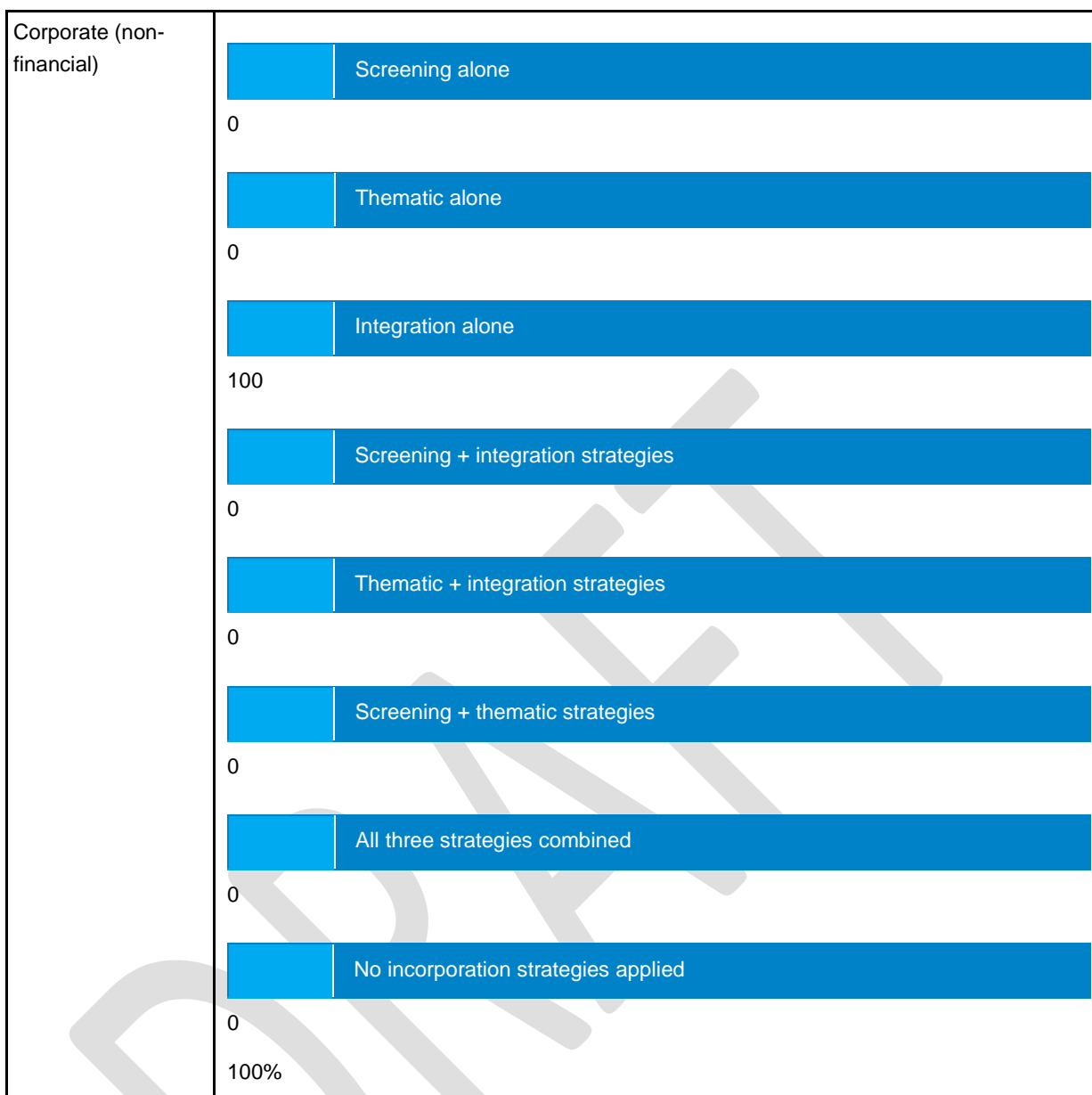
Indicate 1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and 2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.

DRAFT



SSA	<div> <div>Screening alone</div> <div>0</div> </div> <div> <div>Thematic alone</div> <div>0</div> </div> <div> <div>Integration alone</div> <div>100</div> </div> <div> <div>Screening + integration strategies</div> <div>0</div> </div> <div> <div>Thematic + integration strategies</div> <div>0</div> </div> <div> <div>Screening + thematic strategies</div> <div>0</div> </div> <div> <div>All three strategies combined</div> <div>0</div> </div> <div> <div>No incorporation strategies applied</div> <div>0</div> </div> <div>100%</div>
Corporate (financial)	<div> <div>Screening alone</div> <div>0</div> </div> <div> <div>Thematic alone</div> <div>0</div> </div> <div> <div>Integration alone</div> <div>100</div> </div> <div> <div>Screening + integration strategies</div> <div>0</div> </div>

	<div>Thematic + integration strategies</div> <div>0</div>
	<div>Screening + thematic strategies</div> <div>0</div>
	<div>All three strategies combined</div> <div>0</div>
	<div>No incorporation strategies applied</div> <div>0</div>
	100%



#### FI 04.2

Describe your primary reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

Aviva Investors provides loans to governments, public authorities and companies in the form of government bonds and corporate bonds, investing over £180bn across fixed income products and markets. Increased litigation, regulation and other ESG related business pressures can all impact earnings, cash flows and credit ratings in both the long and short term. We use ESG research to provide valuable insight by identifying risks that may impact on the performance or reputation of different companies. Given the asymmetric nature of returns in fixed income, it is vital to incorporate such considerations into the investment process. This is why we believe credit fund managers and analysts need to assess ESG risks and their financial implication on all Fixed Income securities. We source a range of high quality independent research from specialist ESG research providers as well as information from less conventional sources such as NGOs and civil society. This enables us to build up a rich and sophisticated picture of how environmental, social and governance issues impact the investments we make. Our latest ESG risk data is now integrated into all of the credit research notes we produce on corporate bond issuers.

FI 05

Mandatory to Report Voluntary to Disclose

Core Assessed

PRI 1

**FI 05.1**

Indicate which ESG factors you systematically research as part of your ESG analysis on issuers.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	
Environmental data	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Social data	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Governance data	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

**FI 05.2**

Indicate what format your ESG information comes in and where you typically source it

- ☒ Raw ESG company data

**Indicate who provides this information**

- ☒ ESG research provider  
☒ Sell-side  
☐ In-house – specialised ESG analyst or team  
☐ In-house – FI analyst, PM or risk team  
☐ Other, specify  
☒ ESG factor specific analysis

**Indicate who provides this information**

- ☒ ESG research provider  
☒ Sell-side  
☒ In-house – specialised ESG analyst or team  
☒ In-house – FI analyst, PM or risk team  
☐ Other, specify  
☒ Issuer-level ESG analysis

**Indicate who provides this information**

- ☒ ESG research provider  
☒ Sell-side  
☒ In-house – specialised ESG analyst or team  
☒ In-house – FI analyst, PM or risk team  
☐ Other, specify  
☒ Sector-level ESG analysis

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – FI analyst, PM or risk team
- ☐ Other, specify
- ☒ Country-level ESG analysis

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☐ In-house – FI analyst, PM or risk team
- ☒ Other, specify

specify description

World Bank and Transparency International

**FI 05.3**

Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.

We source a range of high quality independent ESG data from brokers and research organisation as well as information from less conventional sources such as NGOs and civil society. This enables us to build up a rich and sophisticated picture of how environmental, social and governance issues impact the investments we make. We source primary research from a range of specialist ESG independent research providers who focus on bond issuers as well as sell-side brokers. Current external research providers include Bloomberg, CDP, Viageo EIRIS, Institutional Shareholder Services (ISS) and MSCI. We source research specifically developed for fixed income investing. A biennial review of research providers is conducted to ensure we have the best available data. In addition to quality and depth, we also seek out ESG research providers that frequently update research reports as well as cover the widest range of securities. For SSA fixed income securities ESG research is limited in the frequency of updates, with some providers only updating their research on an annual basis. For Securitised fixed income securities that relate to privately held companies, ESG research is extremely limited.

**FI 06**

**Mandatory**

**Additional Assessed**

**PRI 1**

**FI 06.1**

Indicate how you ensure that your ESG research process is robust:

- ☒ Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- ☐ Internal audits of ESG research are undertaken in a systematic way
- ☒ ESG analysis is benchmarked for quality against other providers
- ☐ Other, specify
- ☐ None of the above

**FI 06.2**

Describe how your ESG information or analysis is shared among your investment team.

- ☒ ESG information is held within a centralised database and is accessible to all investment staff
- ☒ ESG information is a standard item on all individual issuer summaries, 'tear sheets', 'dashboards' or similar documents
- ☐ Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- ☐ Records capture how ESG information and research was incorporated into investment decisions
- ☒ Other, specify
- We host regular meetings attended by all investment teams, on macro thematic issues including ESG topics such as climate change.
- ☐ None of the above

**(C) Implementation: Integration****FI 14****Mandatory****Descriptive****PRI 1****FI 14.1**

Describe your approach to integrating ESG into traditional financial analysis.

Aviva Investors provides loans to governments, public authorities and companies in the form of government bonds and corporate bonds, investing over £180bn across fixed income products and markets. Increased litigation, regulation and other ESG related business pressures can all impact earnings, cash flows and credit ratings in both the long and short term. We use ESG research to provide valuable insight by identifying risks that may impact on the performance or reputation of different companies. Given the asymmetric nature of returns in fixed income, it is vital to incorporate such considerations into the investment process. This is why we believe credit fund managers and analysts need to assess ESG risks and their financial implication on all Fixed Income securities. We source a range of high quality independent research from specialist ESG research providers as well as information from less conventional sources such as NGOs and civil society. This enables us to build up a rich and sophisticated picture of how environmental, social and governance issues impact the investments we make. Our latest ESG risk data is considered as part of the research process and is integrated into all of the credit research notes we produce on corporate bond issuers where we consider the concerns to be material.

Our fixed income credit analysis is based on our proprietary MFVT process - or Macro, Fundamentals, Technicals, Valuation - and integrates ESG considerations therein.

- The Macro analyses involves looking at broader themes impacting investment markets and asset classes, with ESG thematics playing a key part.
- The Fundamentals analysis involves assessing the credit strengths and credit risks for individual issuers and industries; this includes inputs on ESG risk exposure for the industry and credit.
- Technicals analysis involves assessing supply/demand and market sentiment dynamics and incorporates likely impact of key ESG risk factors, such as reputational risk, litigation overhang, etc.
- The Valuation analysis involves pricing the inherent credit risk and as such embeds the return required for underlying ESG and other risks faced by the credit.

This analysis feeds through to our investment decision making process as the degree of conviction held by our analysts determines the directionality and size of the positions we take.

**FI 14.2**

Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.

## SSA

ESG research can provide valuable information and insight by identifying risks that may impact on the performance or reputation of countries. Our SSA fixed income investment model takes into account ESG information, focusing predominantly on governance and social metrics such as level of transparency, corruption perception scores, political stability, life expectancy of the population, voice and accountability and age dependence.

## Corporate (financial)

Our fixed income credit analysis is based on our proprietary MFVT process - or Macro, Fundamentals, Technicals, Valuation - and integrates ESG considerations therein.

- The Macro analyses involves looking at broader themes impacting investment markets and asset classes, with ESG thematics playing a key part.
- The Fundamentals analysis involves assessing the credit strengths and credit risks for individual issuers and industries; this includes inputs on ESG risk exposure for the industry and credit.
- Technicals analysis involves assessing supply/demand and market sentiment dynamics and incorporates likely impact of key ESG risk factors, such as reputational risk, litigation overhang, etc.
- The Valuation analysis involves pricing the inherent credit risk and as such embeds the return required for underlying ESG and other risks faced by the credit.

This analysis feeds through to our investment decision making process as the degree of conviction held by our analysts determines the directionality and size of the positions we take.

## Corporate (non-financial)

Our fixed income credit analysis is based on our proprietary MFVT process - or Macro, Fundamentals, Technicals, Valuation - and integrates ESG considerations therein.

- The Macro analyses involves looking at broader themes impacting investment markets and asset classes, with ESG thematics playing a key part.
- The Fundamentals analysis involves assessing the credit strengths and credit risks for individual issuers and industries; this includes inputs on ESG risk exposure for the industry and credit.
- Technicals analysis involves assessing supply/demand and market sentiment dynamics and incorporates likely impact of key ESG risk factors, such as reputational risk, litigation overhang, etc.
- The Valuation analysis involves pricing the inherent credit risk and as such embeds the return required for underlying ESG and other risks faced by the credit.

This analysis feeds through to our investment decision making process as the degree of conviction held by our analysts determines the directionality and size of the positions we take.

FI 15

Mandatory

Core Assessed

PRI 1

FI 15.1

Indicate how ESG information is typically used as part of your investment process.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	
ESG analysis is integrated into fundamental analysis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is integrated into security weighting decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is integrated into portfolio construction decisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ESG analysis is a standard part of internal credit ratings or assessment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis for issuers is a standard agenda item at investment committee meetings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ESG analysis is regularly featured in internal research notes or similar	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is a standard feature of ongoing portfolio monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ESG analysis features in all internal issuer summaries or similar documents	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**FI 15.2**

Additional information [OPTIONAL]

ESG analysis features on all internal issuer summaries or similar documents when it has a materially adverse impact.

**FI 16**

**Mandatory**

**Additional Assessed**

**PRI 1**

**FI 16.1**

Indicate the extent to which ESG issues are reviewed in your integration process.



	Environment	Social	Governance	
SSA	SSA	<div>Environmental</div> <input type="radio"/> Systematically <input checked="" type="radio"/> Occasionally <input type="radio"/> Not at all	<div>Social</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div>Governance</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (financial)	Corporate (financial)	<div>Environmental</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div>Social</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div>Governance</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (non-financial)	Corporate (non-financial)	<div>Environmental</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div>Social</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<div>Governance</div> <input checked="" type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all

**FI 16.2** Please provide more detail on how you review E, S and G factors in your integration process.

#### SSA

Our SSA fixed income investment model takes into account ESG information, focusing predominantly on governance and social metrics such as level of transparency, corruption perception scores, political stability, life expectancy of the population, voice and accountability and age dependence.

#### Corporate (financial)

Our fixed income credit analysis is based on our proprietary MFVT process - or Macro, Fundamentals, Technicals, Valuation - and integrates ESG considerations therein. While all factors are important, typically the Governance issues play a bigger role in our assessment of Corporate Financials.

#### Corporate (non-financial)

Our fixed income credit analysis is based on our proprietary MFVT process - or Macro, Fundamentals, Technicals, Valuation - and integrates ESG considerations therein. While all factors are important, typically the E and S factors are more impactful in case of Non-Financials than they are for Financials.

### ESG incorporation in passively managed fixed income

FI 17

Voluntary

Descriptive

PRI 1

**FI 17.1**

Describe your RI approach for passively managed fixed income assets.

Our passively managed fixed income assets consist of index trackers with low tracking errors. Our responsible investment approach includes using our influence as debt owners to promote responsible and sustainable practice among the debt issuers in which we invest. We look for alignment with our equity engagement and hold regular meetings with debt issuers and treasury departments, where we raise issues of concern which may include performance on fundamentals such as environmental, social and governance metrics.

**Fixed income - Engagement****FI 18****Mandatory to Report Voluntary to Disclose****Core Assessed****PRI 2****FI 18.1**

Indicate if you engage on your fixed income assets. Please exclude any engagements carried out solely in your capacity as a shareholder.

Category	Proportion of assets
SSA	<input type="radio"/> >50% <input type="radio"/> 26-50% <input type="radio"/> 5-25% <input type="radio"/> More than 0%, less than 5% <input checked="" type="radio"/> We do not engage
Corporate (financial)	<input type="radio"/> >50% <input type="radio"/> 26-50% <input checked="" type="radio"/> 5-25% <div> <b>FI 18.2</b>   Indicate your motivations for conducting engagement.           </div> <input checked="" type="checkbox"/> To gain insights into ESG (i.e. enhance disclosure) <input checked="" type="checkbox"/> To effect change (i.e. ask an issuer to manage ESG risk and/or opportunity) <input type="checkbox"/> Other, specify <input type="radio"/> More than 0%, less than 5% <input type="radio"/> We do not engage
Corporate (non-financial)	<input type="radio"/> >50% <input type="radio"/> 26-50% <input checked="" type="radio"/> 5-25% <div> <b>FI 18.2</b>   Indicate your motivations for conducting engagement.           </div> <input checked="" type="checkbox"/> To gain insights into ESG (i.e. enhance disclosure) <input checked="" type="checkbox"/> To effect change (i.e. ask an issuer to manage ESG risk and/or opportunity) <input type="checkbox"/> Other, specify <input type="radio"/> More than 0%, less than 5% <input type="radio"/> We do not engage

<b>FI 18.3</b>	Additional information.[OPTIONAL]
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We hold regular meetings with debt issuers and treasury departments, where we raise issues of concern which may include performance on fundamentals such as environmental, social and governance metrics.

<b>FI 19</b>	<b>Mandatory to Report</b>	<b>Voluntary to Disclose</b>	<b>Additional Assessed</b>	<b>PRI 1,2</b>
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<b>FI 19.1</b>	Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)
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Select all that apply

Type of engagement		Corporate (financial)	Corporate (non-financial)	
Individual/Internal staff engagements		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Collaborative engagements		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Service provider engagements		<input type="checkbox"/>	<input type="checkbox"/>	

**FI 19.2**

Indicate how your organisation prioritises engagements with issuers

Select all that apply

		Corporate (financial)	Corporate (non-financial)	
Based on potential materiality of ESG factors		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Based on systemic risks to global portfolios		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Based on our exposure (holdings) to ESG risks		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other, describe		<input type="checkbox"/>	<input type="checkbox"/>	

**FI 19.3**

Indicate when your organisation conducts engagements with issuers.

Select all that apply

		Corporate (financial)	Corporate (non-financial)	
Engagements are conducted pre-investment		<input type="checkbox"/>	<input type="checkbox"/>	
Engagements are conducted post-investment		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other, describe		<input type="checkbox"/>	<input type="checkbox"/>	

**FI 19.4**

Indicate how your organisation conducts engagements with issuers.

Select all that apply

	Corporate (financial)	Corporate (non-financial)	
We systematically engage prior to ESG-related divestments	<input type="checkbox"/>	<input type="checkbox"/>	
We engage proactively in anticipation of specific ESG risks and/or opportunities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
We engage in reaction to ESG issues which have already affected the issuer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Investment and ESG analysts systematically conduct ESG-related engagements together	<input type="checkbox"/>	<input type="checkbox"/>	
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	

**FI 19.5**

Indicate what your organisation conducts engagements with issuers on.

Select all that apply

	Corporate (financial)	Corporate (non-financial)	
We conduct engagements with individual issuers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
We conduct engagements across sectors and industries	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
We conduct engagements on specific ESG themes (e.g. human rights)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	

**FI 19.6**

Indicate how your organisation shares the outcomes of the engagements internally.

Select all that apply

	Corporate (financial)	Corporate (non-financial)	
We have a systematic process to ensure the outcomes of engagements are made available	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
We occasionally make the outcomes of engagements available	<input type="checkbox"/>	<input type="checkbox"/>	
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	
We do not make this information available	<input type="checkbox"/>	<input type="checkbox"/>	

FI 20	Mandatory to Report Voluntary to Disclose	Additional Assessed	PRI 1,2
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<b>FI 20.1</b>	Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.
<input type="radio"/> Yes <input checked="" type="radio"/> No	

## Outputs and outcomes

FI 21	Mandatory to Report Voluntary to Disclose	Additional Assessed	General
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<b>FI 21.1</b>	Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance.
----------------	---

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	
We measure whether incorporating ESG impacts funds' reputation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
We measure whether incorporating ESG impacts financial returns	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
We measure whether incorporating ESG impacts risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
We measure whether incorporating ESG impacts funds' ESG performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

FI 22	Voluntary	Descriptive	PRI 1,2
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FI 22.1	Provide examples of how your incorporation of ESG analysis and/or your engagement of issuers has affected your fixed income investment outcomes during the reporting year.
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☒ Example 1

	Type of fixed income
<input type="checkbox"/> SSA <input checked="" type="checkbox"/> Corporate (financial) <input type="checkbox"/> Corporate (non-financial)	
	ESG issue and explanation
<p>Our integrated analysis flagged up a number of positive and negative issues within the banking sector. This triggered engagement in 2015 and in previous years with a number of UK banks on significant fines, post-financial crisis conduct and litigation issues. While this topic is wide-reaching, a specific area to highlight is Lloyds Bank and PPI mis-selling, specifically the ongoing provisioning requirements.</p> <p>On the positive side, we have also been monitoring the impressive development of the green bond market and met with a range of European banks on new green bonds issued during the year, including ABN, ING, BPCE, SocGen and HSBC France.</p>	
	RI strategy applied
<input type="checkbox"/> Integration <input checked="" type="checkbox"/> Engagement <input type="checkbox"/> ESG incorporation in passively managed funds	
	Impact on investment decision or performance
<p>Our fixed income credit analysis is based on our proprietary MFVT process - or Macro, Fundamentals, Technicals, Valuation - and integrates ESG considerations therein. The Macro analyses involves looking at broader themes impacting investment markets and asset classes, with ESG themes playing a key part. The Fundamentals analysis involves assessing the credit strengths and credit risks for individual issuers and industries; this includes inputs on ESG risk exposure for the industry and credit. Technicals analysis involves assessing supply/demand and market sentiment dynamics and incorporates likely impact of key ESG risk factors, such as reputational risk, litigation overhang, etc. The Valuation analysis involves pricing the inherent credit risk and as such embeds the return required for underlying ESG and other risks faced by the credit. This analysis feeds through to our investment decision making process as the degree of conviction held by our analysts determines the directionality and size of the positions we take.</p>	

☒ Example 2

	Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)	
	ESG issue and explanation
Our credit analysts met with Nestlé/ABIBB/Delhaize to discuss their approach to ESG management and to impress upon the companies how much of an emphasis we put on it.	
	RI strategy applied
<input type="checkbox"/> Integration <input checked="" type="checkbox"/> Engagement <input type="checkbox"/> ESG incorporation in passively managed funds	
	Impact on investment decision or performance
We included commentary post meeting in our analysis of the companies.	

☒ Example 3



	Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)	
	ESG issue and explanation
<p>Vodafone had concerns over their ability to retain female talent and commissioned KPMG to identify the point at which the majority of their female talent was lost. As a result of the study Vodafone implemented a global maternity leave policy providing sixteen weeks of paid leave to female employees in 30 countries. Studies by KPMG suggest that businesses could save up to \$19bn annually through such a maternity policy given the total cost to businesses of replacing women who leave the workforce after starting a family is \$47bn annually.</p> <p>We met with Vodafone to congratulate them on taking very positive steps on talent retention - an issue we had been discussing with them over a period of time.</p>	
	RI strategy applied
<input type="checkbox"/> Integration <input checked="" type="checkbox"/> Engagement <input type="checkbox"/> ESG incorporation in passively managed funds	
	Impact on investment decision or performance
<p>We view such a considered approach to human capital management and talent retention as proactive and forward thinking and reinforces our positive view of the company.</p>	

☒ Example 4

	Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)	
	ESG issue and explanation
<p>One of the five pillars of our strategic response to climate change is active stewardship on climate risk where we committed to actively engage with companies to achieve climate resilient business strategies. As part of this we have identified 40 companies which derive more than 30% of revenue from thermal coal mining or coal power generation. These 40 companies have formed the basis of well resourced and focused engagement where we are looking for concrete outcomes and commitments from companies to reduce their carbon impact now and through capital expenditure decisions. We are also using our vote at annual general meetings to support this engagement.</p>	
	RI strategy applied
<input checked="" type="checkbox"/> Integration <input type="checkbox"/> Engagement <input type="checkbox"/> ESG incorporation in passively managed funds	
	Impact on investment decision or performance
<p>The fifth pillar of our strategic response to climate change is one of divestment where necessary. We aim to use our shareholder influence to encourage companies to transition to a lower carbon future. We will divest highly intensive fossil fuel companies where we consider they are not making sufficient progress towards the engagement goals set.</p>	

☐ Example 5

## Communication

FI 23	Mandatory	Core Assessed	PRI 2,6
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FI 23.1	Indicate if your organisation proactively discloses information on your approach to RI across all of your fixed income investments.
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☒ We disclose it publicly

	Provide URL
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<https://uk.avivainvestors.com/content/dam/aviva/aviva-investors/united-kingdom/documents/Jan-Dec-14-individual-uk-EngagementReport-VotingSchedule.pdf>

**FI 23.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- ☐ Yes
- ☒ No

**FI 23.3**

Indicate the information your organisation proactively discloses to the public regarding your approach to RI incorporation.

- ☒ Broad approach to RI incorporation
- ☐ Detailed explanation of RI incorporation strategy used

**FI 23.4**

Indicate how frequently you typically report this information to the public.

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☒ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc/when requested

**FI 23.5**

Indicate the information your organisation proactively discloses to clients/beneficiaries regarding your approach to RI.

- ☐ Broad approach to RI incorporation
- ☒ Detailed explanation of RI incorporation strategy used

**FI 23.6**

Indicate how frequently you typically report this information to clients/beneficiaries.

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☒ Ad-hoc/when requested
- ☐ We disclose it to clients and/or beneficiaries only
- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries

**FI 23.7**

Additional information. [Optional]

We publish our votes and rationales every three months on our website. Our standard reports include (a) a statistical summary of the number of and types of resolutions we have opposed; (b) a detailed report listing all the resolutions we voted on and (c) a summary of our engagement highlights and key ESG issues over the quarter.

Aviva Investors

Reported Information

Public version

Direct - Property

## 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.

## Overview

PR 02

Mandatory to Report Voluntary to Disclose

Gateway

General

PR 02.1

Provide a breakdown of your organisation's property assets based on who manages the assets.

Property assets managed by	Breakdown of your property assets (by number)
Managed directly by your organisation	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
Managed via third-party property managers appointed by you	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Managed by other investors or their property managers	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0%
Managed by tenant(s) with operational control	<input checked="" type="radio"/> > 50% <input type="radio"/> 10-50% <input type="radio"/> < 10% <input type="radio"/> 0%
<b>Total</b>	<b>100%</b>

PR 05

Mandatory

Core Assessed

PRI 1-6

PR 05.1

Indicate if your organisation has a Responsible Property Investment (RPI) policy.

☒ Yes

PR 05.2

Provide a URL if your RPI policy is publicly available. [Optional]

[http://www.avivainvestors.co.uk/pension\\_schemes/cs/groups/internet/documents/webattachment/zqzf/mdmw/-edisp/pdf\\_030468.pdf](http://www.avivainvestors.co.uk/pension_schemes/cs/groups/internet/documents/webattachment/zqzf/mdmw/-edisp/pdf_030468.pdf)

☐ No

## Fundraising of property funds

PR 06	Mandatory	Core Assessed	PRI 1,4,6
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PR 06.1	Indicate if your most recent fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.
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- ☐ Yes  
☒ No  
☐ Not applicable as our organisation does not fundraise

## Pre-investment (selection)

PR 08	Mandatory	Gateway	PRI 1
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PR 08.1	Indicate if your organisation typically incorporates ESG issues when selecting property investments.
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- ☒ Yes

PR 08.2	Provide a description of your organisation's approach to incorporating ESG issues in property investment selection.
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As set out in our Responsible Property Investment (RPI) Policy, Aviva Investors Real Estate regards the consideration of ESG issues and their impact on real estate investment as an essential part of our fiduciary duty to our clients. Our approach to ESG issues encompasses all of the areas in which we manage our clients' monies, from new direct acquisitions and held assets through to indirect investments and partnerships. It is also part of our Strategy and Research team's agenda. We believe that good ESG practices will deliver enhanced future returns with a lower risk profile for our clients. This philosophy is firmly embedded within our business and decision-making processes, from initial acquisition through to disposal.

ESG issues are taken into account on all acquisitions. ESG issues are identified during the due diligence and purchase process and monitored, and remedied if necessary, throughout the investment period.

For direct real estate, ESG issues are considered by our asset managers, fund managers, strategy and research and fund analysis teams. Environmental data is collected, verified and analysed to support the investment process. A range of ESG issues are considered at the due diligence stage for potential new acquisitions and where material, assessed by our investment committee.

Our approach to new investments helps us to mitigate any unnecessary or unexpected capital costs that would otherwise reduce returns. We look for ESG risks by assembling reports on issues such as flood risk, environmental sensitivity and contamination. If we identify an environmental risk, we will conduct further due diligence. At this stage, we still have the opportunity to withdraw from an investment and will do so if our concerns cannot be addressed. Our investment transaction process also gives consideration to a building's Energy Performance Certificate(s) rating, any sustainability ratings such as BREEAM, as well as the investment's compatibility with our Responsible Property Investment Policy. We also carry out governance and financial crime checks.

Acquisitions are subject to approval by our Investment Transaction Committee, part of the approval process being consideration of ESG aspects.

Integrating responsible investment into investment processes is the responsibility of each business area. However, to provide a consistent approach, and to challenge effective implementation, we have a Global Responsible Investment (GRI) Team. We also utilise a network of Responsible Investment Officers to act as a direct link between the GRI team and investment desks.

Our Responsible Property Investment (RPI) committee is made up of senior real estate investment professionals including portfolio managers, senior counsel, real estate analysts, portfolio surveyors and sustainability experts. It meets every six weeks with the purpose of monitoring the RPI Policy and objectives within the business as well as providing a forum for sharing ideas and best practice.

☐ No

PR 10	Mandatory	Core Assessed	PRI 1,3
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PR 10.1	Indicate which E, S and/or G issues are typically considered by your organisation in the property investment selection process and list up to three examples per issue.
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#### ESG issues

☒ Environmental

List up to three typical examples of environmental issues
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Asset-level Energy Performance Certificate (EPC) rating(s) and Other environmental certification rating(s) (e.g. BREEAM/LEED/SKA), if available.

The flood risk rating of the site(s) and any flood mitigation / flood protection measures.

Contaminated land and other environmental issues within immediate proximity of the site(s) related to the transaction.

☒ Social

List up to three typical examples of social issues
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Placemaking / community development: We consider placemaking potential and the ability to create inspiring "community spaces" when considering direct property investments with redevelopment opportunities.

Tenant type and demography

Covenant strength of occupier(s), business potential of occupiers

☒ Governance

List up to three typical examples of governance issues
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Fair allocation / fair dealing policy

Anti-money laundering

Financial crime check - we assess the financial crime risk of the proposed transaction and undertake effective and proportionate sanctions screening

PR 12	Voluntary	Additional Assessed	PRI 1
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PR 12.1	Indicate if ESG issues impacted your property investment selection process during the reporting year.
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- ☒ ESG issues helped identify risks and/or opportunities for value creation
- ☒ ESG issues led to the abandonment of potential investments
- ☒ ESG issues impacted the investment in terms of price offered and/or paid
- ☐ ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ☐ ESG issues were considered but did not have an impact on the investment selection process
- ☐ Other, specify
- ☐ We do not track this potential impact

<b>PR 12.2</b>	Indicate how ESG issues impacted your property investment deal structuring processes during the reporting year.
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- ☐ ESG issues impacted the investment in terms of price offered and/or paid
- ☐ ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ☒ ESG issues were considered but did not have an impact on the deal structuring process
- ☐ Other, specify
- ☐ We do not track this potential impact

## Selection, appointment and monitoring third-party property managers

<b>PR 13</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 4</b>
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<b>PR 13.1</b>	Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party property managers.
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- ☒ Yes

<b>PR 13.2</b>	Indicate how your organisation includes ESG issues in your selection, appointment and/or monitoring of third party property managers.
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- ☒ Selection process of property managers incorporated ESG issues
  - ☒ For all third party property managers
  - ☐ For a majority of property managers
  - ☐ For a minority of property managers
- ☒ Contractual requirements when appointing property managers includes ESG issues
  - ☒ For all third party property managers
  - ☐ For a majority of property managers
  - ☐ For a minority of property managers
- ☒ Monitoring of property managers covers ESG responsibilities and implementation
  - ☒ For all third party property managers
  - ☐ For a majority of property managers
  - ☐ For a minority of property managers

<b>PR 13.3</b>	Provide a brief description of your organisation's selection, appointment and monitoring of third party property managers. [Optional]
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Our selection process for third party property managers assesses managers on their approach to ESG issues. We have a Request for Proposal standard template for all professional services appointments and this document requires parties who respond to the tender in question, to provide information on their approach to ESG issues.

Our appointment documents for third party property managers includes clauses concerning ESG issues. Our Managing Agents Procedures Guide also sets out requirements for the property managers in this area. A number of key performance indicators (KPI) are specific to ESG issues and these set out the minimum that is expected. We also engage with our third party property managers on a continual basis to ensure they are aware of what is expected of them in this area.

We also run a quarterly Responsible Property Investment Forum with our Managing Agents to share best practice; discuss requirements; and to promote sustainability initiatives.



We meet with our third party property managers on a regular basis and conduct quarterly oversight meetings where performance is reviewed. This provides an opportunity to raise concerns with property managers who are not managing ESG issues to our satisfaction.

**PR 13.4**

Describe how your third party property managers contribute to the management of ESG issues for your property investments. [Optional]

Aviva Investors third party property managers are responsible for the day-to-day management of our property investments. This includes the efficient operation of our buildings and the identification and promotion of initiatives to reduce our environmental footprint. Coordinated by our appointed environmental data consultant, our third party property managers are also responsible for providing information to support the operation of our Environmental Management System to enable us to monitor and review environmental performance. Our Managing Agents are also responsible for day-to-day health and safety at all our sites. They also promote and coordinate community based initiatives at our shopping centres and retail parks.

The quarterly Responsible Property Investment Forum run with our Managing Agents also contributes to the management of ESG issues for our property investments. At this forum, we share best practice; discuss requirements; and promote sustainability initiatives.

☐ No

**PR 13.5**

Additional information. [Optional]

In addition to contractual arrangements and the requirements set out in our Managing Agents Procedures Guide, we require our Managing Agents to operate in accordance with our Sustainability Charter and in accordance with the principles of the Better Buildings Partnership Managing Agents Sustainability Toolkit.

## Post-investment (monitoring and active ownership)

### Overview

**PR 14**

**Mandatory**

**Gateway**

**PRI 2**

**PR 14.1**

Indicate if your organisation, and/or property managers, considers ESG issues in post-investment activities relating to your property assets.

☒ Yes

**PR 14.2**

Indicate whether your organisation, and/or property managers, considers ESG issues in the following post-investment activities relating to your property assets.

- ☒ We consider ESG issues in property monitoring and management
- ☒ We consider ESG issues in property developments and refurbishments
- ☒ We consider ESG issues in property occupier engagements
- ☒ We consider ESG issues in community engagements related to our properties
- ☒ We consider ESG issues in other post-investment activities, specify

Renewable energy projects

**PR 14.3**

Describe how your organisation, and/or property managers, considers ESG issues in post-investment activities related to your property assets. [Optional]

- Monitoring and Management - ESG issues are embedded into the Environmental Management System (EMS) that monitors, manages and reduces the environmental impact of assets we hold on behalf of our clients.
- Developments and Refurbishments - Refurbishments are conducted with ESG issues in mind, and have goals relating to EPC, BREEAM and LEED ratings depending on the property. For example, our redevelopment of One Southampton Street was awarded the highest ever BREEAM rating for an office at the time.
- New lettings - e.g. for 2015 some or all of our standard "green" clauses were included in 92% all new leases.

☐ No

## Property monitoring and management

**PR 15**

**Mandatory**

**Core Assessed**

**PRI 2,3**

**PR 15.1**

Indicate the proportion of property assets for which your organisation, and/or property managers, set and monitored ESG targets (KPIs or similar) during the reporting year.

- ☐ >90% of property assets
- ☐ 51-90% of property assets
- ☒ 10-50% of property assets
- ☐ <10% of property assets

(in terms of number of property assets)

**PR 15.2**

Indicate ESG issues for which your organisation, and/or property managers, typically sets and monitors targets (KPIs or similar) and provide examples per issue.

### ESG issues

☒ Environmental

List up to three example targets per issue

Benchmarking buildings energy efficiency performance (against the "Real Estate Environmental Benchmark").

Energy management - Monthly monitoring and targeting of energy performance at high energy consuming property assets.

Energy Performance Certificate (EPC) assessments - target E rating or better. EPCs older than April 2012 are re-assessed.

☒ Social

List up to three example targets per issue

Health and safety KPI monitoring.

Tenant type and demography for potential new occupiers

Placemaking / community development: We consider placemaking potential and the ability to create inspiring "community spaces" when considering direct property investments with redevelopment opportunities.

☒ Governance

List up to three example targets per issue

Financial crime check - we assess the financial crime risk of tenants and undertake effective and proportionate sanctions screening

Anti-money laundering - zero tolerance

Ensure all risks to property owning funds arising out of Material Damage (MD), Terrorism and Business Interruption (BI) are covered by comprehensive insurance.

☐ We do not set and/or monitor against targets

## Property developments and refurbishments

PR 17

Mandatory

Core Assessed

PRI 2

PR 17.1

Indicate the proportion of active property developments and refurbishments where ESG issues have been considered.

- ☒ >90% of active developments and refurbishments
- ☐ 51-90% of active developments and refurbishments
- ☐ 10-50% of active developments and refurbishments
- ☐ <10% of active developments and refurbishments
- ☐ N/A, no developments and refurbishments of property assets are active

(by number of active property developments and refurbishments)

PR 17.2

Indicate if the following ESG considerations are typically implemented and monitored in your property developments and refurbishments.

- ☒ Minimum environmental site selection requirements
- ☒ Minimum environmental site development requirements
- ☒ Sustainable construction materials
- ☒ Minimum water efficiency requirements
- ☒ Minimum energy efficiency requirements
- ☒ Energy generation from on-site renewable sources
- ☒ Waste management plans at sites
- ☒ Health and safety management systems at sites
- ☒ Construction contractors comply with sustainability guidelines
- ☒ Other, specify

Governance - We have an approved panel of contractors and surveyors that we work with. There is a rigorous appointment and panel review process.

PR 17.3	Additional information. [Optional]
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Aviva Investors is committed to reducing the environmental impact of its construction activity. For all new construction schemes, we aim for a BREEAM rating of Excellent within the UK and target similar ratings in line with local markets outside of the UK.

Aviva Investors seeks to improve the fabric of the built environment investing in passive measures with long term benefits to reduce energy usage and the environmental impact of completed schemes. By passive measures we mean design or measures that take advantage of the climate to maintain a comfortable temperature range. So for example, passive solar design is an aspect of passive building design that focusses on maximising the use of heat energy from solar radiation.

Aviva Investors is committed to minimising the amount of construction, demolition and excavation waste going to landfill. We will work to adopt and implement standards for good practice in reducing waste, recycling more, and increasing the use of recycled and recovered materials.

## Occupier engagement

PR 18	Mandatory	Core Assessed	PRI 2
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PR 18.1	Indicate the proportion of property occupiers your organisation, and/or your property managers, engaged with on ESG issues during the reporting year.
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- ☐ >90% of occupiers
- ☐ 51-90% of occupiers
- ☒ 10-50% of occupiers
- ☐ <10% of occupiers

(in terms of number of occupiers)

PR 18.2	Indicate if the following practises and areas are typically part of your, and/or your property managers', occupier engagements.
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- ☐ Distribute a sustainability guide to occupiers
- ☐ Organise occupier events focused on increasing sustainability awareness
- ☐ Deliver training on energy and water efficiency
- ☐ Deliver training on waste minimisation
- ☒ Provide feedback on energy and water consumption and/or waste generation
- ☒ Provide feedback on waste generation
- ☐ Carry out occupier satisfaction surveys
- ☒ Other, specify

Transportation initiatives for those business parks that have a travel plan i.e. highlighting public transport services, car sharing schemes etc.

<b>PR 18.3</b>	Additional information. [Optional]
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We engage in many areas on an informal basis with tenants, including on sustainability matters. And as part of our Managing Agents' occupier engagement, they conduct quarterly tenants meetings at the multi-let properties that they manage on our behalf. These property specific meetings can cover a number of areas, including any relevant sustainability issues.

<b>PR 19</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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<b>PR 19.1</b>	Indicate the proportion of all leases signed during the reporting year that used green leases or the proportion of Memoranda of Understandings (MoUs) with reference to ESG issues.
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- ☐ >90% of leases or MoUs
- ☒ 51-90% of leases or MoUs
- ☐ 10-50% of leases or MoUs
- ☐ <10% of leases or MoUs
- ☐ 0% of leases or MoUs
- ☐ N/A, no leases or MoUs were signed during the reporting year

(in terms of number of leases or MoUs)

<b>PR 19.2</b>	Additional information.
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The exact figure for 2015 is 88%. For new leases the implementation figure for 2015 is 92%.

We also collate statistics on the proportion of signed leases per fund per quarter. We also look at the proportion of all our clauses being accepted in new leases versus partial adoption.

## Community engagement

<b>PR 20</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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<b>PR 20.1</b>	Indicate in respect of what proportion of property assets your organisation, and/or your property managers, engaged with the community on ESG issues during the reporting year.
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- ☐ >90% of property assets
- ☐ 51-90% of property assets
- ☐ 10-50% of property assets
- ☒ <10% of property assets

(in terms of number of property assets)

<b>PR 20.2</b>	Indicate if the following areas and activities are typically part of your, and/or your property managers', community engagement.
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- ☒ ESG education programmes for the community
- ☒ ESG enhancement programmes for public spaces
- ☒ Research and networking activities focusing on ESG issues
- ☒ Employment creation in communities
- ☒ Supporting charities and community groups
- ☒ Other, specify

Swan Walk, Horsham: The shopping centre has been designated a Childsafe Zone since 2005

<b>PR 20.3</b>	Additional information.
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Community engagement is more applicable to some property types than others. We have tailored community engagement programmes at our shopping centres but this is not so relevant for other types of property assets e.g. industrial. Here are some examples of community initiatives at our assets in 2015:

- Crown Point Shopping Park, Leeds -The Explore Learning Centre opened at the park in July 2015. The Centre offers Maths and English tuition for children aged 5-14.
- Warwickshire Shopping Park supported Warwickshire and Northamptonshire Air Ambulance throughout 2015. The partnership kicked off with a launch event at the shopping park on Saturday 2nd May. The site hosted numerous events over the year.

## Outputs and outcomes

<b>PR 21</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1,2</b>
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<b>PR 21.1</b>	Indicate whether your organisation measures how your approach to responsible investment in property investments has affected financial and/or ESG performance.
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- ☐ We measure whether our approach to ESG issues impacts funds' financial performance
- ☒ We measure whether our approach to ESG issues impacts funds' ESG performance

Describe the impact on:	Impact
<b>Funds' ESG performance</b>	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact

☐ None of the above

<b>PR 21.2</b>	Describe how you are able to determine these outcomes.
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In answer to question 21.1(b), we submitted 17 funds in 2015 to the GRESB assessment. GRESB assesses the sustainability performance of our real estate funds. 10 funds were awarded GRESB 'Green Stars' in recognition of their sustainability credentials.

PR 22	Voluntary	Descriptive	PRI 1,3
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PR 22.1	Provide examples of ESG issues that affected your property investments during the reporting year.
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☒ Add Example 1

ESG issue	Contaminated land
Types of properties affected	Industrial
Impact (or potential impact) on investment	An environmental problem that we identified led us to withdraw from the potential acquisition of an industrial unit. The site had had an industrial history (Asbestos & Rubber works) and was over a gravel aquifer. Extensive remediation had been undertaken with involvement of the Environment Agency (EA) and the site has subsequently been developed as a commercial trade park. The remediation involved an in-ground barrier (within the aquifer) with a treatment facility. There was a real risk of contaminated material escaping and resulting in both third party liability and statutory action.
Activities undertaken to influence the investment and the outcomes	Due-diligence identified that the treatment technique of the contamination was not working as the filter was blocked and contamination was flowing back out under the site. The responsibility for the in-ground barrier was under multiple ownership - furthermore the warranty for the in-ground barrier had been invalidated by damage caused to it by the developer and there was a real risk of contaminated material escaping and resulting in both third party liability and statutory action. This presented an unacceptable risk and therefore we withdrew from the opportunity to purchase the site.

☐ Add Example 2

☐ Add Example 3

☐ Add Example 4

☐ Add Example 5

## Communication

PR 23	Mandatory	Core Assessed	PRI 6
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PR 23.1	Indicate if your organisation proactively discloses ESG information on your property investments.
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☒ Disclose publicly

provide URL

<http://www.aviva.com/corporate-responsibility/responsible-investment/our-approach-to-integration/#term1>

provide URL

[http://www.avivainvestors.co.uk/pension\\_schemes/cs/groups/internet/documents/webattachment/zgzf/mdmw/~edisp/pdf\\_030468.pdf](http://www.avivainvestors.co.uk/pension_schemes/cs/groups/internet/documents/webattachment/zgzf/mdmw/~edisp/pdf_030468.pdf)

**PR 23.2**

Indicate if your organisation uses property specific reporting standards to disclose information related to your property investments' ESG performance.

- ☐ Global Reporting Initiative (GRI) Construction & Real Estate Sector Supplement (CRESS)
- ☐ Other property reporting standards, specify
- ☒ No property specific reporting standards are used

**PR 23.3**

Indicate if the level of ESG information you provide to the public is the same as the level you provide to your clients/beneficiaries.

- ☐ Yes
- ☒ No

**PR 23.4**

Indicate the type of ESG information that your organisation proactively discloses to the public.

- ☒ ESG information on how you select property investments
- ☒ ESG information on how you monitor and manage property investments
- ☒ Information on your property investments' ESG performance
- ☒ Other, specify  
Our Responsible Property Investment policy

**PR 23.5**

Indicate your organisation's typical frequency of disclosing ESG information to the public.

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☒ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc/when requested, specify

**PR 23.6**

Indicate the type of ESG information that your organisation proactively discloses to your clients/beneficiaries.

- ☒ ESG information on how you select property investments
- ☒ ESG information on how you monitor and manage property investments
- ☒ Information on your property investments' ESG performance
- ☒ Other, specify  
Our Responsible Property Investment policy. Ad hoc queries e.g. EPC exposure, flood risk exposure.



**PR 23.7**

Indicate your organisation's typical frequency of disclosing ESG information to your clients/beneficiaries.

- ☐ Quarterly or more frequently
- ☐ Semi annually
- ☐ Annually
- ☐ Every two years or less frequently
- ☒ Ad-hoc/when requested, specify

**Varies by fund and by client**

- ☐ Disclose to clients/beneficiaries only
- ☐ No proactive disclosure to the public or to clients/beneficiaries

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