# Transition Plan

**Aviva plc**
February 2025

# It starts with our customers

For more than 328 years, Aviva has been helping our customers prepare for the uncertain, the unexpected, and the unprecedented. Climate change is widely recognised as a critical systemic risk experienced globally.

With 20 million customers, we recognise the role Aviva has to play in the global response, whilst helping to secure the futures of our customers, shareholders, and our wider stakeholder community.

We see this as a natural extension of our purpose;

**With you today, for a better tomorrow.**

**How to navigate this report**

Throughout this report, we use a colour coding system to highlight our implementation strategy:

- Investments
- Insurance
- Aviva's operations

Find out more about Aurora: Aviva's wind turbine Perth, Scotland.

## Purpose and approach

Aviva's ambition is to be a Net Zero company by 2040. Our second Transition Plan details the strategy and approach to achieving this ambition across our business and the progress we have made to date.

This document has been informed by the general, sector-specific, and additional guidance provided by the UK Transition Plan Taskforce (TPT), as well as the Taskforce for Climate-related Financial Disclosures' (TCFD) recommendations, the Glasgow Financial Alliance for Net Zero (GFANZ) principles, and the Institutional Investors Group on Climate Change (IIGCC) principles.

Recognising that industry guidance, frameworks and standards are evolving, we are committed to adapting our approach to this evolving landscape and to the emerging challenges and opportunities in our Net Zero journey. Our progress will be reported as part of our annual reporting suite and through further iterations of our Transition Plan.

This Transition Plan was approved by the Aviva plc Board on 26 February 2025.

## Assurance approach

Aviva plc appointed Ernst & Young LLP (EY) to provide independent assurance on certain climate metrics within this report, indicated by (AR) for reasonable assurance and (AL) for limited assurance; and to provide limited assurance over several statements which are listed in the assurance opinion. The assurance opinion issued is available in the Assurance statement section.

**This report is supplementary to our 2024 reporting suite.**

**Our 2024 reporting suite comprises:**


Annual Report and Accounts 2024

Report on our Group's strategy, governance and performance in 2024 including our financial statements and sustainability report.


Climate-related Financial Disclosure 2024

Report in compliance with the Taskforce on Climate-related Financial Disclosure (TCFD).


Reporting Criteria 2024

Summary of the principles and definitions used to report the Group's key sustainability performance indicators and selected data points.


Sustainability Datasheet 2024

All sustainability metrics are included in our Datasheet.

**For our full reporting suite, see** www.aviva.com/investors

**For a glossary explaining key climate-related terms used in this document, see:** www.aviva.com/climate-goals-glossary

# Transition Plan at a glance

We are delivering our climate ambition through an implementation strategy based on actions across our investment, insurance, and operational activities. Our approach is underpinned by engagement with key stakeholders we need to support and influence in our Net Zero journey and enabled by our governance, risk management, and reporting frameworks.

AVIVA

**Our purpose**
With you today, for a better tomorrow

**Our climate ambition**
To become a Net Zero company by 2040 and to focus on action to drive economy-wide Transition

## Our Engagement strategy

**Key actions:**
- Review the public policy, regulation, industry standards, and frameworks needed to enable the Transition
- Engage with key stakeholders, including policymakers, regulators, and standard-setters, to influence change

Read more: Engagement strategy

## Our Implementation strategy

### Investments

**Key actions:**
- Engage in climate-aware investing
- Develop investment frameworks
- Offer sustainable propositions for our customers
- Finance the Transition
- Holistic stewardship
- Selective divestment

Read more: Investments

### Insurance

**Key actions:**
- Decarbonise our underwriting
- Insure the Transition
- Decarbonise our claims
- Evolve our health insurance business strategy
- Help businesses and people become climate-ready

Read more: Insurance

### Aviva's operations

**Key actions:**
- Decarbonise our operational sites
- Electrify our fleet
- Decarbonise our operational supply chain
- Address our remaining operational Scope 3 categories

Read more: Aviva's operations

**Enabled by**

Governance | Risk and opportunity management | Reporting

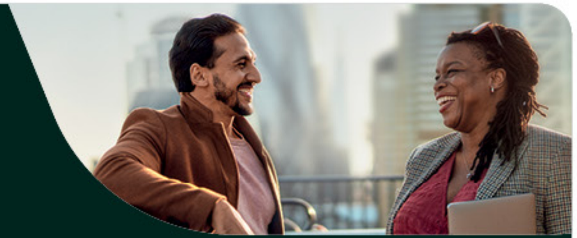
# Contents

## Introduction



## Foundations



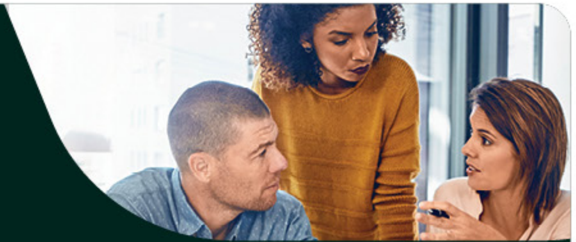


## Engagement strategy



## Implementation strategy (including metrics and targets)





## Governance

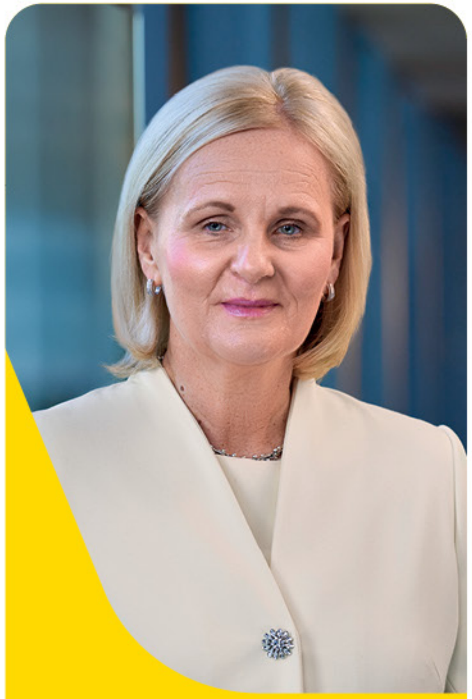


## Additional information

# Introduction



# Group Chief Executive Officer's statement



"As an insurer and long-term investor, we have an important role to play in helping our customers manage the risks associated with climate change so that they can approach the future with confidence."

**Amanda Blanc DBE**
Group Chief Executive Officer

We at Aviva clearly see the impact of climate change on our customers' lives. Floods, wildfires, and other catastrophic weather events are no longer just distant possibilities; they are realities we are experiencing today, with increasing frequency and severity. In addition, transition risks emerge as we move towards a lower-carbon economy. Collectively, we must navigate this shifting landscape with agility and foresight.

As an insurer and long-term investor, we have an important role in helping our customers manage the risks associated with climate change so that they can approach the future with confidence.

For us to deliver this role, a supportive policy and regulatory environment is critical. Achieving this is not straightforward, particularly with recent geopolitical headwinds. It is important for us to participate actively - which we do - in the policy debate around climate and to engage with other stakeholders, including our peers and the companies we invest in.

We have learned a lot since our first Transition Plan, having spent time and resources garnering a better understanding of the dependencies we face in meeting our Net Zero ambition. Consequently, this Transition Plan represents an evolution of our climate strategy.

The challenges for the world in meeting climate goals are coming more sharply into focus spanning data, technology, and balancing the cost of transition with other pressures on businesses and households. Aviva is also one part of a wider system responding to climate change, so we cannot achieve our ambition in isolation. We are realistic about the challenges and are committed to putting our best efforts towards overcoming them and capitalising on the opportunities they present.

"This plan sets out a roadmap for Aviva's transition, within a wider transition of the communities and societies in which we live and work."

We have met our near-term ambitions and remain committed to our long-term ambition to become a Net Zero company by 2040.

Within Aviva's operations, we have made significant progress, reducing our Scope 1 and 2 emissions by 51% since 2019, and are on track to meet our ambition of a 90% reduction by 2030. Within our supply chain (part of our Scope 3), we are working hard to support our suppliers to transition. 51% of our suppliers (by spend) have now set validated science-based targets and we aim to increase this to 70% by the end of 2025.

We are also focussed on decarbonising our investment and insurance businesses. We invest our customers' money to meet their needs and we insure individuals and businesses across the societies where we operate. Their interests must come first. Recognising the range of potential impacts from climate change, we believe that taking action to address climate risks and opportunities is in the interest of our customers over the short, medium and long-term. As such, the integration of climate risks and opportunities into investment decision-making and the provision of cover remains consistent with prioritising good customer outcomes.

To date, we have reduced the Scope 1 and 2 carbon intensity of our corporate bond and equity portfolio in shareholder and with-profit funds by 64% compared to 2019. Looking ahead, we have included additional asset classes and funds within our 2030 portfolio decarbonisation ambition, against which we are making good progress.

Industry standards have an important role in helping businesses transition. I had the privilege of co-chairing the UK government's TPT for two and a half years, which developed a comprehensive standard for private sector transition plans. This latest iteration of Aviva's plan closely follows that standard. Alongside the TPT, we are participating in the UK's National Wealth Fund Taskforce, engaging with policymakers on our policy roadmap to boost low-carbon investment in the UK.

The global transition cannot focus solely on decarbonisation to be successful and sustainable. It is increasingly clear that nature, adaptation and social dimensions are rapidly becoming strategic priorities within the private sector and we are incorporating these considerations into our integrated sustainability approach. Therefore, this plan also outlines our intent and associated actions across these areas to ensure we contribute to an integrated transition over time.

This plan sets out a roadmap for Aviva's transition, within a wider transition of the communities and societies in which we live and work. While we are realistic about the challenges ahead, we are optimistic about what we can achieve if we work together, and we are committed to playing our part.

**Amanda Blanc DBE**
Group Chief Executive Officer
26 February 2025

# Executive summary

## Our climate ambition

This plan contains the evolution of Aviva's climate strategy outlined in our first Transition Plan, published in 2022. We view transition planning as an iterative process and have continued to develop our strategy to align with the latest climate science, industry standards, and our understanding of how climate-related risks and opportunities affect our business and customers.

Aviva's ambition remains to be a Net Zero company by 2040. We have set near-term science-based ambitions for 2030 and are making good progress against them.

Our ambition covers all parts of Aviva's business including investments (Scope 3 category 15), insurance underwriting (Scope 3 category 15), insurance claims supply chain (Scope 3 category 11), and Aviva's operations and supply chain (Scope 1 and 2 and Scope 3 categories 1-14).

We are now much clearer on the dependencies on which our ambition relies, many of which are outside of our direct control. We continue to face challenges spanning data quality and availability, methodologies, and balancing trade-offs between our sustainability and other ambitions. We also continue to have varying degrees of control/influence over the greenhouse gas (GHG) emissions within our footprint across our investments, insurance, and operational business areas.

Achieving Net Zero requires a collaborative and adaptive strategy that considers the unique circumstances of each segment of our footprint. At Aviva, we adopt different levers and methods to work effectively towards achieving our ambitions.

One example relates to our Scope 3, and particularly the Scope 3 of our category 15: investments and underwriting activities - our 'Scope 3 of 3'. While GHG data availability is improving, it is still of low quality and methodologies are developing. Additionally, when these emissions are aggregated at a portfolio level, it introduces significant double counting. Based on what we understand today, and the low degree of influence we have over these emissions, we do not currently see a route to Net Zero for these emissions. Nevertheless, we remain committed to using our best endeavours to address them. For these emissions, like much of our Scope 3 across all categories, our focus is on engagement and advocacy to reduce these emissions over time.

Whilst we still face these challenges and while market expectations of what constitutes a Net Zero financial institution are still evolving, we are committed to our ambition and playing our part in the global transition. We will continue to refine our strategy, levers, and methods; whilst integrating best practice to ensure that our actions have the most substantial impact and move us forward.

## Our implementation strategy

We set out several key actions to transition our business, with emphasis on how we plan to meet our interim ambitions.

### Investments

Aviva invests across the economy and our investment decision-making prioritises investment outcomes for customers and shareholders. Where possible, we aim to simultaneously decarbonise our portfolios and increase portfolio alignment to the goals of the Paris Agreement. We believe that holistic stewardship - by which we mean engagement with stakeholders - is effective in influencing companies and economies to transition. We therefore prefer to engage rather than divest, unless the risks are too great.

To track our progress in aligning our investments with our 2040 ambition, we have set interim ambitions. Our 2025 ambition focused on reducing Scope 1 and Scope 2 carbon intensity by revenue of listed equities and corporate bonds in our shareholder and with-profit funds by 25% (compared to a 2019 baseline), and at year-end 2024 we have achieved a 64% reduction. Our 2030 ambition is to reduce the Scope 1 and Scope 2 economic carbon intensity for listed equities, corporate bonds and loans, infrastructure and real estate assets held in shareholder, with-profits, and policyholder funds (where we have decision-making control and data) by 60%. This is measured at an Aviva plc level and compared to a 2019 baseline and we are making good progress.

For our sovereign investments, we track and report our emissions annually. Our focus is on advocacy and engagement with governments to create a supportive policy environment to enable climate action from the public and private sectors to achieve emissions reductions, investment in adaptation initiatives, and a Just Transition.

While the Partnership for Carbon Accounting Financials (PCAF) has published a GHG accounting methodology for sovereign emissions, there is currently no target-setting guidance from the Net-Zero Asset Owners Alliance (NZAOA) or the Science Based Targets initiative (SBTi). Hence, we do not currently include them in our interim investment decarbonisation ambition. Sovereigns are included as a part of our long-term ambition through engagement and advocacy. We will continue collaborating with standard setters and peers to define best practice in tracking progress, and, if relevant, target-setting.

**Read more:** Investments section

### Insurance

We continue to insure the Transition, providing customers with insurance for sustainable solutions which meet their needs; and offering risk management advice for the development and safe use of new technologies.

In 2022, we set an ambition to have a Net Zero claims supply chain by 2030. Though there is no industry-wide methodology for measuring claims emissions, at Aviva, we have measured our UKGI claims emissions and have shared our methodology with peers and standard setters to develop an industry standard.

Certain key low-carbon materials and technologies are still developing, and not yet readily available for widespread use. These are essential for the transition to a lower-carbon claims supply chain. We have therefore made the decision to adjust the time horizon on this to be in line with our overall Group ambition to be a Net Zero company by 2040.

To meet this ambition, we will continue to develop initiatives focused on supporting people and businesses to adapt to climate change, recognising the importance of building resilience into our claims supply chain as an approach to mitigating the generation of emissions.

**Read more:** Insurance section

## Aviva's operations

In 2021, we set an ambition to be Net Zero in our operations and supply chain by 2030. We are making good progress towards our ambition to reduce the Scope 1 and 2 emissions of our own operations by 90% by 2030. We aim to meet this ambition by continuing to source 100% of our electricity from renewable sources, removing gas from our estate where possible, and increasing on-site renewable generation.

We will continue to reduce the emissions from our supply chain by engaging our suppliers to encourage them to set their own science-based targets and by embedding sustainable procurement practices across the Group.

Since our 2022 Transition Plan, Net Zero industry standards have evolved and we have gained a deeper understanding of our Scope 3 operational and supply chain emissions. We are maintaining our near-term Scope 1 and 2 ambition and adjusting our Net Zero Scope 3 categories 1-14 ambition (operations and supply chain emissions) to align with the Group ambition to be a Net Zero company by 2040.

Read more: Aviva's operations section

## Offsetting and removals

From 2030, we intend to use and retire carbon removal credits to offset our residual Scope 1 and Scope 2 emissions (expected to be equivalent to 10% or less of our 2019 baseline Scope 1 and 2 emissions). We will assess the boundaries of our ambition for offsetting residual Scope 3 emissions, considering forthcoming industry guidance.

## An integrated transition

We believe that achieving a global transition to Net Zero requires an integrated approach. This means an inclusive transition to a low-carbon, climate-resilient and nature-positive world. We intend to increasingly focus our efforts on supporting such an integrated transition. This will be achieved through building out strategic approaches to nature, adaptation and Just Transition issues, and increasing our understanding of the potential trade-offs and synergies of actions associated with these issues and Net Zero.

On nature, key activities such as undertaking a Group-wide nature risk and opportunity assessment will set the foundations for our new strategic approach, alongside delivering internal education and training and embedding nature into planning, governance, and risk appetite considerations. On climate adaptation, we plan to build on work to date by considering adaptation and resilience against the physical impacts of climate change, based on the relative materiality across our investments, insurance, and operations. On Just Transition issues, we plan to deepen our understanding of relevant metrics and indicators and identify key rights holders in relation to our business activities.

Read more: Foundations section

## Dependencies and assumptions

Critical to our approach is a recognition that the extent of delivery on our ambition ultimately relies on several external dependencies and assumptions. These include:

- dependencies within our wider value chain including the companies we invest in, our insurance customers, and our own supply chain;
- industry specific factors (for example an enabling financial sector regulatory environment); and
- broader macroeconomic factors (for example a supportive global economic and geopolitical environment).

Generally, there has been slow progress towards achieving the goals of the Paris Agreement globally. Given the risk that climate change poses to our business and our customers, we continue to engage key stakeholders, drawing on their strengths and insights to build a supportive environment for the Transition. These dependencies are compounded by the challenges of data and methodologies to calculate emissions, in particular, Scope 3 across categories 1 to 15.

As a result of these dependencies we refer to ambitions rather than targets because these dependencies lie outside our direct control.

Read more: Foundations section

## Our engagement strategy

Using our voice, be it on our own or collectively with other stakeholders, is a key lever to influence the dependencies intrinsic to our ambitions. Engagement forms a key part of our strategy to support the development of the enabling conditions to allow companies and countries to transition, which, in turn, will support us in our transition.

We will continue to engage with governments to encourage them to: set legally binding Net Zero targets, back up Net Zero targets with national transition plans; further develop and refine sustainability disclosure frameworks; unlock private finance for adaptation and resilience; integrate climate into the international financial architecture; and develop plans to deliver the goals of the Kunming-Montreal Global Biodiversity Framework.

Read more: Engagement strategy section

## Governance, risk management, scenario analysis, and reporting

Climate risk is considered throughout our governance structure including at a Board, management and functional level. We will continue to review and evolve this structure as required to ensure it remains fit for purpose.

Our Risk Management Framework allows us to identify, measure, monitor, manage, and report on climate-related risks, and helps inform decision-making.

We use qualitative and quantitative climate scenario analysis to test the robustness of our strategy; and within our business planning process we use different scenarios to assess our physical, transition, and litigation risk across different time frames.

We will continue to regularly assess and report progress against our ambitions transparently with a belief that future iterations of our Transition Plan should continue to build upon the previous one.

Read more: Governance section

# Our Group ambitions

## Achieved

**By year-end 2024**

### 64%
reduction in the Scope 1 and Scope 2 carbon intensity by revenue of listed equity and corporate bonds held in our shareholder and with-profit funds (from a 2019 baseline) against an ambition of 25% reduction

### £8.7bn
investment in sustainable assets since 2019 against a target of £6bn

### 100%
operational electricity from renewable sources AR

## Medium-term ambitions

**2025-2030**

### 70%
of suppliers by spend setting validated science-based targets by year-end 2025

### Electrify
our UK and Ireland fleet by year-end 2025 and rest of world by year-end 2027

### 100%
electricity from renewable sources maintained up to and beyond year-end 2025

### Insure the Transition
support our customers' transition to EV ownership through continued proposition development

### 60%
reduction in the Scope 1 and Scope 2 economic carbon intensity of equity, corporate bonds and loans, infrastructure and real estate assets held in shareholder, with-profits and policyholder funds (where we have decision-making control and data) by year-end 2029 from a 2019 baseline

### 90%
reduction in Scope 1 and 2 GHG emissions by year-end 2030 (from a 2019 baseline)

## Long-term ambition

**By 2040**

### Net Zero Group

This is not a complete list of our ambitions. Additional ambitions and more information on the scope of each of our ambitions, including those achieved by year-end 2024 are contained in the relevant sections of this report. This contents of this page should be read in conjunction with Aviva plc's Reporting Criteria 2024.

AR This metric was subject to external independent reasonable assurance by EY. For results of that assurance, see the assurance report on page 58.

# Foundations



# Introducing Aviva

## The UK's leading diversified insurer, with unique strengths

**Customer advantage**

20m

**Customers in UK, Ireland and Canada**

Serving the lifetime needs of our Insurance, Wealth and Retirement customers in UK, Ireland and Canada.

**Scale efficiency**

£407bn

**Group assets under management**

Driving operating leverage from scale economies, synergies with our in-house asset manager, and shared services.

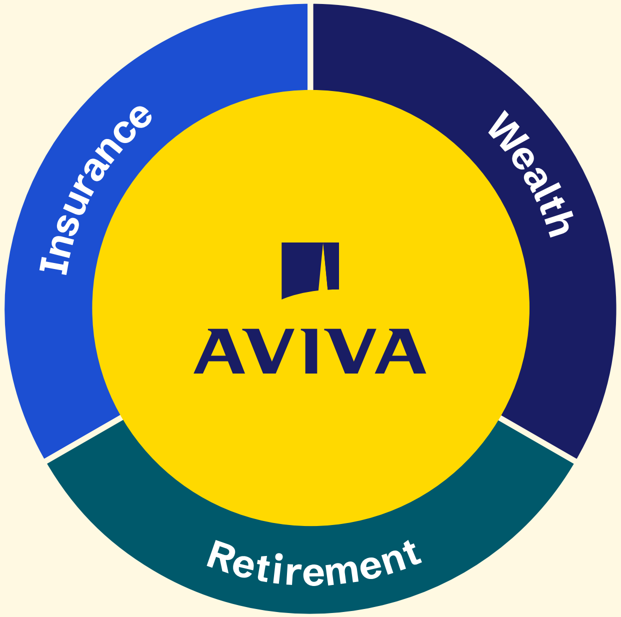
**Diversification benefit**

£2.5bn

**Capital diversification benefit**[1]

Benefitting from the diversified nature of our model - driving resilient performance in different market conditions.

## Meeting our customers' Insurance, Wealth and Retirement needs




**Protecting our customers against risks**

**Helping our customers to save for the future**

**Helping our customers to manage their retirement**

1. The Group diversification between markets is the Diversified Solvency Capital Requirement (SCR) arising from the sum of the SCR for each business unit (e.g. IWR, UK and Ireland GI, Canada GI, Aviva Investors, International investments (India, China and Singapore)) being higher than the SCR at Group

## Delivering for all our stakeholders

**Our customers**

£29.3bn

paid out in benefits and claims to our customers in 2024

**Our people**

91%

employee engagement score in 2024

**Our shareholders**

c.£951m

2024 interim and final dividend cash cost

**Our communities**

107,810

hours volunteered by our colleagues to support local communities in 2024

**Our suppliers**

96%

of small business invoices are paid within 30 days

**Read more:** Annual Report 2024

# The importance of the Transition

## The scale of the challenge

Scientific evidence makes it clear the world must limit the global temperature increase to no more than 1.5°C above pre-industrial levels to minimise the risk and impacts of climate change[1]. At the time of this Transition Plan being published, the world is not on track to achieve this[2].

The physical impacts of climate change are increasingly frequent and severe. Overall economic losses from natural disasters worldwide reached US$320 billion in 2024, compared to US$268 billion in 2023[3].

> Economic losses from natural disasters worldwide reached US$320 billion in 2024, compared to US$268 billion in 2023[3].

Additionally, the risks associated with the Transition, such as geopolitical instability, are becoming more pronounced.

The world is at a crossroads, underscoring the need for decisive action.

## Aviva's role in the Transition

### Our role as an asset owner and asset manager

As both an asset owner and manager, we recognise the importance of considering climate-related risks and opportunities in our investment strategy.

We could potentially generate enhanced returns for our customers by focusing on investments that support decarbonisation and adaptation. Conversely, investments that do not align with the Transition or adapt to the physical impacts of climate change face the risk of devaluation, particularly over the medium to long-term.

Our role is important in driving capital toward climate solutions and supporting sectors and companies in the real economy; as well as countries in their Transition.

### Our role as an insurer

As a leading general insurer in the UK and with businesses in Ireland and Canada, we are dedicated to safeguarding our customers and communities from weather-related losses while offering propositions and services which support their needs.

In light of these risks, we will work with our customers to increase awareness and encourage uptake of sustainable choices to drive demand for high integrity sustainability options aligned with the Transition, while addressing the disruptions anticipated in both general and life insurance markets.

### Our role as a corporate citizen

We are mindful of our operational carbon footprint; particularly in relation to our office buildings, company car fleet, and supply chain.

We understand the value of acting as an example, which is why we prioritise reducing the emissions within our direct control - specifically, Aviva's operational emissions. By effectively managing these aspects, we can mitigate risks while seizing opportunities to enhance energy efficiency and operational resilience.

1. Global Warming of 1.5 ºC, IPCC, 2018
2. As the climate crisis worsens, the warming outlook stagnates, 2024
3. Insured Losses From Natural Disasters Hit $140B as Climate Change 'Shows Its Claws', 2025

## The need for an integrated transition

We seek to support an economy-wide transition to a low-carbon, climate-resilient, nature-positive future, which is inclusive through considering Just Transition principles.

### A nature-positive transition

There is no Net Zero without nature. Human activity in agriculture, forestry, and other land use alone contributes around one-quarter of the global emissions[1]. In addition, nature-based solutions could contribute to over one-third of the cost-effective climate mitigation needed between now and 2030 to stabilise warming to below 2°C[2].

While intimately connected to the global response to the climate crisis, protecting and restoring nature is vital. We recognise that our society, economies, and financial systems are embedded in nature.

As such, the prosperity of our business, customers, and wider society relies on the health and resilience of nature and its biodiversity. However, nature is deteriorating globally, and biodiversity is declining faster than at any time in human history, in part driven by climate change[3].

Therefore, the Transition to a lower carbon economy also needs to support nature-positive outcomes. This involves moving away from activities that adversely impact nature towards ones that support the sustainable use, protection, and restoration of nature[4].

### An adaptive and resilient transition

In parallel with efforts to reduce GHG emissions, the accelerating impacts of climate change mean that adaptation is a critical issue. Rising temperatures have already led to widespread and rapid changes to our planet.

Past and current emissions are expected to lead to continued, amplified disruptions to the Earth's climate system even with rapid and immediate emissions reductions[5].

Therefore, climate adaptation[6] and building physical resilience[7] are critical to supporting a well-functioning economy and can provide investment and insurance opportunities. Building resilience can open up new markets for example, by improving insurability in underserved areas. However, lack of adaptation and maladaptation is likely to impact the wider economy including investments.

### A Just Transition

'Just' Transition is 'the process of anticipating, assessing, and addressing the social risks and opportunities of the transition to a low-GHG emissions and climate-resilient development, as well as ensuring meaningful dialogue and participation for impacted groups (including workers, communities, supply chains, and consumers) in transition planning[8]. For example, supporting the protection of the livelihoods of workers in carbon-intensive industries and activities as they get phased down or out.

As part of supporting an integrated transition, we understand that we will need to identify and carefully manage synergies and trade-offs across our sustainability ambition and competing priorities. Such identification and management of potential synergies and trade-offs necessitate careful strategic planning, stakeholder engagement, and transparent decision-making.

1. IPCC. AR6 Synthesis Report: Climate Change 2023
2. Griscom et al. (2017) Natural climate solutions
3. Global Assessment Report on Biodiversity and Ecosystem Services, 2019
4. What is nature positive
5. Climate Change 2022: Impacts, Adaptation and Vulnerability, IPCC
6. The IPCC defines adaptation as 'the adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities'
7. The IPCC defines resilience in the context of climate change as 'the ability of a system and its component parts to anticipate, absorb, accommodate, or recover from the effects of a hazardous event in a timely and efficient manner, including through ensuring the preservation, restoration, or improvement of its essential basic structures and functions'
8. Putting People at the Heart of Transition Plans: key steps and metrics for issuers, 2024, page 4

## An iterative approach to evolve our plan

Since the release of our first Transition Plan in March 2022, we have made progress toward achieving our ambitions. We actively engaged with key industry bodies, regulators, governments, and wider cross-sector companies to advance both the climate and nature agendas.

The key milestones of our journey so far are highlighted in the timeline below.

We are committed to regularly iterating our strategy, approach, and actions to address emerging challenges and capture new opportunities.

We will provide an annual update on our progress in our annual reporting suite and future iterations of our Transition Plan, providing transparency and accountability in our climate and nature initiatives.

> "We are committed to regularly iterating our strategy, approach, and actions."
>
> **Claudine Blamey**
> Group Chief Sustainability Officer

### Key milestones in our climate and nature journey

**2021**

- Announced NZAOA 2025 ambition **March 2021**
- Announced Net Zero 2040 ambition **March 2021**
- Established partnership with WWF **June 2021**

**2022**

- Published first Transition Plan **March 2022**
- TPT launched, co-chaired by Amanda Blanc, Aviva CEO **April 2022**
- Targets validated by SBTi **December 2022**
- Achieved RE100 target **December 2022**
- Published our first Biodiversity Report, coinciding with the Convention on Biological Diversity COP15 **December 2022**

**2023**

- £38 million partnership launched with The Wildlife Trusts to restore Britain's lost temperate rainforests **February 2023**
- Announced Nature partnership with Wild + Pine in Canada **December 2023**
- Met target to invest £6bn in sustainable assets **December 2023**

**2024**

- Hosted second Canadian supplier engagement summit **April 2024**
- Became member of UN Forum for Insurance Transition to Net Zero (FIT) **April 2024**
- Co-chaired the launch of GFANZ nature in the NZTP guidance **October 2024**
- Hosted third UK supplier engagement summit **November 2024**
- Met our 2025 listed equity and corporate bonds decarbonisation ambition **December 2024**

**2025**

- Published our NZAOA 2030 investment ambition **February 2025**
- Published the second iteration of our Transition Plan **February 2025**

# The scope of our ambition

Summarised below are the scope boundaries of the 2030 and 2040 ambitions included in our Transition Plan. Additional details on these ambitions can be found in the relevant section of this report.

| | | | | | | Year-end 2024: achieved | | 2030 | | 2040 |
|---|---|---|---|---|---|---|---|---|---|---|
| | GHG Scope | Categories applicable to Aviva | Data availability | Materiality of emissions | Aviva's level of influence | Scope or basis | Ambition | Scope or basis | Ambition | Ambition |
| | **Aviva's operations** | | | | | | | | | |
| Direct action | **Scope 1 and 2** | Own operations | Yes | Low | High | Scope 1 and 2 | 100% electricity from renewable sources | Scope 1 and 2 | 90% reduction of emissions against a 2019 baseline[1] | Net Zero Group[8] |
| Direct action + Influence and advocacy | **Scope 3** | Cat 1: Purchased goods & services | Yes | Medium | Medium | | | Engagement | 70% of suppliers by spend setting validated science-based targets[2] | |
| | | Cat 2: Capital goods | Yes | Medium | Medium | | | | | |
| | | Cat 3: Fuel & energy-related activities | Partial[3] | Low | Low | | | | Zero waste to landfill by 2030 with additional ambitions to be set in 2026 for categories 5 and 6 | |
| | | Cat 5: Waste generated in operations | Partial[3] | Low | Medium | | | | | |
| | | Cat 6: Business travel | Partial[3] | Low | Medium/high | | | | | |
| | | Cat 7: Employee commuting | Partial[3] | Low | Low | | | | | |
| | **Investments** | | | | | | | | | |
| | **Scope 3** | Cat 15: Investments | Yes | High | Low/medium | Scope 3 cat 15 (Scope 1 and 2 of investments only) | 25% reduction in Scope 1 and 2 carbon intensity by revenue of listed equities and corporate bonds held in shareholder and with-profits funds on 2019 baseline | Scope 3 cat 15 (Scope 1 and 2 of investments only) | 60% reduction in the Scope 1 and Scope 2 economic carbon intensity of equity, corporate bonds and loans, infrastructure and real estate assets[4] held in shareholder, with-profits and policyholder funds (where we have decision-making control[5] and data) by year-end 2029 from a 2019 baseline | |
| | | | Yes | High | Low/medium | Sustainable assets | £6bn investment in sustainable assets target[6] | | | |
| | | Cat 15: Investments (sovereign bonds and other asset classes) | Partial[3] | High | Low/medium | | | | | |
| | **Insurance** | | | | | | | | | |
| | **Scope 3** | Cat 11: Claims emissions (Use of sold products)[7] | Partial[3] | Medium | Medium | | | Engagement | 70% of suppliers by spend setting validated science-based targets[2] | |
| | | Cat 15: Underwriting | Partial[3] | High | Low | | | | | |

1. Aviva will offset the residual emissions for our Scope 1 and 2 up to a maximum of 10% from 2030
2. Group level ambition covering general insurance claims supply chain and operational supply chain with a target year-end of 2025
3. Data quality and methodology availability are a challenge for commercial decision-making and reporting
4. Covers whole building operational emissions of direct real estate investments, commercial real estate mortgages and equity release mortgages
5. Aviva is deemed to have investment decision-making control when they are responsible for defining the investment mandate - setting the investment objective, guidelines and risk appetites; choice of benchmark to meet customer and shareholder outcomes; and manager selection. This does not include external fund links made available on platforms, consultant instructed scheme blends or external client mandates.
6. Defined as green and sustainability assets, sustainability-linked debt, social bonds and investment of £1.5 billion of policyholder money in Aviva Investors climate transition funds (available at the time)
7. During the period, the emissions associated with the supply chain have been reclassified to Scope 3 category 11 to better align to the location of these emissions within the value chain
8. Our ambition covers all parts of Aviva's business including investments (Scope 3 category 15), insurance underwriting (Scope 3 category 15), insurance claims supply chain (Scope 3 category 11), Aviva's operations and supply chain (Scope 1 and 2 and Scope 3 categories 1-14)

# Strategic ambition

## Our GHG emissions footprint

We measure our GHG emissions in accordance with the GHG Protocol standards[1]. The quantitative materiality of our emissions and the varying degrees of influence we consider we have over them is summarised in the table on the previous page.

Read more: 2024 TCFD report

### Scopes 1 and 2

Aviva's Scope 1 and 2 emissions reflect our direct emissions and the emissions associated with the energy we purchase and use respectively.

Our Scope 1 and 2 emissions footprint is small relative to our Scope 3 emissions. We exert a high level of influence over these emissions relative to our Scope 3 emissions. While these emissions may be small relative to our Scope 3, they remain significant in absolute terms and, therefore, we are focused on reducing them.

### Scope 3

Aviva's Scope 3 emissions reflect our indirect emissions from our value chain. This includes emissions from our suppliers, investments (financed emissions), and underwriting activities (insurance-associated emissions).

As a financial institution, most emissions fall within our Scope 3 category 15. While we measure and report some of our investment emissions, we are not yet in the position to disclose our insurance-associated emissions.

Read more: Insurance section

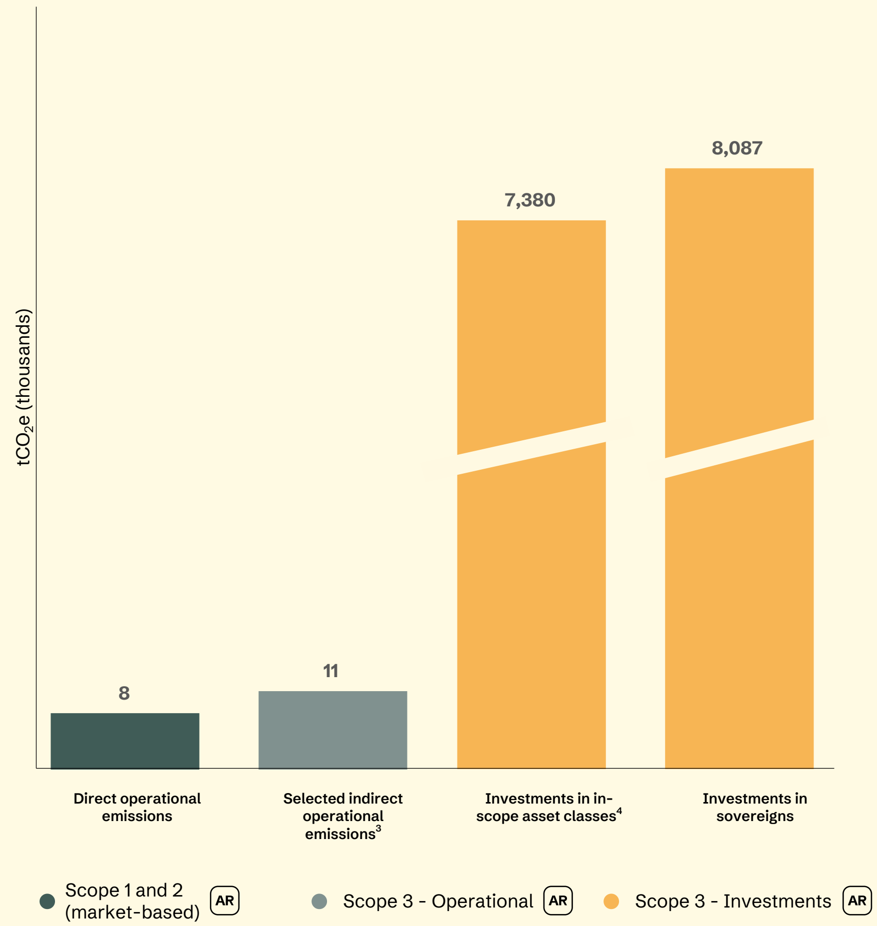
Aviva's Scope 3 category 15 emissions are our investees' and insurance customers' Scope 1, Scope 2, and Scope 3 emissions. Their Scope 3 ('Scope 3 of 3') includes the emissions of their suppliers and customers. Scope 3 of 3 presents significant challenges relating to its accurate measurement. While Scope 1 and 2 GHG emissions data has improved and is increasingly available and robust, Scope 3 reporting is often incomplete and inconsistent.

Read more: Investments section

1. This includes the seven greenhouse gases covered by the United Nations Framework Convention on Climate Change (UNFCCC)/Kyoto Protocol, carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3). We do not include biogenic carbon dioxide emissions (CO2) in our reporting.
2. Aviva does not engage in all activities linked to the categories as defined under Scope 3 and furthermore, we are at varied degrees of maturity in terms of establishing methodologies and basis to calculate Scope 3 emissions. Therefore, this does not represent a complete summary of Aviva's emissions footprint.
3. Includes certain Scope 3 categories for fuel and energy-related activities (category 3), business travel (category 6) and grey fleet (private cars used for business) (category 6), waste (category 5)
4. This covers corporate bonds, listed equity, direct real estate, infrastructure debt, equity release mortgages, and commercial real estate mortgages. Direct real estate includes whole building emissions. AUM managed on behalf of third parties (i.e. external assets) are not currently included in our climate metrics.

AR Our absolute emissions were subject to external independent reasonable assurance by EY. For the results of that assurance, see the assurance report on page 58.

**Our absolute emissions footprint, year-end 2024[2]**
$tCO_2e$ (thousands)




Introduction
Foundations
Engagement strategy
Implementation strategy
Governance
Additional information

## The context of our ambition

In 2021, we set an ambition to become a Net Zero company by 2040[1] and we continue our work to align our business to the goals of the Paris Agreement.

Our Group CEO Amanda Blanc noted when announcing our long-term ambitions "For the world to reach Net Zero, it's going to take leadership and radical ambition". The global benchmarks within the Paris Agreement indicate that advanced economies will have to achieve Net Zero before 2050 to allow emerging markets and developing countries to achieve Net Zero after 2050. This is known as the principle of common but differentiated responsibilities. Consequently, our Net Zero 2040 ambition is aligned with the expectation for advanced economies under the goals of the Paris Agreement, as a major insurer to the UK.

Paris alignment refers to the alignment of public and private financial flows with the goals of the Paris Agreement on climate change. Article 2.1c of the Paris Agreement defines this alignment as making finance flows consistent with a pathway towards low GHG emissions and climate-resilient development. Alignment in this way will help to scale up the financial flows needed to strengthen the global response to the threat of climate change. To achieve our ambition we need to increase the alignment of our investment portfolio and underwriting to 1.5°C decarbonisation pathways.

Our ambition was founded on a series of dependencies and assumptions regarding the global shifts required to meet the goals of the Paris Agreement. As a global investor, we recognise that our goal of achieving Net Zero is ambitious and only attainable if countries deliver their international commitments, with advanced economies moving quicker than developing economies. We also recognise that we will not be immune to the influence macro trends may have on our progress including the rapid scale and adoption of artificial intelligence, which may have material impacts on the current emissions profile of our business activities as well as those of our customers, holdings, and suppliers.

However, despite some progress since 2021, the necessary transformative shifts are yet to materialise. The United Nations Framework Convention on Climate Change's (UNFCCC) global stocktake, released during COP28 in 2023, revealed that current global emission trajectories and the ambitions laid out in Nationally Determined Contributions (NDCs) do not align with the goals of the Paris Agreement.

Additionally, our Net Zero ambition and progress against it will be affected by how Aviva grows as a business, including any merger and acquisition activity.

While we cannot control all of our dependencies, we seek to use our influence and resources to facilitate the enabling conditions necessary to realise our ambition as far as possible[2]. We are and will continue to be transparent about our progress and the strategies to overcome the obstacles we encounter. Providing transparency and rationale if we are not able to meet our ambitions is critical to the 'if not, why not' principle adopted for our ambition.

**Read more:** Dependencies and assumptions section

## The scope of our ambition

The scope of our ambition covers all key business areas; investments, insurance, and Aviva's operations.

### Investments

Our long-term climate ambition is to align our investment portfolios with the goals of the Paris Agreement which underpin Aviva's Net Zero ambition. In order to track our progress, we have set interim ambitions. We have achieved our year-end 2024 ambitions and are focusing on delivering our 2030 ambition.

The funds and asset classes in scope of our 2030 investment ambition are defined in the investments section. Over time, we may bring further asset classes in scope of the 2040 ambition, subject to methodologies for financed emissions and target setting being developed and assessed as appropriate, materiality considerations, and as data robustness improves.

Aviva's investment ambition encompasses Aviva shareholder and customer assets where we have decision-making control and data, but excludes external assets (e.g., third party clients' assets managed by Aviva Investors and third party funds made available to Insurance Wealth and Retirement customers through our investment platform). This forms the foundation of our external climate ambitions, including near-term ambitions we have set under the SBTi and the NZAOA.

Our preference for engagement over divestment applies across all our investments. Investment decision-making will prioritise investment outcomes - for customers and shareholders - balancing risks and reward. We will not make decisions to invest or divest simply to reduce portfolio emissions but will consider climate, nature, and social aspects in engagement and investment decision-making.

We track and report our sovereign emissions annually in our Climate-related Financial Disclosure (TCFD) report. While we have a GHG accounting methodology for sovereign emissions from the Partnership for Carbon Accounting Financials (PCAF), there is still no industry consensus on how to set targets on sovereigns from the NZAOA or the SBTi. Hence they are not currently included in our emissions reduction ambitions. Instead, we focus on policy engagement and advocacy activity with governments to enable climate and nature action. We will also continue collaborating with standard setters and peers to define best practice in tracking progress, and, if relevant, target-setting.

**Read more:** Investments section

1. Aviva becomes the first major insurer worldwide to target Net Zero carbon by 2040
2. Our NZAOA member commitment is made on the same basis; that we must seek to reach our commitment through advocacy whilst governments follow through on their own commitments to ensure the objectives of the Paris goals are met. Find out more in the Commitment Document for Participating Asset Owners, from the NZAOA.

## Insurance

The scope of our ambition covers our General Insurance (GI) underwriting activity and claims supply chain. We are also working to align our UK Health Insurance business with our Net Zero ambitions.

Net Zero industry standards for general insurance are still in development. We are contributing to consultation processes, and when the standards are finalised we will consider how they can inform our Net Zero ambition.

In the meantime, we are developing our own models to assess underwriting based emissions and using our learning to support that consultation process.

For example in UK Commercial Lines we are exploring opportunities to create models to assess underwriting based emissions where customer data is available. Our initial focus is on building a model to apply the PCAF personal motor insurance methodology to Commercial Lines for commercial vehicle fleets.

We remain committed to supporting our customers in making the Transition, whether that be Personal, Commercial, or Health insurance products and services. We will continue to develop our propositions and services to meet customer needs as technologies and construction methods develop.

We undertook an exercise where we estimated our claims emissions across our products to understand the solutions required to decarbonise our supply chain. Consequently, we have adjusted our 2030 Net Zero Claims supply chain ambition to be aligned with our Group ambition to be a Net Zero company by 2040. The lower-carbon technologies and materials we require are in markets that are not mature enough and are not widely available. Examples of this include sustainable aviation fuel and low carbon glass. In addition, alternatives to or lower-carbon manufacturing of steel are yet to be developed. The shift in timelines is an acknowledgement of the current limitations and the maturity of sustainable solutions markets, which are beyond our direct control.

**Read more:** Insurance section

## Aviva's operations

Our ambition covers our own Scope 1 and 2 emissions as well as the relevant categories from our Scope 3 categories 1-14.

Our ambition covers all the markets in which we are active, including the UK, Ireland and Canada. Our subsidiaries in scope are Aviva India, Wealthify, Succession Wealth, Sesame Bankhall Group, AIG Life UK, Probitas, and Solus, our specialist vehicle repair group. Aviva Group and these subsidiaries make up over 90% of our total Scope 1 and 2 emissions that are included within our ambition.

In March 2021, alongside our Group 2040 ambition, we set an ambition for Aviva's operations and supply chain to be Net Zero by 2030. It remains our ambition to achieve a 90% reduction of our Scope 1 and 2 emissions by 2030. We will offset the remaining 10% from 2030 with carbon removal credits.

However, due to better data insights into the complexities of our supply chain and evolving industry guidance on Scope 3 target setting, we have adjusted our Scope 3 categories 1-14 decarbonisation ambition to be in line with our Group ambition to be a Net Zero company by 2040.

Regardless, we are committed to decarbonising the relevant Scope 3 categories 1-14 emissions and have assessed which are applicable to our business operations. We will continue to stay close to the development of Scope 3 target setting guidance when we look to set additional ambitions.

**Read more:** Aviva's operations section

## An integrated approach to our ambition

Delivering on our climate ambition requires an integrated approach that takes into consideration nature, climate adaptation and resilience, and the Just Transition. As industry best practice develops further, we will continue to advance the adoption of these elements into our climate strategy.

| Ambition | Key Group-level actions |
|---|---|
| **Nature**<br>In 2021, we were one of the first insurance firms to publish a Biodiversity Policy covering our investment, insurance, and Aviva's operations. We have made progress against actions we originally set out in our Policy as data, tools, methodologies, and frameworks have evolved. We recognise that these evolutions - along with market, policy, and regulatory developments - mean that in order for us to have the most impact in this area, we need to mature our strategic approach to nature.<br>To address this, we have developed a Group-wide nature strategic framework. This framework will be core to our strategic approach to nature going forward, and support and inform the prioritisation of nature-focused activities and actions across our engagement, investment, insurance, and operations. It aims to ensure that we have an in-depth understanding of our interface with nature as a business, in order to inform our focus areas and actions so that we can support nature-positive[1] outcomes and the implementation of the Kunming-Montreal Global Biodiversity Framework (GBF)[2].<br>Implementing our Group-wide nature strategic framework will consist of a range of activities and actions. We will use our framework to further inform and align nature activities across the business, for instance through business planning. Following the completion of our key actions, we intend to review and update our existing biodiversity policy. | 1. **Undertake a Group-wide nature-related issues assessment** to identify and assess nature-related dependencies, impacts, risks, and opportunities across our investments, underwriting, and operations in 2025. This will build on our previous assessment work and draw on the Taskforce on Nature-related Financial Disclosures (TNFD) 'LEAP' approach.<br>2. **Deliver internal education and training,** including at the senior level to improve awareness and understanding of nature. This includes those in senior and decision-making positions, with our intention to conduct deep-dive Board training covering nature in 2025.<br>3. **Further embed nature into planning, governance, and risk appetite considerations.** Our planned Group-wide nature assessment will inform the development of nature-related risk appetite and preferences across operations, investments, and insurance, and the inclusion of nature within our governance framework. |
| **Adaptation and Resilience**<br>Within our General Insurance business, we are helping our customers build resilience against the impact of climate-related risks as part of our climate action strategy. This covers (i) increasing awareness of customers to support the uptake of sustainable choices, and (ii) supporting preparedness, prevention, and developing a suite of claims initiatives to help build resilience through our product offerings, with our communities and customers. Our key actions will help inform how, through our role as both an insurer and investor, we can best form a strategic response to the risks and opportunities that arise from climate adaptation and resilience. | 1. **Explore the materiality of adaptation and resilience issues** across the rest of our business, building on the findings from our General Insurance strategy to date and the cross-business climate scenario analysis to inform synergies and trade-offs.<br>2. **Understand vulnerabilities** and assess the sufficiency of adaptation and resilience measures by improving our physical risk assessment capabilities across asset classes with a view to enhancing investment decision-making and portfolio management.<br>3. **Develop a Group-wide adaptation and resilience strategic approach.** |
| **Just Transition**<br>We have begun addressing a number of 'Just Transition' issues as part of our existing climate-related and social-related activities. We have been incorporating benefits for local communities into our climate action work, engaging with investment portfolio companies on transition risks associated with workforces, and exploring the ability to create new insurance propositions to give customers greater access to more affordable renewable energy. Our key actions will help inform how we as a business can best form a strategic response to supporting a 'Just' Transition. | 1. **Raise internal awareness of the 'Just' Transition** by providing tailored training, including to those in senior and decision-making positions.<br>2. **Deepen our understanding of the relevant metrics and indicators** on Just Transition issues, identify key rights holders in relation to our business activities, such as local communities and workers throughout the value chain, and explore what stakeholder engagement groups we may need to further engage with.<br>3. **Develop a Group-wide 'Just' Transition strategic approach.** |

1. Nature Positive is a global societal goal defined as "halt and reverse nature Loss by 2030 on a 2020 baseline, and achieve full recovery by 2050" - See Nature Positive Initiative |The Definition of Nature Positive (Nov 2023)
2. The Kunming-Montreal Global Biodiversity Framework

# Dependencies and assumptions

**Key** ST Short-term (0-3yrs) MT Medium-term (3-10yrs) LT Long-term (10+yrs)

## Our dependencies and assumptions

As part of our business planning process, we assess the external dependencies and assumptions for each of our ambitions and the timeframe over which we expect these to play out.

Our dependencies are intrinsically interconnected and are considered when identifying mitigating management actions.

We monitor and manage our exposure to our dependencies and our climate-related risks and opportunities through robust risk management and risk appetite frameworks.

**Read more:** Risk management section

Further information on the way in which climate-related risks have been captured within the valuation of our assets and liabilities can also be disclosed within the Group's Annual Report 2024.

Our financial statements are prepared under the requirements of the UK-adopted international accounting standards (IFRS). The assumptions underpinning accounting measurement differ from the key assumptions needed to deliver our Transition Plan.

These Transition Plan assumptions reflect a different, often more ambitious, view of the external changes needed to achieve our own ambition.

The table below outlines the key climate and nature-related dependencies and assumptions critical to delivering our Transition Plan, with examples of management actions to mitigate these dependencies and the associated timeframes.

### Our external dependencies

| Factor | Dependency | Key assumptions to deliver our Transition Plan | Example of mitigating actions | Timeframe |
|---|---|---|---|---|
| **Value chain** External dependencies on our wider value chain: our investee companies, insurance customers, and supply chain | **Customer preferences:** The demand for sustainable products and services is driven by customer preferences. | Customer preferences change and there is an increased demand for sustainability-related products and services. | **Enhance product offerings** by responding to customers' needs and reward customers for responsible actions. | MT to LT |
| | **Investee action:** Investee companies must transition for Aviva to achieve our ambition and provide sustainable asset investment opportunities at a fair price. | Companies align with the goals of the Paris Agreement and there is also a greater availability of sustainable funding, such as sustainability-linked bonds. | **Engage our investee companies** to support their Transition and to identify opportunities to manage climate and nature-related impacts. | ST to MT |
| | **Supplier action:** We depend on the transition of our suppliers to achieve our supply chain ambition. | Suppliers align with the goals of the Paris Agreement by establishing their own targets and Transition Plans. | **Engage our suppliers** to encourage them to set science-based targets. Engage our claims suppliers to expand the use of sustainable claims practices. | ST to MT |
| | **Accurate and reliable data:** Data is required to deliver our ambition and to manage climate-and-nature-related risks. | Increased availability of reliable, accurate, and standardised data from suppliers, investees, and insurance customers. | **Advocate to** drive standardisation. Assess the quality of data and the accuracy of methodologies to support our decision-making processes. | ST to MT |
| | **Carbon removals:** Access to offsets that meet Aviva's requirements regarding impact on nature, society, the economy, and communities; and which meet the technical requirements of the relevant standards. | Sufficient availability of carbon removal offsets which meet the relevant requirements. | **Invest in carbon removal projects** to support the acceleration, scale-up, and availability of high-quality removals. | MT |
| | **Supply of renewable energy:** We depend on renewable energy to meet the decarbonisation ambitions of our operational sites and real estate investments. | The steady decarbonisation of the grid in areas in which we operate and invest. | **Investment in self-generation** by installing our own wind turbine. **Engage with our real estate portfolio** to promote measures that reduce consumption. | ST to MT |

**Key** ST Short-term (0-3yrs) MT Medium-term (3-10yrs) LT Long-term (10+yrs)



### Our external dependencies

| Factor | Dependency | Key assumptions to deliver our Transition Plan | Example of mitigating actions | Timeframe |
|---|---|---|---|---|
| **Macroeconomic** External dependencies on the global environment in which we operate | **Geopolitical environment:** An environment that works to overcome complex global challenges (e.g. competing national interests and tensions over resource distribution). | A cooperative global geopolitical environment where governments Transition in line with the goals of the Paris Agreement. | **Advocate for greater global ambition** through bilateral and multilateral engagement. Encourage countries to set ambitious climate and nature targets. | MT to LT |
| | **Government policy:** Policy plays a crucial role in shaping the Transition; however, to date, we do not have the policy frameworks in place to enable the Transition. | Governments create policy measures to enable the Transition. | **Engage with governments** to establish the policy measures, fiscal incentives, and regulation to enable the Transition. | MT to LT |
| | **Real economy Transition:** Corporates engaged in the production of goods and services need to adopt new technologies, reduce resource use and adapt to more sustainable practices. | The real economy transitions in line with the goals of the Paris Agreement and the Global Biodiversity Framework. | **Use our voice through government engagement** and voting activities as well as through investment decisions to support identification of policy solutions and activities that enable the real economy transition. | MT to LT |
| | **Global economy:** The physical impact of climate change can negatively affect economic growth and inflation (e.g. due to infrastructure damage and losses in productivity). | Countries and businesses continue to adapt and build resilience to climate change. | **Engage with GI claims suppliers** to increase the number of suppliers taking climate resilient measures. **Engage with customers in higher-risk zones to** mitigate weather impacts. | ST to MT |
| **Industry-specific** External dependencies which are specific to the financial services sector | **Financial regulation:** The current regulatory regime for finance does not incentivise investments into certain markets, assets, and insurance products to support the Transition or disincentivise investments in environmentally harmful activities. | Regulators and supervisors provide the supportive frameworks which enable capital flows to finance the Transition. | **Engage with domestic and international regulators** and policymakers to develop supportive regulatory frameworks. | MT |
| | **Corporate valuations:** Climate-related impacts are not always reflected in corporate valuations and disclosures. | Carbon taxes or emissions trading schemes are widely adopted by governments and regulators. | **Engage with regulators** to develop supportive regulatory environment including mechanisms such as carbon taxes and emissions trading schemes. | MT |
| | **Corporate planning time horizons:** Financial market norms tend to prioritise short-term financial performance, disincentivising decisions on long-term sustainability impacts. | Financial market norms incorporate short, medium, and long-term risk management. | **Share best practice amongst the industry** for how asset managers and owners consider long-term, systemic risk factors. | MT to LT |
| | **Methodologies and frameworks:** Industry-specific guidance for measurement and setting science-aligned ambitions are still developing. | Industry peers, standard setters, and regulators continue to develop methodologies. | **Collaborate** to develop effective guidance and methodologies for climate and nature targets, metrics and frameworks. | ST to MT |

# Financial planning

## Integrating sustainability into business and financial planning

Aviva Group and its underlying business units complete an annual business planning exercise to set out the forward-looking three-year actions to deliver its strategy. In 2024, we refined the sustainability submission to ensure our sustainability (including our climate, nature, and social) strategy is appropriately translated into operational plans. The aim is to secure the delivery of our interim ambitions and set the path towards our medium-term and long-term strategic ambitions. We are continually looking to improve alignment between our financial and sustainability business planning processes in the future.

As part of our business planning process, we also perform qualitative climate scenario analysis to stress test the resilience of our strategy against different scenarios and time horizons. We identify risks and opportunities arising from these different scenarios as well as the associated management action to ensure our strategy is robust.

**Read more:** Climate scenario analysis section

## Financing our Transition Plan

A key part of business planning is documenting key ambitions and actions required to deliver those ambitions. Alongside this, we also seek to address how we plan to resource the planned actions both in terms of operational and capital expenditure and headcount. This is to ensure any shortfalls are captured and all costs that support our sustainability ambition over the subsequent three year period are incorporated.

For example, we have forecasted the potential total change cost of our Net Zero buildings strategy for our directly owned buildings into our business plans out to 2030.

We will continue, to the best of our ability, to incorporate the cost of our sustainability ambition into our business planning. We aim to consider the synergies and trade-offs between our sustainability and financial business plan.

> We are looking to continually improve alignment between our financial and sustainability business planning processes in the future.

## Financial impact of our Transition Plan

As a part of our business planning process, we also assess any potential link between the actions we are taking and our commercial performance such as supporting investment performance and attracting additional customers.

For some of the actions outlined in our Transition Plan, it is not currently possible to quantitatively disaggregate and separately identify the anticipated financial impacts from those within the wider financial planning process. However, where we believe an action has a clear link to commercial performance, we have started to document the expected impact on our financial performance in the short, medium, and long-term. This impact has been assessed with specific examples for each part of our business outlined below.

### Investments

Our business plans focus on enhancing our investment decision-making processes to deliver on our investment outcomes whilst continuing to decarbonise the portfolios and identifying opportunities to support the Transition. We use various actions (as outlined in our investment section) which are tailored to meet the specific objectives of our diverse investment portfolios.

For example, Insurance, Wealth and Retirement's (IWR) workplace My Future Focus and My Future are core default pension investment solutions that aim to provide our customers with diversified low-cost, low-tracking error investment solutions which include ESG, and lower carbon intensity optimisation where appropriate. Creating lower carbon optimised fund propositions and increasing the assets managed under them demonstrates our commitment to decarbonising the portfolios while delivering customer investment outcomes[1].

Furthermore, we continuously look for opportunities to increase our allocation of sustainable assets, reflecting our commitment to investments that deliver financial returns and tangible contributions to our decarbonisation and/or social ambitions.

### Insurance

Within our General Insurance business, we are expanding our renewable energy and EV offerings to allow our customers to support the Transition. In renewable energy, we aim to increase our Gross Written Premiums across a portfolio that has grown multifold covering wind, solar, and battery storage; and we are exploring expanding our insurance offering to other Transition activities such as floating offshore wind. In the EV sector, we support our customer's transition to EV ownership through continued proposition development. In Canada, we are also investing in a subsidy programme which encourages the switch from internal combustion vehicles to EVs.

### Aviva's operations

We have estimated a range of potential savings from energy efficiency measures we are implementing in our buildings. We have calculated that we could be making significant operational expenditure savings from the successful implementation of our Net Zero buildings strategy between 2025 and 2030. Additionally, we expect cost savings from fuel spend as we transition our fleet to being fully electric.

1. We benchmark fund performance against indices, so seek to develop propositions with low tracking error vis-a-vis the benchmark, while also looking for diversification and low-cost.

# Engagement strategy



# Engaging to drive systemic change

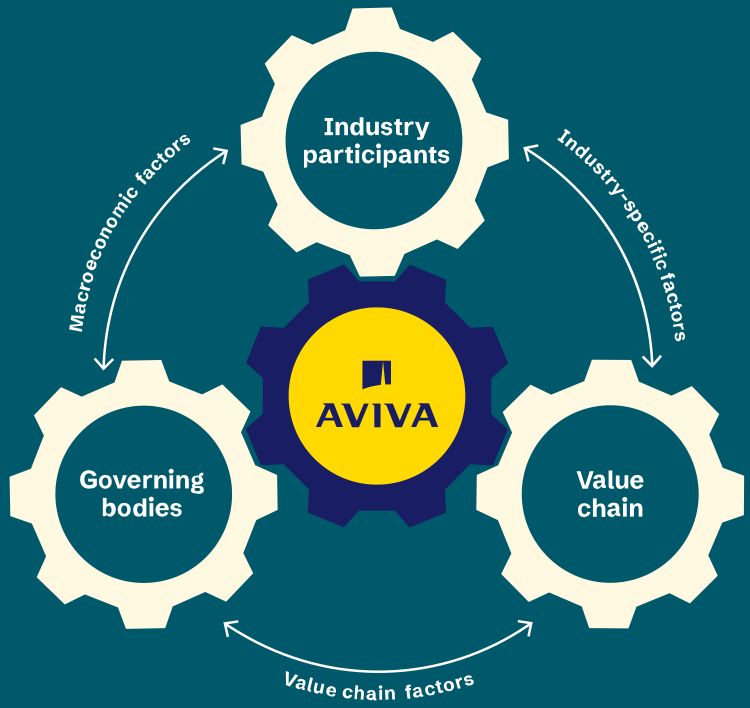
## Our approach

Climate change is a systemic risk to the financial system and needs collective action to drive change. The systemic nature of the risks posed by climate change is present as a result of the interconnections and interdependencies between different elements of the financial system and climate-driven physical and transitional impacts felt at a global scale. We use our voice to push for the policy, regulation, and capital market norms we need to deliver a more secure and stable future for our customers and shareholders.

This does not just mean engaging with policymakers – it means working with all key stakeholders including suppliers and investees to help them identify and deliver change within their organisations.

Our Transition Plan relies on many macroeconomic, industry-specific, and value chain factors. Overcoming these dependencies requires collaboration between and action from these stakeholder groups and is the reason why engagement is a key lever in delivering our long-term ambition.

**Read more:** Dependencies and assumptions section




We categorise our stakeholders into three groups based on their role in driving systemic change.

### Governing bodies

This includes policymakers, regulators and standard setters, and multilateral organisations.

### Industry participants

This includes industry alliances and trade associations, civil society organisations, fund and asset managers, and brokers.

### Value chain members

This includes institutional clients, issuers and holdings, supply chain, retail customers, savers, and pension plan policyholders.

## Our policy asks

Our Transition Plan depends upon our key markets having the policy, regulatory, and legal frameworks that incentivise and enable the Transition.

We encourage governments around the world to:

**Set legally binding Net Zero commitments in line with 1.5°C warming** to dramatically reduce GHG emissions.

**Back up Net Zero commitments with a National Transition Plan** that details policy measures, fiscal incentives, regulation, and accountability mechanisms across all areas of government.

**Push for integration of climate into the international financial architecture** from members of the international financial architecture – like the International Monetary Fund.

**Introduce sustainability disclosure requirements for firms** that minimise fragmentation, reduce reporting burden, and increase data comparability.

**Unlock private finance for adaptation to build climate resilience,** and embed climate adaptation into national transition planning and funding needs.

**Develop and disclose national plans to deliver the targets and goals of the Kunming-Montreal Global Biodiversity Framework** which are based on nature-positive sectoral pathways.

# Engaging with governing bodies

## Engaging with governing bodies

Governments, regulators, standard setters, and other public bodies hold multiple levers to set their national economies on the path to Net Zero. To deliver better results, these bodies should act in harmony to avoid misaligned market incentives and greater market risks.

For more information on the processes and standards in place to guide our engagement with government, please see our Working with Governments Policy.

### Multilateral organisations

We participate across various multilateral parties to encourage global ambition and congruence on climate and nature goals.

For several years, Aviva has attended the UNFCCC COPs and since 2022, we have attended the United Nations Convention on Biological Diversity (UN CBD) COPs.

We engage with key policymakers and negotiators, advocating for ambitious commitments and actions from Parties as well as meaningful financial system reform to support the delivery of the goals of the Paris Agreement and Kunming-Montreal GBF.

Ahead of COP29 in Azerbaijan, we called for developed countries to align incentives to facilitate capital mobilisation to developing countries.

We also advocated for developed countries to commit to aligning the regulation of their financial institutions with transition goals. We also share our insights on sustainable finance and investment topics within the G7 and G20 and, in recent years, have been invited to present to several G20 working groups on international financial system reform.

### Policymakers, regulators, and standard setters

We engage on specific policies and interventions that can help achieve our Group's sustainability ambition and mitigate the dependencies embedded in our own sustainability agenda.

Key engagement activities include:

- Engagement via direct relationships and events such as roundtables or party conferences.
- Through our investments in sovereign bonds, engagement with governments on our sustainability priorities by writing annually to finance ministers and central bank governors.
- Joining government-led sustainable finance and investment initiatives such as the National Wealth Fund Taskforce and Transition Finance Market Review, where Aviva represented on the Expert Group.
- Producing policy papers such as the Low Carbon Investment Policy Roadmap and Building Future Communities Report.
- Responding to government and regulatory consultations on key issues.

## Developing a Carbon Investment Policy Roadmap

**Overview:** In July 2024, Aviva Investors developed and shared a roadmap with the UK's major political parties detailing a private investor's perspective on the key public policy priorities to boost low carbon investment over the next five years. The recommendations aim to improve market conditions to unlock low carbon investment opportunities and deliver an affordable cost of finance to project developers and society.

**Outcome:** We have used the Roadmap to respond to three investment relevant public policy consultations over the last six months. While we are only one of many stakeholders providing input into government policy, the new government has already made a number of low carbon policy decisions in line with the Roadmap recommendations, one being the confirmation of public funding for carbon capture and storage.

**Read more:** our full report

# Engaging with industry participants and our value chain

## Engagement with industry participants

Many of the macroeconomic and industry-specific dependencies to our plan rely on engagement with industry bodies and trade associations to influence the climate and nature policy debate and agree on collective goals and policy positions.

We have a multifaceted engagement strategy that is based on our ability to influence outcomes and we apply a decision framework to determine participation in these industry bodies and associations. The framework assesses the extent to which the initiative aligns with and supports Aviva's strategic and advocacy goals, the commitments, and actions involved, as well as the potential risks and opportunities associated with our involvement.

Internally, we collaborate closely across these initiatives and organisations through our Sustainability Advocacy Forum[1].

### Industry bodies

We prioritise our engagement with industry bodies based on their influence and ability to shape the market and policy environment and our role and influence within the organisations.

The following industry bodies represent our key focus for engagement; however, we are active in a wide range of alliances[2].

**Net Zero Asset Owner Alliance**

Participating member in the Monitoring, Reporting and Verification, Transition Finance, Engagement, and Policy Tracks working groups. Chairing of the Deforestation working group.

For the ambitions we have set through the NZAOA, please see the investment section.

**PRI**

Signatory and representing on multiple advisory committees and working groups, including the Collaborative Sovereign Engagement on Climate Change group.

Collaborating to create the conditions that foster sustainable investment.

**Finance for Biodiversity Foundation**

Participating member of the Policy Workstream and on the Advisory Board, encouraging action to align financial flows with the Global Biodiversity Framework.

**CRO forum**

Participating member of the Chief Risk Officers (CRO) Forum. The Forum aims to develop industry best practices in risk management including emerging and long-term risks.

**PCAF**

Participating member of the Climate Data working group.

Participating member of five working groups supporting the publication of new guidance to expand the robustness of investments and insurance emissions accounting.

**GFANZ**

Founding member, co-chairing the Nature and Policy workstreams and participating in the Mobilizing Capital workstream.

Using the platform to address our industry-specific dependencies, including the development of methodologies and influencing government policy.

**CFRF Climate Financial Risk Forum**

Participating member of the CFRF to support the development of guidance for financial institutions to identify and assess climate-related risks and opportunities.

**CFO Forum**

Participating member of the Chief Financial Officers (CFO) Forum. The Forum aims to influence financial reporting and regulatory developments.

**IIGCC**

Co-chairing the workstream and participating member of the Sectoral Roadmaps working group, preparing guidance to facilitate investors' management of climate risks and opportunities.

**PSI Principles for Sustainable Insurance**

Signatory and participating in the Working Group on Nature.

Board member (effective January 2025) contributing to the development of the PSI programme and insurer actions.

**FIT Forum for Insurance Transition to Net Zero**

FIT Participant and member of the FIT Transition Plan Working Group.

**Net Zero Asset Managers Initiative**

Founding member.

Engaging with committed asset managers to support the goal of Net Zero 2050 in order to mitigate risk and maximise long-term asset value.

For the ambitions we have set through the NZAMI, please see the investment section.

1. The Sustainability Advocacy Forum coordinates Aviva's Group-wide advocacy on sustainability issues
2. These affiliations are entered into on an information sharing basis and in compliance with anti-trust and competition law to ensure that there is no 'collusion' between competitors, as well as relevant market regulations to ensure the proper functioning of regulated markets. While Aviva, at all times, makes it investment decisions independently and consistent with the best interests of its investors, it considers such collaborations to serve its primary objective of preserving and enhancing value on behalf of its customers and beneficiaries.

## Engaging with industry participants and our value chain

### Trade organisations

We engage with trade organisations on industry and policy issues, including climate change, nature, and sustainable finance. In some cases, we take up specific roles in working groups aimed at influencing this topic. We also input on policy positions or government consultations. We have regular discussions with these organisations on policy issues and monitor positions taken by the organisations[1].

ABI

Board member and participating member of the Climate Change Board sub-group and Working Group. The ABI has considerable influence on the insurance industry's approach to sustainability.

TheCityUK

Participating member of the Leadership Council and the Green and Sustainable Finance Group. TheCityUK influences the sustainable finance policy environment and the development of regulatory frameworks.

THE INVESTMENT ASSOCIATION

Board member, member of the Sustainability and Responsible Investment Committee and Climate Change Working Group. The Investment Association and its members discuss regulatory changes in sustainable investing.

### Civil society organisations

We engage with civil society – think tanks, non-governmental organisations (NGOs), academia, and other third-sector organisations – to pursue our shared goal of a low-carbon, climate-resilient, and nature-positive future.

Through these partnerships we aim to advance sustainability research, thought leadership, sustainable finance education, and advocacy objectives on key issues.

**The Green Alliance Adaptation Taskforce** brings together leading businesses to move the dial forward on climate adaptation policy and promote integrated solutions to improve UK climate resilience.

**With Kings College London** we sponsor a course on the Financial Conduct Authorities Consumer Duty Training to support financial advisors, paraplanners, and compliance professionals build their understanding and confidence around ESG and sustainability.

**The Forum for the Future** runs the annual School of System Change in Finance course, which educates finance professionals on systems change. We sponsor this work to drive grassroots, transformative change in finance towards a resilient, Just, and regenerative economy.

Other partnerships with NGOs across our core markets include The Wildlife Trusts, the Woodland Trust, WWT, the charity for wetlands and wildlife, The Nature Trust, and Nature Conservancy of Canada.

### Engaging with our value chain and customers

We engage with our suppliers, investees, and customers to identify opportunities to manage our climate and nature-related impacts in our value chain. Given the diversity of our business, these engagement strategies are managed by the respective business units.

Details on the engagement strategies for value chain stakeholders are in the Implementation Strategy section of this report.

**Read more:** Investments section

**Read more:** Insurance section

**Read more:** Aviva's operations section

1. We are involved in several other committees/ working groups as part of our membership of these organisations. Only governance positions and participation in sustainability-focused groups are shown here.

## Partnering with WWF-UK

In 2021, we formed a partnership with WWF-UK to help restore UK landscapes, build healthier more resilient communities, and to conduct joint advocacy on climate change, nature, and sustainable finance. We have worked together to call on the UK government to ensure they deliver on their commitment to Net Zero, through credible science-based transition plans. We developed shared thinking on nature-positive pathways and supported the integration of nature and resilience factors into policy changes.

More details on the impact of this partnership are presented in our report: "Acting on climate change to build a better tomorrow".

# Implementation strategy



# Investments

Mitigating investment exposure to climate-related risks and investing for the future are critical in our role as long-term stewards of customers', clients' and shareholders' assets.

**Key actions**

1. **Engage in climate-aware investing and develop investment frameworks:** Use a range of climate metrics to support decision-making whilst developing appropriate frameworks that support our Net Zero ambition
2. **Offer sustainable propositions for our customers:** Develop investment products and services to enhance our sustainable investment practices
3. **Finance the Transition:** Aim to simultaneously decarbonise our portfolios and increase portfolio alignment to the goals of the Paris Agreement
4. **Holistic stewardship:** Engage across multiple levels of the system to support the transition
5. **Selective divestment:** Selective divestment where the sustainability risks fundamentally misalign with our sustainable investing approach

**Achieved by year-end 2024**

64%

**Reduction in the Scope 1 and Scope 2 carbon intensity by revenue of listed equity and corporate bonds held in our shareholder and with-profit funds (from a 2019 baseline[1]) against an ambition of 25% reduction**

£8.7bn

**Investment in sustainable assets since 2019[2] against a target of £6bn**

**2025-2030**

60%

**Reduction in the Scope 1 and Scope 2 economic carbon intensity of equity, corporate bonds and loans, infrastructure, and real estate assets held in shareholder, with-profits, and policyholder funds (where we have decision-making control and data) from a 2019 baseline[3]**

**by 2040**

Net Zero Group

1. In scope are Scope 1 and 2 weighted average carbon intensity by revenue for listed equity and corporate bonds held in shareholder and with-profit funds
2. Defined as green and sustainability assets, sustainability-linked debt, social bonds and investment of £1.5 billion of policyholder money in Aviva Investors climate transition funds (available at the time).
3. In scope are Scope 1 and 2 economic carbon intensity (ECI) for in-scope equity, corporate bonds and loans, infrastructure, and real estate assets held in shareholder, with-profit and policyholder funds where we have decision-making control and data across UK, Ireland, Canada, and India. Aviva is deemed to have investment decision-making control when they are responsible for defining the investment mandate – setting the investment objective, guidelines and risk appetites; choice of benchmark to meet customer and shareholder outcomes; and manager selection. This does not include external fund links made available on platforms, consultant instructed scheme blends, or external client mandates.

# Our business

## Our investment businesses

Aviva is a universal investor. We invest across the whole economy, and we are therefore focused on delivering real world change through national and international policy engagement, holistic stewardship, and supporting our investees and governments in achieving their goals.

Aviva Group comprises asset owners, including insurance companies, and an in-house asset manager, Aviva Investors, acting as long-term stewards of customers', clients', and shareholder assets. Climate-related considerations are integrated into investment decision-making, products, and services we offer, asset manager mandates, and asset manager oversight. We seek to increase the alignment of our investment portfolios to the goals of the Paris Agreement and in line with Aviva's climate, nature, and social action ambitions.

### Asset owner

Asset owners within Aviva plc include: IWR, UK General Insurance (UK GI), Aviva Ireland, Aviva Canada, Aviva India, and Aviva Capital Partners.

**IWR** is the largest asset owner within Aviva Group. IWR as:

- Savings and pension provider provides a range of products and fund solutions to meet customer objectives. Our business covers workplace pensions, savings products, Advice, Direct Wealth, and an advisor platform.
- Insurance provider, including annuities, needs to match the liability cashflows, which tend to be long dated for the annuity business. Our insurance business includes Protection and Health, while our retirement solutions include bulk purchase annuity, individual annuities, and equity release mortgages.

Customer and shareholder assets are managed by several asset managers through mandates in line with the objectives of different investment portfolios, with Aviva Investors managing a majority.

**Aviva Capital Partners (ACP)** deploys Aviva balance sheet capital to enable early stage place-based investments such as urban regeneration, delivering homes, local infrastructure, mobility, and connectivity, which support long-term sustainable growth across the UK and Ireland.

### Asset manager

**Aviva Investors** is the in-house asset manager of Aviva plc and its various business units. The majority of Aviva Investors' AUM are managed on behalf of IWR, GI and other Group businesses.

**Aviva Ventures** (AV), formed in 2015 as Aviva plc's corporate venture capital (VC) fund, including investments in three VC funds, which focus on the Transition. AV has also deployed capital directly into sustainability-oriented companies. In 2024, AV became part of Aviva Investors Private Markets to build out a venture and strategic capital investment capability to further support new technologies and innovation.

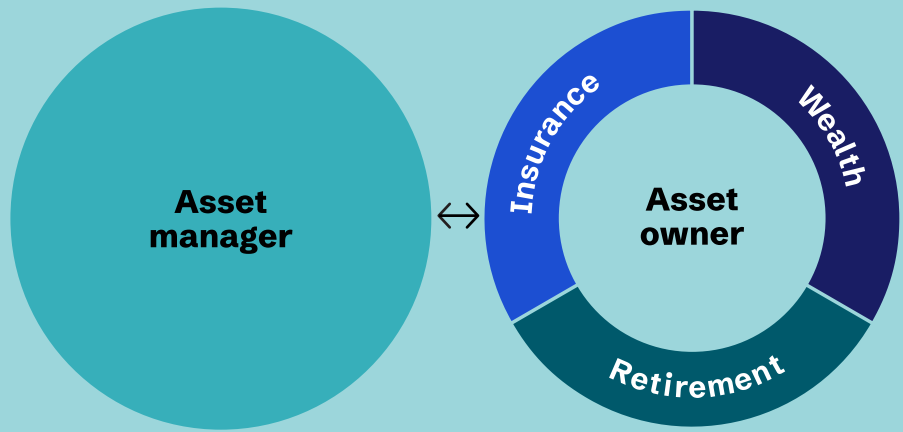
## Manager oversight

To deliver on our shareholder and diverse customer investment outcomes in line with our long-term investment beliefs, our asset manager research, selection, and oversight processes includes sustainability, including climate considerations.

In our manager research and selection process, we consider how closely the managers' stewardship policies and ambitions align with our own. In 2023, we introduced a standalone sustainability manager oversight framework to evaluate the level of integration within a strategy.

We place a strong emphasis on qualitative reviews of the strategy for actively managed mandates and conduct annual desk reviews of sustainability and climate metrics. We apply this to all our managers.

**Relationship as an asset manager and an asset owner**




**Asset manager**
Manages third party assets. Most assets are managed by Aviva Investors.

**Asset owner**
Holds capital and invests on behalf of shareholders (IWR, GI, Aviva).

Savings and pensions provider – invests in and holds assets on behalf of customers (including pension scheme policyholders).

Insurance provider holds and invests capital on behalf of insurance policy holders.

We actively monitor our managers' engagement practices through ongoing meetings with the sustainability teams to review portfolio actions and industry trends. If external asset managers are not able to fully align with our stewardship strategy, this will be reflected in our overall assessment.

Where we identify areas for improvement, we communicate this with our managers; clearly outlining our expectations. If our monitoring identifies significant concerns for future performance, we will consider taking further action such as changing the underlying manager, closing funds or reducing our allocation to that manager depending on what may be appropriate in the circumstances.

For more information see UK IWR's Responsible Investment Report 2023. The approach is very similar for Aviva Ireland and Aviva Canada, but proportionate to the nature, smaller size, and lower level of complexity of their investment portfolios.

## Interim ambitions

Aviva's investment ambition encompasses Aviva shareholder and customer assets where we have decision-making control and data, but excludes third party clients' assets managed by Aviva Investors and third party funds made available to IWR customers through our investment platform[1].

To achieve our long-term ambition, we set interim milestones for 2025 and 2030, in line with the NZAOA target-setting guidance for asset owners.

Delivery of the interim ambitions requires a supportive national and international policy environment and engagement with a range of stakeholders to affect economy-wide change, but also to increase aligned investment opportunities.

Our preference for engagement over divestment applies across our investments. We will consider climate, nature, and social aspects in engagement and investment decision-making, but will not make decisions to invest or divest simply to reduce portfolio emissions. Investment decision-making will prioritise investment outcomes balancing risks and reward.

### Our first milestone year was 2025

In 2021, we set two investment ambitions for year-end 2024 (in line with NZAOA Target-setting Protocol guidance) - one focused on portfolio emissions, and the other on climate solutions investments. Both have been achieved (please see table).

1. Our platform provides access to Aviva and external funds. External funds are not included in our ambition as we do not have investment decision-making control.
2. Available at the time
3. Against a baseline of 157 $tCO_2e$/$m revenue

| Aviva's year-end 2024 investments ambitions | Underlying methodologies and external validation | Unit | Progress as at year-end 2024 |
|---|---|---|---|
| Reduce the Scope 1 and Scope 2 carbon intensity by revenue for the listed equity and corporate bonds held in shareholder and with-profit funds by 25% by year-end 2024 relative to year-end 2019 baseline | Aligned with NZAOA guidance for portfolio emissions target-setting. Aligns with a 1.5°C pathway | $tCO_2e$/$m revenue | 64% reduction[3] |
| £6bn investment in sustainable assets target- defined as green and sustainability assets, sustainability-linked debt, social bonds and £1.5 billion of policyholder money invested in Aviva Investors climate transition funds[2], across shareholder, with-profits and policyholder funds - between year-end 2019 and year-end 2024 | Aligned with NZAOA guidance for climate solutions investments target-setting | £bn | £8.7bn |

## Our next milestone year is 2030

In our first Transition Plan, we set an ambition to reduce the carbon intensity of our investment portfolio by 60% by 2030. In this Transition Plan we are articulating the boundary of this investment ambition as follows:

*Aviva plc's 2030 investments sustainability ambition is to reduce the economic carbon intensity by 60% by year-end 2029, compared to a 2019 baseline, of assets in shareholder, with-profit and policyholder funds, where Aviva has investment decision-making control and data.*

*Calculated at Aviva plc level, the interim 2030 ambition covers Aviva UK, Ireland, Canada and India investment assets, whether managed directly, by Aviva Investors and/or another asset manager, and specifically:*

- *Financed Scope 1 and Scope 2 GHG emissions of listed equity, corporate bonds, private debt to companies (including private placements), and infrastructure (direct and debt, including project finance, public sector infrastructure finance and financing with guarantees), and*
- *Financed Scope 1 and Scope 2 whole-building (operational) GHG emissions of real estate investments (direct real estate, Real Estate Long Income, commercial real estate mortgages and Equity Release Mortgages)*

*Aviva is deemed to have investment decision-making control when they are responsible for defining the investment mandate - setting the investment objective, guidelines and risk appetites; choice of benchmark to meet customer and shareholder outcomes; and manager selection. This does not include external fund links made available on platforms, consultant instructed scheme blends or external client mandates*[1].

*The calculation basis is Economic Carbon Intensity (ECI) by loaned or invested amount at nominal basis for debt and at market value for equities, in GBP.*

As at year-end 2024 we have achieved a 58% AR reduction against a 2019 baseline of 96 $tCO_2e$/£m AR invested. This baseline may be updated and re-presented as the scope of reporting, data and methodologies continue to evolve as we move towards our ambition date.

Setting this 2030 ambition at Aviva plc level acknowledges that different asset classes and funds will have varying speeds of decarbonisation, but Aviva's overall investment ambition as a universal investor is to support an economy-wide Transition.

The ambition brings policyholder funds into the scope; however, investment outcomes for customers are the primary consideration in investment decision-making. It also expands the scope to include private markets (infrastructure, commercial real estate mortgages, private debt) in line with NZAOA Target Setting Protocol, and equity release mortgages. The metric is ECI, i.e. financed GHG emissions per £m invested, as it allows aggregation across asset classes, and is calculated on a nominal basis to reduce volatility. We have included ECI within our annual TCFD reports since year-end 2022 measured on a market value basis.

Covering Scope 1 and Scope 2 of companies across sectors and globally builds a good picture of emissions across the value chain, with a focus on emissions that companies directly control. Including investments' Scope 3 emissions ('Scope 3 of 3') in our Group investment ambition would result in double counting of emissions as there are overlaps in value chains.

We consider investee value chain emissions in asset-level investment decision-making (actions detailed below) alongside direct emissions, as appropriate. To improve understanding of company level Scope 3 emissions, NZAOA has called for improved disclosure of value chain information[2].

In addition to our Group-level 2030 investment ambition, our Canadian business, aims to invest $150M CAD annually in sustainable assets through 2029. In scope of this ambition is origination and investment in green and sustainability assets, sustainability-linked debt, social bonds, and shareholder money invested in Aviva Investors climate transition funds (available at the time).

1. Consultant instructed scheme blends refers to cases where an investment consultant decides on the investments for the pension scheme, so Aviva does not have investment decision-making control
2. Net-Zero Asset Owner Alliance. Tackling Hidden Emissions for a Net-Zero Transition: A discussion paper on Scope 3 mitigation

AR These metrics were subject to external independent reasonable assurance by EY. For the results of that assurance, see the assurance report on page 58.

## Additional investment ambitions

We have set additional ambitions through the SBTi and NZAOA, which support Aviva's overall investment ambition. The table at right reflects our tracking and progress to date, related to these ambitions.

In line with the NZAOA Target-Setting Protocol v4, in 2025 we will retire the 2025 asset class specific sub-portfolio targets and will set a 2030 NZAOA combined sub-portfolio target which reflects the 2030 investment ambition defined above.

## Tracking and monitoring

The investments we make for customers and shareholders represent the largest proportion of our overall carbon footprint and contribute towards Aviva's Scope 3 category 15 emissions. By baselining and understanding our carbon footprint across our investments, we can identify management actions to support the delivery of our sustainability ambition.

Our portfolio decarbonisation and sustainable asset ambitions are baselined to 2019. Our calculation approach for various ambitions is in line with available methodologies, particularly those developed by the NZAOA and PCAF. We track the share of assets in scope, for which data is available, and data quality using PCAF's data quality score approach, which allows us to monitor improvements in data coverage and quality.

In addition to asset classes in scope of the portfolio decarbonisation ambitions, we track emissions metrics for sovereigns held in our investment portfolios.

**Read more:** 2024 TCFD report

Beyond emissions metrics, we are expanding the use of forward-looking metrics with a focus on temperature alignment analysis and benchmarking against sector pathways. This enables us to directly evaluate how our investment portfolio aligns with the Paris Agreement's main goals and to identify investment opportunities which are aligned or aligning to 1.5°C sector decarbonisation pathways.

We look to further embed forward-looking transition risk and physical risk scenario analysis and metrics across asset classes to enhance our management of climate-related risks and opportunities, introducing new metrics when data and processes allow. We intend to introduce nature-related metrics and analysis in due course.

| Additional NZAOA-based and SBTi targets | Underlying methodologies and external validation | Unit | Progress as at year-end 2024 |
|---|---|---|---|
| SBTi/portfolio coverage: at least 33% of corporate equity, bonds, and loans in our portfolio to be invested in companies with SBTi-validated targets by year-end 2025[1] | Aligned to the SBTi framework and validated by the SBTi. Aligns with a 1.5°C pathway | % coverage (by invested value) | 39% of AUM of portfolio |
| SBTi/direct real estate: Reduce direct real estate GHG emissions by 57% by year-end 2030 from a 2019 baseline for our investment portfolio[1] | Aligned to the SBTi framework and validated by the SBTi. Aligns with SDA Real Estate pathway | Carbon intensity per square metre ($kgCO_2e/m^2$) | 12% reduction[3] |
| SBTi/electricity generation: Continue to provide electricity generation project finance for only renewable electricity by year-end 2030[1] | Aligned to the SBTi framework and validated by the SBTi. Aligns with electricity generation well-below 2°C pathway | Number of non-renewable electricity generation project finance projects financed | Nil non-renewable electricity generation projects financed |
| NZAOA/direct real estate: Reduce Scope 1 and 2 carbon intensity of our direct real estate investment portfolio held in policyholder and with-profit funds by 25% by year-end 2024 from a 2019 baseline[2] | Aligned with NZAOA guidance for portfolio emissions target-setting. Aligns with a 1.5°C pathway | Carbon intensity per square metre ($kgCO_2e/m^2$) | 12% reduction[3] |

1. The target setting process for our SBTi science-based targets led to us including external assets under Aviva Investors discretionary mandates, alongside the assets recognised in the Group's Statement of Financial Position. Due to the nature of external client mandates and data limitations and methodology gaps, we are currently unable to report on financed emissions or portfolio coverage associated with investments managed under external discretionary mandates. Therefore, reported progress has been calculated excluding these mandates from the baseline and the 2024 results.
2. Assets held by UK IWR or UK GI assets, managed by Aviva Investors.
3. Against a baseline of 52 $kgCO_2e/m^2$. This baseline may be updated and re-presented as the scope of reporting, data and methodologies continue to evolve as we move towards our ambition date.

## Key actions

### 1 Engage in climate-aware investing and develop investment frameworks

We integrate climate and sustainability considerations and metrics into our investment processes to inform our risk and investment analysis and decision-making. This helps identify where material risks may arise in our decision-making process. It also, in turn, is expected to contribute to portfolio decarbonisation over the long-term as we divest from potentially stranded assets and/or favour investments in companies and countries that proactively manage climate risks and invest in sustainable practices.

We recognise that different countries, sectors, and companies will decarbonise at different rates, and the physical impacts will take time to evolve and will be geographically diverse. Therefore, there is no 'one-size fits all' approach to managing climate risks and decarbonising our investment portfolios. By integrating climate considerations into portfolio management in line with investment objectives, we aim to create resilient portfolios that adapt to the evolving global economic and physical landscape.

This approach supports the financial interests of clients, customers, and shareholders while contributing positively to broader societal sustainability and environmental goals. Where dual investment objectives are set targeting a decarbonisation or Net Zero target at a mandate-level, we develop investment frameworks which balance investment outcomes with the real-world impact.

Adaptation and resilience are also considered within our investment risk management approach. We will continue to develop our forward-looking assessment capacity for asset classes to enhance our approach to adaptation and resilience and other climate-related risks.

For further information relating to our asset management business read Aviva Investors' Annual Sustainability Review 2023 and for more information on our asset owner businesses, see Aviva UK Life Responsible Investment Report 2023 and UK IWR Corporate Client Sustainability Statement.

### 2 Offer sustainable propositions for our customers

We continue to develop investment products and services to enhance our sustainable investment practices and decarbonise asset portfolios to deliver risk-adjusted outcomes for our customers.

Communication with our customers is essential to ensure alignment between our investment strategies and our customers' priorities. Our customer engagement activities include investing in high-quality research to provide leading solutions, consulting on their preferences and target outcomes, reporting back on the performance of their investments, and educating on climate and wider ESG matters to support their decision-making.

As a provider of insurance, wealth and retirement products IWR is helping 12.4m customers. As a **Pensions** provider, IWR is the UK's largest bundled workplace pensions provider. Our core default investment solutions, My Future Focus and My Future, aim to provide our customers with diversified low-cost solutions. The developed equity components of these solutions are optimised for an improved ESG score and a lower carbon intensity than their respective benchmarks, with carbon intensity reduction objectives, subject to meeting the investment outcomes.

We have taken steps to significantly increase our allocation to these lower-carbon optimised solutions across customer mandates over the last 2-3 years. Creating lower-carbon intensity optimised funds and increasing the assets managed under them demonstrates our approach to aligning our portfolio to our ambition while delivering customer investment outcomes. To date, we have allocated over £60 billion to lower-carbon intensity optimised solutions, with a portion invested in newer solutions that are not yet fully reflected in our climate metrics.

> To date, we have allocated over £60 billion to lower-carbon intensity optimised solutions.

As a **Savings** provider, IWR offers an ESG Profiler tool on our advisor platform to support financial advisers when reviewing customers' investments from a climate or ESG perspective. This tool improves fund transparency, enabling advisors and customers to understand whether a fund meets their investment appetite and ESG objectives.

### 3 Finance the Transition

How we finance the Transition may differ between customer investments (for our savings and pensions customers) and shareholder investments (to support our annuity and insurance businesses).

Where fund objectives have specific climate or sustainability expectations we can take direct management action. However, even where there is no specific climate or sustainability objective, we have a fiduciary duty to manage investment risk. Therefore, we are integrating climate and other sustainability considerations in investment risk management, engagement, and investment propositions.

As an example of how we integrate decarbonisation in investment propositions, IWR has created the lower-carbon optimised funds previously mentioned. In a similar vein, an Aviva Investors sustainability fund aims to achieve 90% near-term SBT coverage by 2030. We have also invested £8.7 billion in sustainable assets (including public and private market investments) over the past five years.

To support the decarbonisation of our annuity investment portfolio we consider current ECI and the transition prospects of individual investments in decision-making with differentiated thresholds for private asset origination and public market investments. Our private assets portfolio already includes significant exposure to low carbon infrastructure[1] such as renewables and passenger rail, and properties with good energy performance ratings.

1. Infrastructure and properties which meet the green or sustainability asset category criteria supporting our Investment in Sustainable Assets metric (which we used to track progress against our target to originate £6bn of sustainable assets by year-end 2024).

Where relevant, for our investments in social housing, education, healthcare and emergency services we track both social and environmental credentials.

In 2024, IWR introduced Sustainable Investment Principles for private asset origination. They reflect a preference for investments aligned to or aligning with science-based 1.5°C decarbonisation pathways, as well as low-carbon assets.

To support transition finance into companies and activities that are reducing their emissions at pace, we have extended our private asset origination, public markets investments and investment management processes to include assessing asset, activity and company alignment against 1.5°C sector pathways (in a few cases below 2°C pathways). This in addition to the category criteria supporting our Investment in Sustainable Assets metric (which we used to track progress against our target to originate £6 billion of sustainable assets by year-end 2024). To this end, we leverage the SBTi's Sector Decarbonisation Approach (SDA) pathways, which are used to assess corporate and asset class Net Zero and interim targets against science, as well as company assessments produced by the Transition Pathway Initiative.

Our criteria also covers nature activities and nature-based solutions.

We leverage the Climate Bonds Initiative (CBI) Taxonomy and Sector Criteria, bond and entity assessment methodologies and guidance on financing the Transition, as well as CBI debt screening, and will continue to evolve as CBI criteria approaches, policy and disclosure frameworks, and potentially other external criteria, evolve.

To finance the transition of high-emissions sectors and support national transitions for real world change, we may consider increases in near-term portfolio emissions against the backdrop of future emissions reduction, or to support climate change adaptation and/or the Just Transition.

### Emerging market investments

We invest in emerging markets, which can support the Just Transition. We provide lending focused on specific climate and social goals to countries with modest credit ratings using guarantees from sovereigns and supra-national organisations. For example, we have provided finance for railway construction projects in Tanzania and Turkey, transmission grid upgrades in South Africa and infrastructure such as wastewater treatment in Côte d'Ivoire.

We also have an emerging markets bond mandate, launched in 2020. Climate change mitigation and adaptation form part of the assessment criteria and are part of the risk framework, developed for this mandate.

### Place-based investments

Aviva Investors and ACP invest in low-carbon investments that also provide social value to people, places and communities. This includes:

- Regeneration, whether large sites, town and city centre renewal or working to redevelop major assets;
- Delivering homes, be it build-to-rent, affordable or for sale;
- Partnering with universities and the public sector to enable research and innovation;
- Building place-based infrastructure like heat and local energy networks;
- Supporting decarbonisation through smart networks, mobility, and connectivity solutions.

ACP deploys Aviva's balance sheet capital to support early stage investments which can unlock greater value investments and support long-term change.

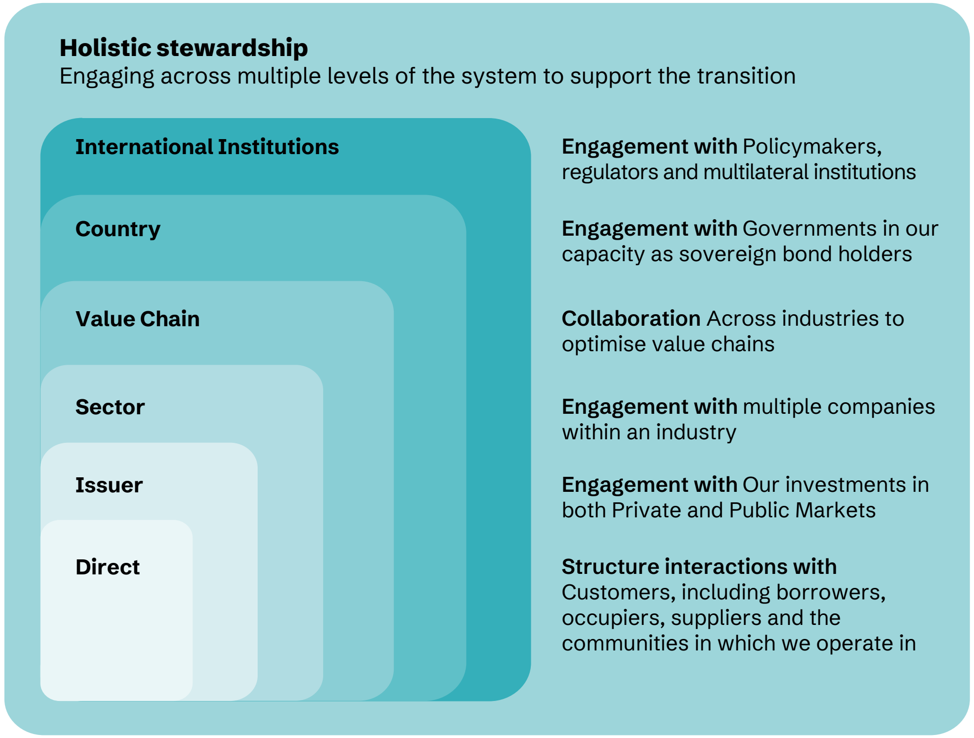
Aviva Investors creates fund solutions, including those with sustainability characteristics or objectives. This includes funds that seek to invest in companies and assets supporting the Transition.

Aviva Ventures has invested in three sustainability focused venture capital funds and has deployed capital directly into sustainability-oriented companies.

## 4 Holistic stewardship

As an active owner and asset manager with scale and global reach, we seek to drive change among the issuers in which we invest and lend to through engagement, voting and investment decisions.

Our approach is coordinated across six levels of influence, leveraging our agency, expertise and opportunity to facilitate change. This multifaceted approach to engagement is referred to as 'holistic stewardship'.



Holistic stewardship gives us insights into market failures that need addressing and a broad understanding of ongoing policy and regulatory developments across sectors. This informs our advocacy with other investors, regulators, and policymakers; enhances our engagement with companies, and enables our investment teams to position our portfolios strategically.

It is our primary lever for affecting change and we believe it is the most effective way we can deliver positive investment outcomes for our customers and clients, and support the change required to help deliver our clients' sustainability objectives.

**Read more:** Annual Sustainability Review

**Read more:** Annual Responsible Investment Report

## Corporate engagement

As an asset manager, we develop annual engagement plans to identify key companies for engagement, utilising quantitative and qualitative data, including proprietary ESG scores and internal sector and thematic research. In 2023, we further enhanced our engagement assessments leveraging the collaborative efforts of the NZAOA and other guidance.

**Climate Stewardship 2030 (CS30)**
In 2024, we established our Climate Stewardship 2030 programme to engage companies representing a material proportion of Aviva Group's financed emissions in material sectors. In line with our holistic stewardship approach, we focus engagement on three levels: issuer, sector, and value chain where we can effectively drive change. Three flagship climate engagement programmes are aligned to these levels and are outlined in the CS30 table.

**Climate Stewardship 2030 (CS30)**

| Programme | Summary |
|---|---|
| Foundation Engagement Programme | Engagement with companies representing a material proportion of Aviva Group's financed emissions in material sectors to target delivery of non-tailored engagement objectives linked to our minimum climate expectations. |
| Priority Emitters Programme | Enhanced engagement programme with 'priority emitters' based in hard-to-abate sectors where we have material holdings to transform both energy supply and demand. |
| Value Chain Engagement Programme | Convening roundtables that mobilise value chains associated with key activities in the global economy that drive GHG emissions to help identify key barriers to, and capture opportunities for greater Net Zero alignment. |

**Climate Transition Engagement Programme (CTEP)**
This programme engages companies, linked to specific funds, to develop and formally validate science-based emissions reduction targets in line with the SBTi criteria which supported us meet our SBTi portfolio coverage 2025 ambition. Companies are also asked to provide annual public disclosures to the Carbon Disclosure Project's Climate Change questionnaire and strive to continually improve performance.

The CTEP concludes in early 2025 and we plan to assess the insights gained over the past three years to evolve the programme to better support the sustainable investment objectives of the funds.

## Engagement with private assets

We regularly engage with our customers, including borrowers and occupiers, suppliers, and communities we operate in in structured interactions on environmental issues through the transaction process and ongoing asset management. For private debt assets, we actively engage in transactions by creating covenants and incentives that mandate or encourage positive environmental and social impacts.

We continue to expand our existing partnerships with sustainable providers across our investments, advocating for technologies that generate income for our clients while creating resilience for occupiers, such as rooftop solar. Working with our partner Buro Happold, we undertake Net Zero audits for new acquisitions and targeted existing assets. These reviews build a picture of a fully costed pathway to Net Zero, that can be implemented into asset management plans.

## Escalation

Aviva Investors promotes - and Aviva supports - the relative merits of engagement over divestment as a more effective mechanism of delivering positive change and outcomes for clients and society. There will be times, however, when stronger measures are necessary to encourage a company to engage with our concerns. The application of the policy will vary on a case-by-case basis, balancing the engagement history and the environment in which the issuer operates.

Our escalation levers include:

- **Intensified dialogue (private):** "Step up" in bilateral dialogue with companies; or collaborative dialogue via self-organising investor-led collaboration, formal investor coalitions or collaborations between investors and NGOs.
- **Intensified dialogue (public):** Sharing concerns with other investors or stakeholders through a public lens (e.g., public statements, press comments, and writing formal public letters, attending and asking questions and making statements of intent at AGMs).
- **Exercising our shareholder and voting rights:** The starting point for voting decisions is our Global Voting Policy. Voting decisions are informed by companies' climate ambitions within their overall strategy, particularly those operating in high impact sectors. We expect companies to evidence sufficient progress on key measures of climate ambition and risk management. This

policy is reviewed annually and signed off by the Aviva Investors Board.

- Divestment: Divestment will only be used as a last resort where other escalation levers have been exhausted. Where we decide to divest due to unsuccessful engagement, this is likely to be where we see the lack of progress on the sustainability issue as a material risk to our investment. We will make clear the conditions for reinvestment should companies begin to meet our expectations.

These levers are underpinned by broader systems-level engagement with legislators, regulators and other standard setters to galvanise systems change.

### 5 Selective divestment

We believe in using our influence as a large asset owner and asset manager to engage with companies we invest in to drive positive change. However, there are specific sectors and economic activities where we believe the sustainability risks are so severe that they fundamentally misalign with our sustainable investing approach. In these cases, we actively exclude companies and industries from our investment universe.

#### Baseline Exclusions Policy

In 2024, we published the Aviva-wide ESG Investment Baseline Exclusions Policy (first published in 2022). It applies across portfolios where we have decision-making control. The exclusions relate to certain types of weapons, tobacco, Arctic oil, oil sands or thermal coal where the company activity exceeds set revenue thresholds and it also references the standards of the UN Global Compact. This is more fully described in the policy. Exceptions are made for companies that have a validated science-based target (or equivalent) aligned with the goals of the Paris Agreement; are sovereign-owned utilities that we consider to be Paris-aligned (based on an assessment of their capital expenditure plans); or where the financing being raised is for non-fossil fuel related project finance bonds, or green or sustainability bonds; where the proceeds go exclusively to low-carbon solutions.

## Developing an integrated approach

#### Nature risk and opportunities analysis

Following the publication of our Biodiversity policy, we initiated work within Aviva Investors and IWR to help us understand our potential exposure to nature-related risks, aware that addressing them, is crucial to safeguarding the long-term value of investments. We have also recently developed a Group-wide nature strategic framework, as described under Strategic Ambition above, which will support the evolution of nature-related work across Aviva, including investments.

Aviva Investors has developed proprietary tools to identify, evaluate, and track nature-related risks and opportunities across portfolios and provide data on the biodiversity-related footprint and deforestation policy strength of corporate investments. We continue to embed these into investment processes to enhance investment decision-making.

**Read more:** Aviva Investors Navigating Nature Report 2024

The investment decision-making processes and manager oversight activity of IWR leverages the collaborative efforts across the Group, including Aviva Investors' deforestation and biodiversity footprinting tools. In addition, we are developing our capability to assess nature impacts and dependencies across further key topics (e.g. water stress, land use) to help determine which of these represent investment risks and opportunities.

#### Supporting nature and unlocking long-term value through stewardship

We believe stewardship is a key vehicle to mobilise action towards supporting nature-positive outcomes - such as using best efforts to end deforestation and halting and reversing biodiversity loss while seeking to maximise long-term sustainable returns through engaging with our holdings to drive positive practices.

Aviva Investors has increased its engagement activity with individual companies, via dedicated engagement programmes under the Finance Sector Deforestation Action (FSDA), our Natural Capital Engagement Programme, and our recently launched dedicated Nature Engagement Programme[1]. We also have a Circular Economy Stewardship Programme and a Water Stewardship Programme.

**Read more:** Aviva Investors Navigating Nature Report 2024

Action on biodiversity and deforestation is also covered in our Global Voting Policy. In 2022, we strengthened our approach and now vote against management resolutions at companies with significant exposure to commodity-driven deforestation risk that lack robust policies and targets on reducing deforestation. We also tend to support shareholder resolutions relating to addressing biodiversity concerns where we hold similar views.

#### Investments

During 2024, Aviva Ventures contributed to one of the largest early stage funding rounds in the nature restoration sector, raising £40 million of equity overall for Nattergal. This funding has enabled Nattergal to acquire three sites, where nature restoration work has already begun. This investment supports the protection and restoration of nature.

In line with our existing biodiversity policy, we have made investments in afforestation and sustainably managed forests within our funds. We also invest in carbon removal solutions through access to impactful carbon removal credits which aim to remove carbon dioxide from the atmosphere, enhance and restore biodiversity, sustainably manage forests and have a positive effect on the communities in which they operate.

1. Please see p33 and 34 of our Navigating nature: Opportunities for the investor of tomorrow report for more information on our Natural Capital Engagement Programme and Nature Engagement Programme

Introduction
Foundations
Engagement strategy
Implementation strategy
Governance
Additional information

# Insurance

Through our underwriting of personal and commercial lines as well as health insurance, we support the real economy transition.

| Key actions | Achieved by year-end 2024 | 2025-2030 | 2040 |
| --- | --- | --- | --- |
| (1) **Decarbonise our underwriting:** Develop GHG measurement capabilities when better data becomes available and engage with the industry<br>(2) **Insure the Transition:** Support the growth of renewable energy and adoption of EVs<br>(3) **Decarbonise our claims:** Measure and avoid GHG emissions through supplier engagement and embedding resilience<br>(4) **Evolve our health insurance business strategy:** Focus on mitigating climate-related health risks<br>(5) **Help businesses and people become climate-ready:** Implement nature-enhancing and adaptation-enabling initiatives | **Built emissions models** internally for Personal Motor, Commercial Lines, and Claims supply chain<br>**Adopted Flood Re's Build Back Better** in Personal Lines Home, one of the first insurers to do so | **Insure the Transition** Continuing to support our customers' transition to EV ownership through proposition development<br>**Develop** Underwriting emissions measurement of our GHG emissions in the UK, Ireland and Canada when better data becomes available to facilitate monitoring and reporting of progress against ambitions<br>**Publish** UK claims baseline emissions and short-term reduction ambitions | **Net Zero Group** |

# Our Business

## Our insurance business

Our General Insurance (GI) business provides cover for risks in the personal and commercial sphere through our markets in the UK, Ireland, and Canada. However, we have a global reach, covering risks through our propositions extending beyond those markets. That way we are helping our customers protect what matters to them, wherever they are located. We provide policies for individuals, small and medium sized businesses, and global corporate entities.

We also have a Health Insurance business that provides cover for individual consumers and business customers, helping them look after their health and wellbeing.

Our business has a key role to play in ensuring customers can get insurance for sustainable solutions which support their needs, as well as offering risk management advice for the development and safe use of new technologies.

# Interim ambitions

To support the Group ambition of Net Zero by 2040, we have short-term ambitions:

### Underwriting

- Grow our Gross Written Premium (GWP) in renewables to £73m in the UK, and CAD$10m in Canada by 2027 - we are on track to reach our 2027 ambition;
- Continuing to support our customers' transition to EV ownership through proposition development, see Insure the Transition section for more details - we insure around 1 in 9 privately registered EVs on UK roads as at Q3 2024.

### Claims

- 70% of direct and indirect suppliers (by spend) to set validated SBTs by year-end 2025. Please note that this is a Group ambition and covers both GI claims and non-claims supply chain.
- In the UK, our virtual settlement teams manage around 70% of building claims for our home customers, avoiding the need for field inspections. In Ireland we will continue to settle 20% of claims using remote desktop inspections.

**Read more:** Aviva's operations section

### Tracking and monitoring

Progress on our short-term ambitions as well as insights from the GHG models that we have built in the UK have been shared through internal reporting. You can read more about our progress with embedding GHG Models in the table below.

1. PCAF Insurance-Associated Emissions, The Global GHG Accounting & Reporting Standard, Part C, November 2022, Table 5-1, p. 30-31.
2. This is a non-exhaustive list of challenges, and we acknowledge there are additional challenges faced by the industry to overcome in the operational, strategic, legal and regulatory sense, as well as in ensuring consistency across reporting.

**Our progress with embedding GHG models**

| | Underwriting business area | |
|---|---|---|
| | **Personal lines** | **Commercial lines** |
| **PCAF Methodology available** | Personal motor | Commercial lines (this excludes certain business lines, which are still under development or yet to be developed)[1] |
| **Markets applied (UK, Canada, and Ireland)** | UK (embedded in business reporting) | UK (model built)<br>Canada (model built) |
| **Level of calculation detail achieved** | Total emissions intensity of the vehicles we insure, factoring in the make and model, and estimated distance travelled | GHG footprint on a sector average level |
| **Challenges**[2] | Methodologies for other products (e.g. Home and Travel) in our portfolios are yet to be agreed and tested<br>GHG models yet to be built in Canada and Ireland | Methodology is relatively new and requires more testing to improve<br>Lack of good quality, reported customer level data across the range of customers we insure<br>GHG model yet to be built in Ireland |
| **Plan to 2027** | 1. Refine our GHG models with, where available, reported data to get a clearer understanding of our portfolios' emissions;<br>2. Plan to develop models across our markets where possible;<br>3. Plan to build additional models when methodologies are published;<br>4. Continue to develop GHG models in the UK, Ireland, and Canada when better data becomes available to facilitate monitoring and reporting of progress against ambitions. | |

## Key actions

As part of the Group ambition to be Net Zero by 2040, we aim to decarbonise our underwriting and claims with key enabling actions.

### 1 Decarbonise our underwriting

#### Measuring our emissions

We model our insurance-associated emissions by quantifying our customers' GHG emissions which are associated with or may be enabled in part through our insurance products. These emissions are accounted for under Scope 3, category 15 alongside investments in line with the GHG protocol. In our last Transition Plan, we published preliminary data relating to our combined markets' relative commercial carbon intensity and our UK Personal Lines Motor and Home carbon intensity. We published this ahead of any methodologies being agreed across the industry.

#### Engaging with industry

We have continuously supported the development of GHG accounting methodologies by participating in PCAF working groups for Commercial Lines and Personal Motor portfolios. These methodologies have been agreed by the industry, with additional methodologies for remaining portfolios and product lines under development, or in the pipeline. The table 'Our Progress with Embedding GHG Models' summarises where we are on this implementation journey.

Due to various challenges, some of which are described in the table, we are not in a position to publish an updated view of our emissions. We will continue to focus on supporting our customers in reducing their emissions, for example via EV and renewable energy solutions.

#### Baseline Exclusions Policy

To guide our decision-making on sustainability matters for insurance, we have our baseline ESG Underwriting statement. This policy has been updated to better align with our investment exclusion policy and extend our offering of insurance to include clients who would fit our investment criteria. This also allows us to expand our offering of renewable products to a growing renewables sector and participate in new technology projects to further support the Transition.

When we acquire a business which has pre-existing underwriting books that are non-compliant with this statement, we aim to take practical steps to make it compliant with the statement in a reasonable time period.

### 2 Insure the Transition

We have identified three key areas where we can support the accelerated adoption of new, lower-carbon technology:

**Supporting customers to transition**
We continue to work with our customers to increase awareness and encourage uptake of sustainable choices to drive demand for high integrity sustainability options aligned with the Transition. We are supporting our customers to make more sustainable choices by:

- Ensuring customers are not disadvantaged (e.g. through increased prices for properties with Solar panels)

## Building more sustainably

**Overview:** Our built environment contributes to up to 40% of the UK's carbon emissions[1]. Therefore, companies are looking to build with lower-carbon materials. To help insure the Transition in the UK we widened our timber appetite to include mass timber[2]. Mass Timber or Engineered Timber are terms used in construction to describe the use of large scale structural timber elements. These are used in place of more traditional materials such as steel and concrete as lower-carbon, load bearing elements of buildings. Our underwriting and risk management approach considers how to mitigate the risks presented by the use of sustainable materials from the design phase through to the use of the completed building.

**Outcome:** By providing holistic insurance solutions, backed by risk management advice and guidance, we are supporting customers to adopt the use of more sustainable building materials. Being engaged throughout the project process allows us to work with customers to create sustainable buildings which are resilient to the impacts of damage.

**Contribution to our ambition:** This supports accelerating the adoption of lower-carbon building materials, to decarbonise our underwriting portfolio.

1. The RICS Whole life carbon assessment for the built environment: how, why and what next?
2. Aviva expands underwriting appetite to include engineered timber for commercial buildings

- for installing renewable energy solutions at home (in the UK and Canada);
- Supporting the development of new building solutions by insuring lower-carbon technology such as mass timber construction (UK) (See the 'Building more sustainably' case study on the previous page); and
- providing insurance solutions for innovators such as SunSave, which provides low upfront cost options through subscriptions for residential solar installations (UK).

**Supporting the transition to renewable energy**
In the UK we provide commercial insurance for the generation of on- and offshore wind, solar, and battery storage, and we are exploring expansion e.g. to floating offshore wind. In Ireland, we cover onshore renewables, including the construction and operation of wind turbines. In Canada, our cover includes energy capture, production, and storage through wind, solar, geothermal, and biomass/fuel.

In the UK, we have grown our renewables portfolio over eighteen-fold between year-end 2019 and 2024, and we are aiming for £73m GWP growth by 2027. In Canada, we have an ambition of CAD$10m GWP growth in renewables by 2027.

Additionally, in Canada, we launched a Global Corporate Specialty (GCS) Renewable Energy Programme with our broker partner, HUB International[1]. We are developing a Corporate Risk Team for renewables, mining, and construction in line with our baseline ESG Underwriting statement.

**Supporting the transition to EVs**
Aviva already provides insurance for a large number of EVs, insuring around 1 in 9 privately registered EVs on UK roads as at Q3 2024.

To date, we have launched specific cover features to meet the needs of EV drivers. Product options include cover for running out of charge whilst on a journey and cover for damage to home charging equipment.

In Canada, we launched an innovative scheme in 2022, offering a discount on customers' new EV premium if they suffered a total-loss with their Internal Combustion Engine (ICE) vehicle.

Looking ahead, we will meet the needs of our customers through:

- Continued investment and evolution in our customer propositions;
- Increasing customer awareness of our EV offerings; and
- Investment in EV training and tools for Solus, our wholly owned subsidiary running repair centres.

## 3 Decarbonise our claims

### Measuring claims emissions

Currently, there is no industry-wide methodology for measuring emissions generated by the assessment and fulfilment of claims. To help address this gap, we collaborated with external experts to develop a methodology for measuring claims emissions. This focuses on emissions within the claims supply chain under an insurer's direct control.

We have built an activity-based model to estimate UK claims emissions, encompassing motor, property, travel, and GCS claims. We have shared this methodology through a roundtable and one-to-one interactions with other insurers, industry experts, and independent bodies to encourage the development of a standardised industry approach.

We are collecting and monitoring emissions data at a supplier level and reporting to the senior leadership team as well as to our suppliers. As the industry moves toward a standardised claims emissions measurement approach, we will look to adopt this and publish our claims emissions baseline and our short-term reduction ambitions.

Looking ahead, we will explore the implementation of our current claims emissions methodology and model across our Irish and Canadian GI businesses. This will allow us to estimate a full claims emissions baseline across our fulfilment supply chain.

### Avoiding claims emissions

A key way to reduce emissions from our claims supply chain is to avoid emitting them in the first place. We will continue to embed and expand initiatives which avoid claims emissions before they occur by driving the adoption of sustainable claims practices. In the UK we run repair over replace in property and motor, and are optimising supply-chain logistics to minimise transportation emissions. For example, our virtual settlement teams in the UK manage around 70% of building claims for our home customers, avoiding the need for field inspections. In Ireland we settle 20% of claims using remote desktop inspections. In Canada, we are enhancing the Property Salvage Programme to prioritise reuse and recycling, minimising waste, and engaging in the circular economy.

### Supplier engagement

In Canada and the UK, we host annual Net Zero Supplier Summits.

The aim is to raise our suppliers' awareness of why taking action to decarbonise is necessary, and it gives them the opportunity to hear from sustainability leaders in the insurance industry. The supplier engagement program will continue in 2025, as will measuring supplier emissions once a claims methodology is established.

In the UK, we recently developed an internal claims supplier sustainability dashboard. This dashboard provides our Supplier Relationship Managers with access to up to date information on our suppliers' sustainability performance including their SBT status, emissions data, and their Ecovadis score. This enables our Supplier Relationship Managers to access and manage data independently, and have informed conversations with our suppliers about sustainability.

**Read more:** Aviva's operations section

### Building a resilience strategy

We are exploring initiatives to strengthen resilience. This is in response to rising temperatures, increasing rainfall, and rising sea levels which are leading to an increase in flood, subsidence, and storm claims.

Consistent with our recently developed Group-wide nature strategic framework, we intend to explore nature-related issues as part of our claims resilience initiatives, from their scoping to delivery. Read more detail on resilience initiatives in the table below.

1. Find out more in our GCS Renewable Energy proposition

## ④ Evolve our health insurance business strategy

In the UK[1], Aviva's healthcare products have been developed and shaped by our team of experts working closely with hospitals and specialists. They are based on three essential elements:

- Quality treatments with clear clinical pathways;
- Simplicity in access and administration; and
- Affordability of premiums though focus on costs and value.

We consider the actions we take to meet these elements as key sustainability activities, and are working to align our health insurance business with our Group ambition. However, our progress is influenced by external factors, such as grid decarbonisation and healthcare practices which are beyond our direct control.

### Supplier engagement

Working with our suppliers, we are focused on reducing over-medicalisation and waste in our health supply chain, as we see the delivery of efficient healthcare and sustainability aims as mutually inclusive. This includes our ongoing work to better understand and measure the carbon emissions of the services and suppliers we use to fulfil Private Medical Insurance (PMI) claims, to accelerate the most impactful actions to meet Net Zero.

Our health claims suppliers are diverse and of a specialist nature, including registered charity organisations and National Health Service (NHS) private facilities (that are not eligible to sign up to the SBTi). These health claims suppliers are not included in our Group's interim-term ambition to engage 70% of suppliers to set validated SBTs by 2025. However, we are working to align with the Group's supplier expectations as far as practical (find out more in Aviva's operations section). We also pursue alternative approaches where available, whilst providing our customers with appropriate quality clinical treatment options, including an informed choice of facility.

### Digitisation

We recognise the role that digital healthcare can play in delivering carbon efficiencies (for example, by reducing the need for travel to in-person appointments)[2]. During 2024, the Aviva Digital GP service delivered around 31% more appointments than in 2023, with customers also taking advantage of support for musculoskeletal and mental health conditions virtually.

### Contributing to our customers' resilience

Customer wellbeing remains a key focus for Aviva, and prevention has been identified as one of the priorities in transitioning to lower-carbon healthcare. We provide our customers with measures targeted towards health promotion and have seen increased use of our Wellbeing App and other wellbeing support. Our provision of mental health services can also contribute to our customers' resilience to deal with challenging life events such as extreme weather events linked to climate change[3].

### Industry engagement

We acknowledge an underlying priority of good clinical outcomes for people who need treatment, and that the pace of decarbonisation of our health business depends on external factors unique to the health sector (for example, progress against the Greener NHS Programme's target to reach Net Zero for emissions it can influence by 2045). We will continue to exert our influence on the UK healthcare sector as it decarbonises, including our participation in the Association of British Insurers and Independent Healthcare Providers Network Net Zero working group. We also have regular conversations with distribution intermediaries and seek opportunities to engage with relevant organisations and partners.

### Risks to health in a changing climate

Although there is mounting evidence that climate change adversely impacts human health and that this impact is increasing[4], the implications for health insurers are less well understood. We have three key areas of future focus for our health business in mitigating climate-related health risks:

- Improve data quality, to better quantify climate-impacted health outcomes;
- Invest in prevention, to improve climate resilience and contribute to innovative solutions; and
- Collaborate and engage, to effectively work with key stakeholders.

1. It should be noted that Aviva has Health products in other regions (such as Ireland and India), but the activity described in this section applies to the UK market only. We endeavour to apply sustainability activities to our Irish and Indian health businesses in a reasonable time period, considering our influence and impact in these markets.
2. Health care's response to climate change: a carbon footprint assessment of the NHS in England. Lancet Planetary Health 2021;5:e84-92.
3. Green physician toolkit, page 5
4. The 2024 report of the Lancet Countdown on health and climate change: facing record-breaking threats from delayed action. Vol 404, issue 10465, p1847-1896

## Developing an integrated approach

### 5 Help businesses and people become climate-ready

Whilst our insurance products provide our customers with protection after the occurrence of more frequent and severe weather-related events, we are helping build resilience against the impact of future climate risks for our customers in the short, medium, and long-term. We are implementing nature-enhancing and adaptation-enabling initiatives as listed in the table below.

**Our nature and adaptation initiatives**

| Initiative | Markets applied | Main stakeholders | Description | Timelines |
|---|---|---|---|---|
| **Build Back Better (BBB)** | UK and Canada | Personal Home Customers | In the UK we support FloodRe's BBB scheme which aims to make it easier for homeowners to install flood resilient measures following a claim. In Canada, we provide Sustainable Property Endorsement, with similar BBB coverages to encourage customers recovering from loss to opt for sustainable and energy efficient solutions and prevention. | In the UK, this is ongoing to at least 2039. We will provide cover (subject to a monetary limit and damage threshold) to pay for resilience measures to the homes of customers who have suffered a flood. In Canada, we continue to provide this product. |
| **Building Future Communities** | UK and Ireland | Government | This is a media campaign calling for planning rules to be strengthened, to prevent building developments in current and future flood zones. We have participated in flood management initiatives, met with regulators and ministers, and developed flood mapping capabilities. | An ongoing campaign. |
| **Tree planting** | UK, Canada and Ireland | Customers and nature | In the UK and Canada, our tree planting programmes offer the option to plant a tree instead of taking a rental vehicle during the car repair process. In Ireland, we donated £5m to The Nature Trust to plant 1.2m trees over five years from 2023, to contribute to biodiversity restoration. | In the UK and Canada programmes continue in 2025. In Ireland, 1.2m trees are to be planted over five years from 2023. |
| **Institute for Catastrophic Loss Reduction** | Canada | Industry bodies and academia | We are working with the Institute for Catastrophic Loss and the Canadian Home Builders Association to understand how to embed and encourage resiliency measures into standard building practices. | Initial pilots are to be conducted during 2025. |
| **Wildfire Defense Systems Initiative** | Canada | Customers | The programme comes as a free service to customers where specialists are dispatched to evacuation zones to protect properties under threat in Alberta and British Columbia. | New since 2024 and will continue as a free service to home owning customers. |
| **Risk Management Solutions** | UK and Canada | Customers and underwriters | In the UK, through Aviva Risk Management Solutions we provide technical risk mitigation advice to commercial lines customers. We support our customers from concept to operation of core renewable technologies. Our natural hazard modelling capabilities identify and mitigate customers' exposure to high-risk climate-related weather impacts.<br><br>In Canada, we have built an exposure management framework across our personal and commercial lines for damage resulting from weather events. We are developing an ESG Risk Screening Framework to assist underwriting practices in identifying our commercial customers' risks and opportunities, and prioritising engagement to support their sustainable transition. | These products are currently available. |
| **Parametric Insurance** | Canada | Customers | In October 2024 this platform was launched, which allows our customers to insure against unexpected seasonal events, leveraging historical and live weather data. Currently, Aviva is the only insurer in Canada to offer this solution to commercial customers. | This product is currently available. |

# Aviva's operations

As a business with offices in multiple regions, we set an example by focusing on decarbonising our own operations and supply chain.


## Key actions

1. **Decarbonise our operational sites:** Implement a Net Zero buildings strategy and make significant renewable energy investment
2. **Electrify our fleet:** Replace internal combustion engine vehicles with EVs
3. **Decarbonise our operational supply chain:** Engage our suppliers to set science-based targets
4. **Address our remaining operational Scope 3 categories:** Set additional Scope 3 ambitions in line with evolving industry standards

## Achieved by year-end 2024

**51%**
reduction of Scope 1 and 2 emissions as at year-end 2024 from a 2019 baseline

**100%** AR
electricity from renewable sources

**51%**
of suppliers by spend have a validated science-based target

## 2025-2030

**90%**
reduction of Scope 1 and 2 GHG emissions by year-end 2030 from a 2019 baseline

**70%**
of suppliers by spend setting validated science-based targets by year-end 2025[1]

**Electrify**
our UK and Ireland fleet by year-end 2025 and rest of world by year-end 2027

**100%**
electricity from renewable sources maintained up to and beyond year-end 2025

## By 2040

**Net Zero Group**

1. The scope of this ambition covers both our general insurance claims supply chain and our non-claims supply chain

AR This metric was subject to external independent limited assurance by EY. For the results of that assurance, see the assurance report on page 58.

## Our business

We have more control over the emissions associated with Aviva's own operations than we do over our investments and underwriting activities. We cannot ask our investees, insurance customers, and suppliers to transition if we are not willing to do the same. Decarbonising Aviva's operations is a critical part of our Transition Plan and empowers us to hold our key stakeholders to the same standard.

In order to serve our broad customer base, Aviva has a physical presence predominantly in the UK, Ireland, Canada, and India and over 25,000 employees. Our Net Zero strategy in the context of our operations considers the efficient running of our offices as well as the indirect emissions from our business travel, employee commuting, IT environment, and waste management. We also work with over 2,500 suppliers globally and our influence over this network is a significant component of our Net Zero strategy.

We define our operational supply chain as all procurement spend that supports our internal operations. We distinguish this from our claims supply chain which relates to our insurance claims business.

**Read more:** Insurance section.

Aviva's operations cover all the markets we are active in, including the UK, Ireland, and Canada. Our subsidiaries in scope are Aviva India, Wealthify, Succession Wealth, Sesame Bankhall Group, AIG Life UK, Probitas, and Solus, our specialist vehicle repair group. The central team is responsible for providing Net Zero expertise, setting targets, and driving change; local teams deliver the outcomes.

## Interim ambitions

To progress towards the Group ambition of Net Zero by 2040 we have set a number of milestones. For a summary of our progress on each of our interim ambitions, please see the table, 'Our operational interim ambitions'. Our calculation approach is in line with the GHG protocol.

**Read more:** 2024 TCFD report

### Tracking and monitoring

By baselining and understanding our carbon footprint across our operations and supply chain, we can identify management actions to support the delivery of our sustainability ambition.

1. Against a baseline of 15,747 $tCO_2e$. This baseline may be updated and re-presented as the scope of reporting, data and methodologies continue to evolve as we move towards our ambition date.
2. This is our zero waste to landfill for Aviva Group and doesn't currently include waste data from subsidiary Solus but will be included in 2025 year-end reporting

AL AR These metrics were subject to external independent limited and reasonable assurance respectively, by EY. For the results of that assurance, see the assurance report on page 58.

**Our operational interim ambitions**

| Ambition | Scope | Underlying methodologies and/or external validation | Metric | Achieved at year-end 2024 |
|---|---|---|---|---|
| 90% reduction in Scope 1 and 2 by year-end 2030 from a 2019 baseline[1] | Aviva's operations | Aligned to the SBTi framework and validated by the SBTi | $tCO_2e$ | AL 51% |
| 100% electricity from renewable sources by year-end 2025 | Aviva's operations | RE100 | % of renewable electricity of total electricity used in operations | AR 100% |
| 100% of fleet to be electric or hybrid by year-end 2025 | UK and Ireland fleet | EV100 | % of electric or hybrid vehicles in our operational fleet | 92% |
| 100% of fleet to be electric or hybrid by year-end 2027 | Aviva's remaining fleet | EV100 | % of electric or hybrid vehicles in our operational fleet | 45% |
| 70% of suppliers by spend to have a Science-Based Target by year-end 2025 (either aligned to and approved by the SBTi or an equivalent target) | Aviva's operational and claims supply chain | Aligned to the SBTi framework and validated by the SBTi | % spend of suppliers with validated SBTs (or equivalent) | 51% |
| Zero waste to landfill by year-end 2025 | UK and Ireland | Seeking external validation for UK and Ireland data in Q1 2025 | % of total waste tonnage going to landfill | 5%[2] |
| Zero waste to landfill by year-end 2030 | The rest of Aviva's operations | Seeking external validation for UK and Ireland data in Q1 2025 | % of total waste tonnage going to landfill | 5%[2] |

## Preparing for future uncertainty through self generation

**Overview:** As a key part of our ambition to consume 100% renewable electricity, Aviva has taken a significant step by installing a 1MW wind turbine at its Perth office in October 2024.

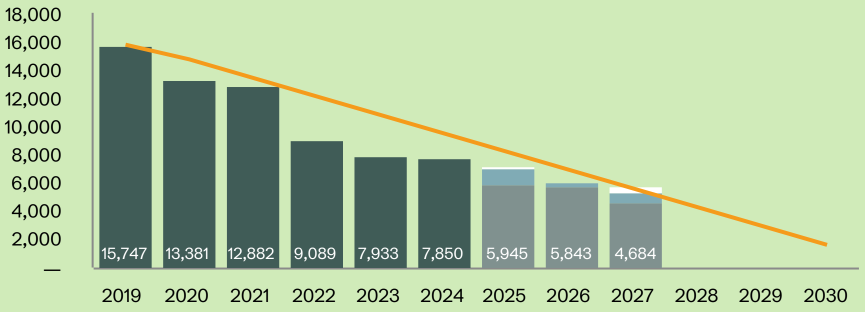
**Outcome:** In combination with our existing solar car ports and rooftop solar, the turbine will fully power the Perth office with 100% self-generated renewable energy for the majority of the year. It is expected to generate 1,700MWh annually, the equivalent to the electricity required to power over 620 homes[1].

Aviva will donate £5k annually to local charities and organisations throughout the operational life of the turbine, with a focus on supporting sustainability and community initiatives local to Perth.

Read more here

**Progress and planned reductions versus Scope 1 and 2 reduction target**

Absolute Scope 1 and 2 emissions - market-based, $tCO_2e$




Actual Emissions (AR) Projected Emissions Confirmed Provisional

SBTi validated Scope 1 and 2 decarbonisation target pathway

# Key actions

## Scope 1 and 2

### 1 Decarbonise our operational sites

Our Net Zero buildings strategy, as well as significant renewable energy investment to power our operations, underpins our continued decarbonisation progress. The Net Zero building strategy is a fully funded programme where we are working with our landlords to co-invest in energy efficiency, renewables, and emission reduction projects. Our success will depend on our strong partnerships with Facilities Management providers who share Aviva's aspirations. A rigorous feasibility analysis was completed of Aviva's UK and Ireland operational sites. This study has identified short and medium-term actions for the installation of energy efficiency measures and upgrades to fabric and services to enable the complete removal of gas consumption.

We are assessing our energy demand and supply to inform the effective rollout of heat pumps replacing gas boilers in our buildings. Constraints on the viability of heat pumps (scale, performance, grid electrical capacity, and cost) mean that we must invest in improvements to the fabric of our existing sites to electrify our buildings. Continual improvements are also being made in day-to-day estate management to reduce energy consumption.

We have estimated the carbon reduction impact of our planned projects to produce the profile of emissions reductions against our ambition pathway shown in the graph. 'Confirmed projects' have had the funds required signed off. 'Provisional projects' are business cases awaiting allocation of funds from the already approved Net Zero building strategy budget.

Between 2028 and 2030, we also have committed projects estimated to reduce emissions upwards of $1{,}000tCO_2e$, which will help us reach our 2030 ambition. We aim to commission and complete these projects by the end of 2030 to deliver on our ambition.

In 2024 we appointed buildings management expert, Cushman and Wakefield, with a track record of successfully delivering building optimisation projects of this nature to support end-to-end delivery management for initial phase projects from FY25 onwards.

Our subsidiary, Solus, is developing its own decarbonisation plan in line with our Group ambition. This, along with Aviva Canada's decarbonisation plan, will be finalised over the course of 2025.

We are also dedicated to maintaining our RE100 - 100% renewable electricity ambition which we signed up to in 2015. We will continue to explore all available renewable energy supply options. These include significant investment in self-generation projects, direct power purchase agreements with generators, peer-to-peer energy trading, and working with our existing and future supply partners to drive market innovation.

1. Based on Ofgem's estimate of typical annual electricity use per medium household of 2,700kWh (2021)

AR Only the 2024 Scope 1 and 2 total market-based emissions were subject to external independent reasonable assurance by EY. For the results of that assurance, see the assurance report on page 58.

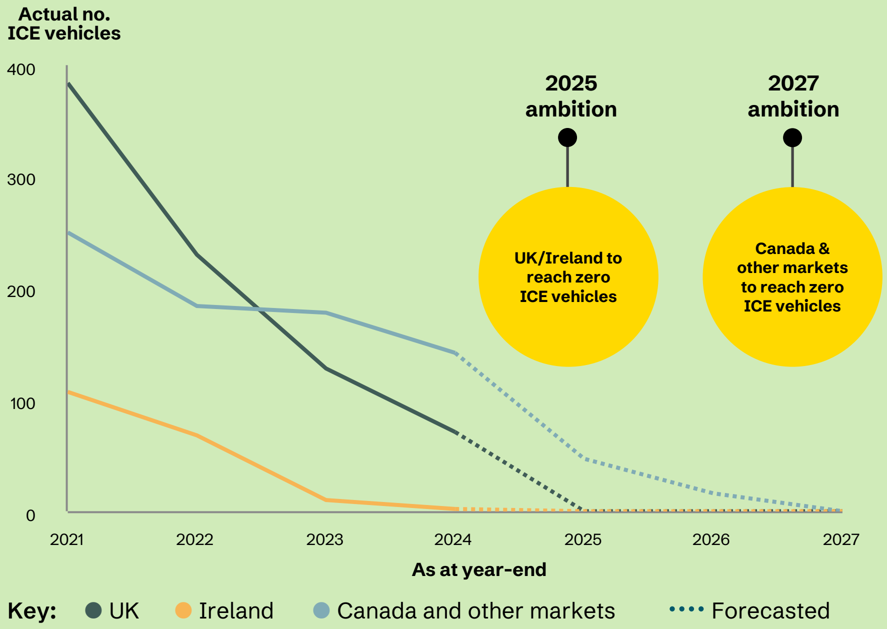
## ② Electrify our fleet

EV100 is a global initiative bringing together companies committed to switching their fleet to electric vehicles by 2030. Aviva is working to influence vehicle manufacturers and governments to drive market take-up of battery electric vehicles and plug-in hybrid electric vehicles worldwide.

The transition in our own fleet will progress as existing lease contracts end and ICE vehicles are replaced with EVs. See the graph above for our progress and target trajectory.

**Fleet transformation in line with our EV100 ambition**

Number of internal combustion engine (ICE) vehicles in Aviva fleet




### Scope 3 categories 1-14

## ③ Decarbonise our operational supply chain (Category 1 and 2)

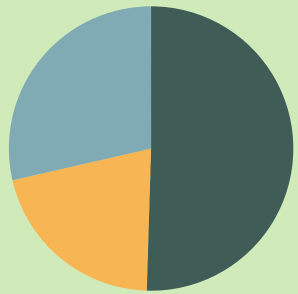
We are carefully managing and tracking the commitment of our suppliers to setting science-based targets. See the pie chart to the right to see how our suppliers are progressing with setting targets by year-end 2024. This metric encompasses both the suppliers in our operational and general insurance claims supply chain.

Looking ahead, there is a significant challenge to overcome the low availability and quality of company emissions data prohibiting us from accurately quantifying and tracking our supply chain emissions. By driving our suppliers to set science-based Net Zero targets, they will be publicly committed to achieving these targets through a recognised framework and encouraged to report progress each year. The public nature of these commitments increases their accountability to all stakeholders of the business.

We have worked with an expert partner to calculate the absolute emissions profile of our indirect supply chain. We apply a hybrid methodology combining estimated data with actual supplier reported emissions to gain a more accurate picture of our 2019 baseline against our current year supplier emissions. We will continue to regularly reassess the availability of actual up-to-date supplier emissions data to incorporate into our footprint and inform our target setting and engagement strategy.

**Tracking our suppliers' commitments to setting science-based targets:**

% of suppliers by spend who have set science-based targets at year-end 2024



| | |
|---|---|
| Validated SBTi target set | 51 % |
| Committed | 21 % |
| Target setting appetite to be determined | 28 % |

### Supplier engagement

Engagement with suppliers is key to achieving our ambitions. We aim to support new and existing suppliers by providing clear sustainability guidance. Sustainable sourcing training was rolled out across Aviva Group in 2022 and will be conducted annually to upskill all our buyers to engage their suppliers on sustainability.

We hosted our third supplier Net Zero summit in November 2024 to provide opportunities for education and collaboration. Over 100 of our supply chain partners and suppliers (across claims and non-claims suppliers) were represented. In addition to our ongoing conversations with suppliers, we will also provide a written guidance pack, outlining our expectations; and highlighting resources that will support them. We plan to deliver further workshops for suppliers to support their sustainability journeys.

We have also made validated Net Zero targets a condition of business with our new and existing suppliers. For contracts exceeding £750k total contract value (CAD$ 500k in Canada), partners without validated SBTi targets (or an approved equivalent) or a commitment to set them within the next 12 months require exception approval from the Group procurement director. We will increasingly look to challenge suppliers who do not implement a validated target for Net Zero emissions.

Since January 2022, we have integrated ESG and carbon criteria into our contracting processes when selecting suppliers. We weight ESG criteria a minimum of 10% when making purchasing decisions. Carbon questions are also part of the onboarding process and our annual survey of material suppliers. We see embedding energy consumption criteria in the selection of our IT suppliers as particularly important to enabling the decarbonisation of our IT department.

### 4 Address our remaining operational Scope 3 emissions (categories 3-14)

Beyond our supply chain, we also consider our other relevant[1] Scope 3 categories. Since 2023, we have publicly reported our waste (category 5), business travel (category 6), and fuel-and energy- related activities (category 3) (find out more in our TCFD report for current year emissions). From 2026, we intend to expand our approach to also report our progress on both our supply chain (categories 1 and 2) and our employee commuting emissions (category 7). The table below details each of the material Scope 3 categories where we are taking action in the short-to medium-term.

## Developing an integrated approach

As part of our recently developed Group-wide nature strategic framework, we are also committed to understanding our buildings' impact on nature. Therefore, biodiversity surveys have been undertaken in our Norwich, York, Bristol, and Perth sites. Further surveys are being undertaken to support evidencing a clear baseline from which we can deliver and measure positive change. These baselines will inform and support the formalisation of a Group-wide nature strategy. We are also seeking to explore opportunities to align what we are doing operationally with alliances and projects such as the WWT, the charity for wetlands and wildlife.

1. We have assessed the materiality of all Scope 3 categories 1-14. The outcome and therefore the rationale of our approach for categories (not already detailed in this section) is covered below. We deem the immaterial categories to have very minimal impact on Aviva's ambition.
   - We do not include category 3 (Fuel-and Energy-Related Activities not included in Scope 1 or 2) within our ambition due to its immateriality, however we do report it
   - Emissions from category 4 Upstream transportation and distribution and category 9 Downstream transportation and distribution emissions are highly immaterial and therefore captured within Scope 3, category 1
   - Emissions from category 8 Upstream leased assets (not including assets within our direct real estate portfolio) are immaterial and therefore included within Scope 1 and 2
   - All emissions associated with our claims business are recognised within category 11 Use of Sold Products only. We do not consider category 10 Processing of sold products and category 12 End-of-life treatment to be applicable for our business. Find out more in the Insurance section for our approach.

### Addressing our remaining operational Scope 3 categories

| Scope 3 category | Category ambition | Key forward looking actions |
|---|---|---|
| Waste generated in operations (category 5) | – Zero waste to landfill by year-end 2025 for UK and Ireland (year-end 2030 for RoW)<br>– Set an absolute emissions waste reduction ambition by year-end 2026<br>– Set a water reduction ambition by year-end 2026 | – **Embed colleague education** programmes around waste and sustainable consumption<br>– Develop a **waste reduction strategy** across **Canada and India**<br>– **Continue relationships with disposal partners** such as Restore Technology, Globechain, and Olio<br>– **Decommission water towers** and install automated valves and outlets to regulate water flow |
| Business travel (category 6) | Intention to set ambition by year-end 2026 | – **Promote 'tech over travel'** to foster cultural shifts within the business<br>– Release a **Group-wide travel policy** in 2025<br>– **Work with third party travel partners** to improve internal accessibility of travel-related emissions data |
| Employee commuting (category 7) | Increase data quality to support reporting of complete category from 2026 | – **Building on the completed calculation of homeworking emissions and obtain more accurate employee commuting data** to report full category from 2026<br>– Continue to **incentivise public transport options** through information sharing and interest free season ticket loans<br>– Incentivise employees through a **salary sacrifice** scheme, whereby employees can sacrifice part of their salary for a **new electric vehicle** |

# Approach to carbon offsets and removals

## Carbon removal strategy

In order to limit global temperature rise to 1.5°C, we recognise the need for the removal of carbon dioxide from the atmosphere in parallel with significant reductions in emissions. The UN Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (April 2022) states: "The deployment of carbon dioxide removals to counterbalance hard-to-abate residual emissions is unavoidable if Net Zero...emissions are to be achieved[1]".

As part of delivering our Net Zero ambition, we anticipate offsetting residual emissions with carbon removal credits. However, we believe an increase in pace and scale is needed to deliver the required carbon removals to support our own and broader global Net Zero ambitions.

Over time we believe technology-based carbon removals may become an important part of our removals portfolio. At this stage, nature-based removals offer a solution which also addresses multiple challenges, such as nature loss, climate mitigation and adaptation, and health and financial resilience.

We cannot wait until our Net Zero deadline to start thinking about how we deliver the enabling carbon removals. In parallel with our focus on decarbonisation, we support an increase in high-quality carbon removal at scale.

## Ensuring high-quality impactful carbon removals

In 2021 we set an aim "to spend £100m on nature-based carbon removals which provide social and economic benefits to our communities[2]" by 2030. We have so far committed £87 million to nature-based solutions in the UK, Ireland, and Canada, which deliver carbon sequestration, biodiversity gain, improved climate resilience, and social and community benefits. Many of these projects are undertaking vital work to make similar projects more investible, such as research to support the development of new carbon codes or improve understanding of sequestration rates, which should allow scaling of commercial investment.

**£87m**
committed to spend on nature-based carbon removals.

We ensure the nature-based carbon removals projects we are supporting deliver measurable impacts through quarterly reviews and annual impact reporting against a number of Key Performance Indicators including carbon, biodiversity, research outcomes, and social and community impacts. Ultimately, any carbon credits generated will be certified by a third party against a recognised standard prior to being used by Aviva.

## Carbon neutrality

In parallel to delivering carbon reductions and supporting the scale-up of high-quality nature-based carbon removals, Aviva intends to be carbon neutral in its operational emissions until 2030. To achieve this, each year we intend to use and retire[3] carbon credits equivalent to our emissions for market-based Scope 1 and 2 and categories 3, 5, 6, and 7 of Scope 3. These credits are sourced from the Greenway Project, a cookstoves project in India which delivers health and livelihood benefits alongside the avoidance of carbon emissions. Credits for this project are validated by the Gold Standard and additional impacts are reported annually.

## Carbon credit disclosures

On an annual basis, we will continue to disclose in the Climate-related Financial Disclosure, the number of carbon credits purchased and retired, including the type of credit and the details of the verification methodology and organisation certifying the credits.

From 2030 we expect to use and retire[3] carbon removal credits to offset our residual Scope 1 and Scope 2 emissions (equivalent to 10% or less of our 2019 baseline Scope 1 and Scope 2 emissions).

We will continue to assess the boundaries of our ambition for offsetting residual Scope 3 emissions including considering forthcoming industry guidance.

1. IPCC: Climate Change 2022: Mitigation of Climate Change
2. Taking a stand on sustainability at BIBA 2024
3. The term "retire" in the context of carbon credits means that the credit's benefit has taken place (typically a public declaration has been made that it has been used to mitigate emissions). Retiring carbon credits in the relevant public registry ensures they are not available in the marketplace and avoids the risk of double counting.

# Governance



# Governance

## Roles, responsibility, and accountability

Our climate-related governance is managed through existing governance forums and specific sustainability related groups which have been formed for this purpose. Please see the graphic below for a summary of how functional teams and committees support the creation, execution and monitoring of our Transition Plan.

Within our investment, insurance, and operational functions we also have individual roles focused on climate-related risks and opportunities.

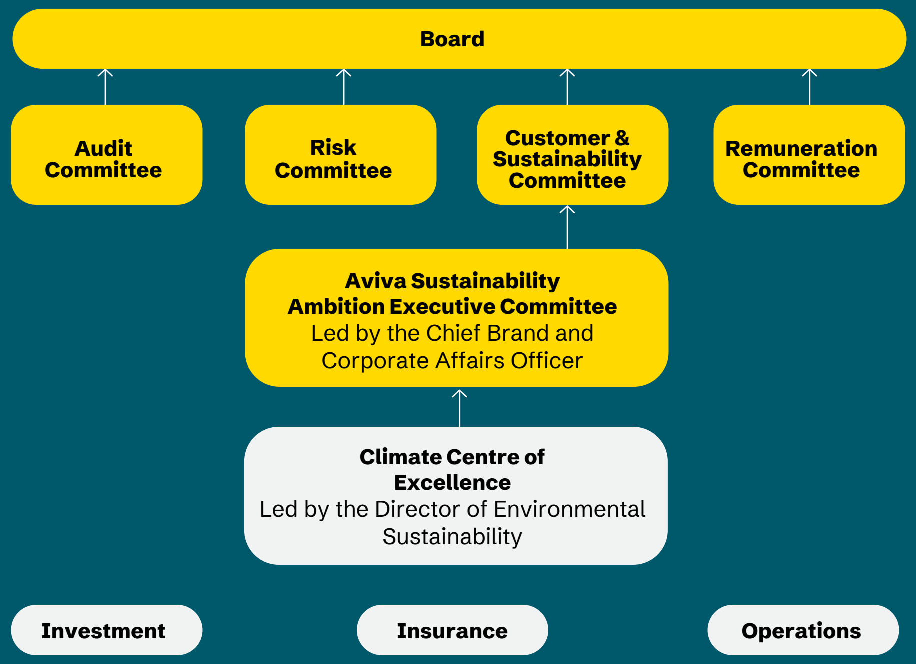
The Transition Plan was approved by the ASA Executive Committee and the Aviva plc Board and is not subject to shareholder approval. This governance framework will continue to oversee future transition reports, as well as their implementation and delivery.

The Aviva Sustainability Ambition Executive Committee (ASA Executive Committee) is comprised of executive members from all the relevant functions. It provides oversight and challenge in meeting our key ambitions, as well as quarterly updates to the Group CEO and Customer & Sustainability Committee (C&SC).

The Sustainability function reports to Stephen Doherty, Chief Brand and Corporate Affairs Officer, who chairs the ASA Executive Committee and is the Aviva senior executive responsible for sustainability. The team provides expertise to enable the delivery and coordination of local sustainability activity across Aviva's businesses. Crucially, there is clear individual executive accountability for all sustainability KPIs. For example, the Group Chief Operating Officer is accountable for our Net Zero strategy across our Operations, and the Operations Net Zero Delivery Director leads the programme. The Transition Plan ambitions are reviewed by the C&SC and Group Audit Committee with a focus on metrics, baselines, and controls before final Board approval.

The Group CEO is accountable for the development and execution of the Group strategy, including the Transition Plan. Our business CEOs are accountable for ensuring that climate is considered within their business unit. Both the Group CEO and the business CEOs are responsible for compliance with legal, regulatory, corporate governance, social, ethical, and environmental principles. In addition, management teams across Aviva are responsible for managing those areas of the business which may affect or be affected by climate change.

The business Chief Risk Officers provide independent challenge of risks including sustainability- and climate-related risks and maintain an appropriate approach to disclosure and regulatory reporting of these risks.




### Drives and monitors delivery of the Transition Plan

**Board**
Responsible for Aviva's long-term sustainable success through setting the Group's strategic sustainability priorities and risk appetite. The Board has final approval of the Transition Plan.

**Remuneration Committee**
Supports the Board in monitoring climate metrics as one of the pay considerations in the Directors' Remuneration Policy.

**Risk Committee**
Reviews the Transition Plan from a risk perspective before Board review.

**Customer & Sustainability Committee (C&SC)**
Supports the Board by evaluating progress against key Transition Plan priorities, metrics and targets. They recommend the plan to the Board for approval.

**Audit Committee**
Supports the Board in reviewing key climate-related disclosures, including the Transition Plan.

**Aviva Sustainability Ambition Executive Committee**
Provides oversight and challenge in the successful execution of the plan and updates the CEO and C&SC.

### Creates and executes the Transition Plan

**Climate Centre of Excellence**
Collaborates with local governance leaders to provide strategic direction that aligns with Group ambitions. Challenges business units on delivery of goals, and advises the ASA Executive Committee on climate and nature-related initiatives.

**Local Governance across Investment, Insurance, and Operations**
Provides strategic input to the Transition Plan and are responsible for their respective objectives being met.

The business Chief Financial Officers advise the Board on the firm's financial exposure arising from climate-related risks and maintain an appropriate approach to disclosure and regulatory reporting.

The Company's Annual General Meeting provides an opportunity for shareholders to input and ask questions on the Transition Plan.

## Board oversight and reporting

Our governance framework and a clear division of responsibilities enable the Board to operate effectively, fulfil its responsibilities, and provide valuable oversight. It allows the Board to integrate climate-related risks and opportunities into our strategy, decision-making, and business processes. In addition, selected material metrics in the Transition Plan go through third party assurance.

**Read more:** Additional information section

Sustainability forms one of our strategic priorities which means that the Aviva Sustainability Ambition is a key part of decision-making and culture. The governance structure supports agile decision-making and allows the Board to respond quickly to opportunities and challenges and adapt the strategy with the Transition Plan and associated ambitions in mind. This includes ensuring any acquired businesses adhere to sustainability risk policies. Our governance structures will continue to be reviewed to ensure they are appropriate and operating effectively as the plan is implemented.

## Culture

Sustainability is one of the Group's four strategic pillars. We are committed to social and climate action and being a sustainable business. Our values underpin how we will achieve our sustainability ambitions, and all employees are expected to have a sustainability-focused target in their performance goal setting process to align with our ambition. Progress is reviewed as part of annual performance process and will continue to be reviewed to ensure it remains aligned with our priorities.

We will ask all colleagues sustainability questions in the annual employee listening survey to help understand levels of engagement and cultural progression.

In addition, employees are able to take 21 hours of paid volunteering leave each year[1]. This can be to volunteer for any charity or community organisation. We provide centrally organised volunteering opportunities with nature partners such as the Woodland Trust that our people can support and have a week within the year dedicated to highlighting climate connected opportunities for people to get involved in.

## Skills, competencies and training

The Aviva plc Board has a range of sustainability experience, as set out in the Aviva plc Annual Report 2024 and Nomination and Governance Committee Report. The Nomination and Governance Committee assesses the Board's skills and experience to ensure there are appropriate capabilities to oversee the Transition Plan through the mapping of a skills matrix and succession planning exercise.

The Board and Executive Committee receive regular updates and training on sustainability, this included a Board deep dive session on climate in August 2024. The Executive Committee had sessions on Greenwashing, Sustainability Architecture and, the Aviva Foundation in 2024. The chair of the C&SC has broad sustainability experience, including her previous role as Chair of Greencoat UK Wind plc.

Our Sustainability Academy on Aviva University allows all 25,718 colleagues to learn more about sustainability and access training to increase their skills. The Academy will continue to evolve in 2025. Alongside the Academy, we will carry out more advanced sustainability training for colleagues in targeted roles such as actuaries and investment managers where sustainability is a critical future skill.

## Incentives and remuneration

All employees bonuses are linked to performance against their goals, with a minimum of one goal linked to sustainability.

We include sustainability factors in our senior executive long-term incentive plans (LTIPs). Our LTIPs have included a climate performance metric since 2021. LTIP awards granted in 2024, with a 3-year performance period starting on 1 January 2024, include one climate metric (7.5% weighting). For LTIP awards granted since 2021, the climate metric measures the reduction in the weighted average carbon intensity of shareholder corporate bond and equity assets. From 2022, this was expanded to include with-profit funds.

We chose this LTIP metric as it aligns with our 2025 NZAOA listed equity and corporate bond investment decarbonisation ambition. As set out in the Directors' Remuneration Report in Aviva's Annual Report 2024, a new Directors' Remuneration Policy was approved in 2024 and awards made in 2024 were under this policy. There were no changes to the weighting of strategic measures (20%) in the LTIP and individual measures remained unchanged.

Aviva Investors has integrated sustainability factors as part of the pay criteria across the firm, including for its investment desk heads. Through its Global Reward Framework, all investment employees should support responsible investment and integrate sustainability considerations into their investment processes. Sustainability metrics form part of the business scorecard and annual risk attestation.

The Aviva Investor's Chief Investment Officer and investment desk heads consider how investment employees demonstrate their commitment to sustainability processes as part of the determination of performance and pay outcomes. Further guidance was specifically provided to colleagues and heads of asset classes in equities and fixed income regarding how to embed sustainability objectives systematically across the investment team members' objectives, and this has since been extended to cover Private Markets for performance year 2025.

Every year, we review our approach to incentivisation so that they remain fit for purpose to drive accountability and performance.

1. If you're a permanent or fixed term contract colleague, we're proud to offer you an exclusive benefit of 21 hours of paid volunteering leave each holiday year. And if you're part time, you'll get a pro rata amount. Contractors or contingency workers aren't eligible for this benefit.

# Risk management

## Risk management

Aviva considers climate change to represent a significant risk to our customers, strategy, business model, and wider society. Its effects are already being felt and we are proactively addressing these through our business plan and Sustainability Ambition.

This section outlines how we embed climate-related risks within our risk management and use scenario analysis to support decision-making.

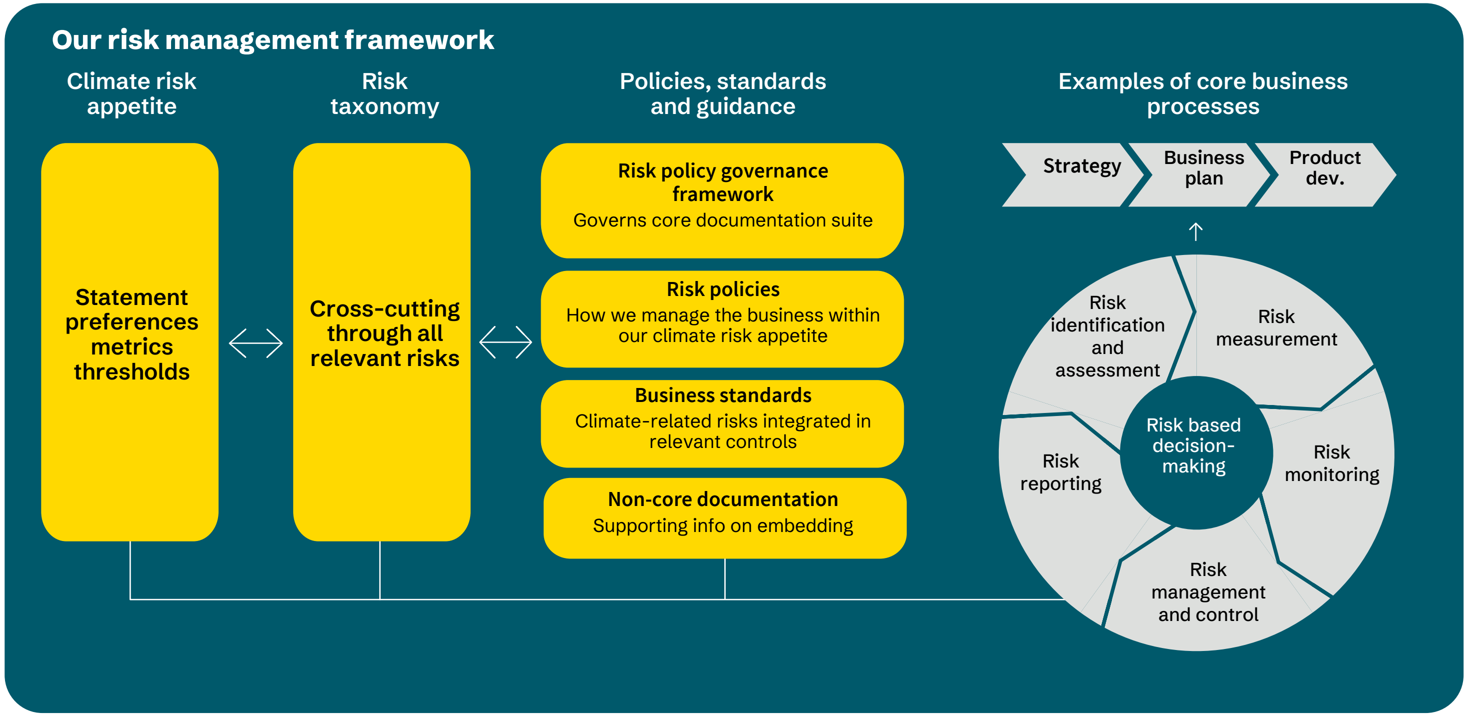
**Read more:** 2024 TCFD report

## Risk management framework

Successful execution of our Transition Plan is underpinned by an appropriate Risk Management Framework. Through this framework, we identify, measure, monitor, manage, and report on the risks to which our business, customers, and wider society are, or could be, exposed (including climate-related risks). Our framework also ensures climate-related risks are integrated into and inform overall risk management and decision-making processes.

We have defined our climate risk appetite framework (including climate statements and preferences) to enable confident, risk-based decisions. This framework ensures climate-related risks are embedded in our decisions, and we are on track to meet our ambition as well as regulatory /disclosure requirements (using qualitative and quantitative assessments).

Our climate risk preferences express the level of risk our business is willing to accept or will avoid where possible.




We use a variety of historical and forward-looking metrics to monitor and manage alignment with global or national targets on climate change mitigation, assess the potential financial impact on our business, and deliver on our ambition. In our risk taxonomy, we consider climate and other sustainability-related risks as 'cross-cutting' rather than standalone risks.

We have incorporated climate and other sustainability-related risks and opportunities into our business plan. We report progress quarterly to enable the Board and Senior Management to oversee and monitor the financial impact of climate change and ensure this is in line with our risk appetite and risk profile.

As part of our risk identification and assessment processes, we map emerging risks and trends (including climate-related risks) on our emerging risk spectrum according to their nature, size of their impact, materiality, and time horizon. We identify the associated scenarios and the relevant management actions.

This is an ongoing exercise, and the outcomes are reported to our Board and Senior Management. We recognise that the positioning of our emerging risks and associated scenarios will evolve in line with science and best practice.

In the next three years, we will continue to build our climate and other sustainability risk understanding and methodology to further integrate the relevant risks (e.g. nature) into our risk management and risk appetite frameworks. We will develop guidance and metrics, to support better monitoring of risks and grasp opportunities, and ensure these are further embedded in our day-to-day decision-making.

# Climate scenario analysis

## Embedding our climate scenario analysis

The emergence of many climate-related risks over a longer time horizon than normal business planning and the associated data and methodological limitations means that climate scenario analysis is subject to significant uncertainty. Despite this, anticipating potential climate impacts on our business and strategy is critical.

We use qualitative and quantitative climate scenario analysis to gain insights across our strategy. Given the clear interrelation between climate risks and opportunities and our Net Zero 2040 ambition, we believe integrating climate scenario analysis into multiple points of our business processes best supports our objective of having a resilient climate strategy. The following page has examples of how climate scenario analysis helps us to understand our exposure to climate risk across the short, medium, and long-term.

## Short to medium-term

We conduct solvency modelling which provides a view of our resilience to the potential short-term impact of climate change on our internal model solvency capital requirement over a 1-year time horizon. The most affected risks are credit risk, market risk, and general insurance risk.

The Group Risk function considers climate scenarios, assumptions, risks, opportunities, and mitigating actions within the wider emerging risks exercise.

We are also adapting to a world of increasing physical risk. We have built the possibility of short-term extreme weather events into our general insurance pricing, reinsurance programme design, and monitoring of actual weather-related losses versus expected weather losses by business. Well-exercised and effective plans are in place to respond to major weather events and weather-related claims supported by exposure mapping and flood modelling tools.

Our three-year business plan underpins our financial and non-financial ambitions. In 2024, climate scenario analysis was conducted alongside our overall business planning process for each Business Unit.

Business Units used three climate scenarios; Sudden Stress, Fragmented World, and Aviva Ambition. See the table on the next page for a description of each scenario and an explanation of why its use is important for assessing our strategy. Each risk or opportunity was mapped to examples of management actions being taken to mitigate to ensure our climate strategy is robust. Going forward, this exercise will support a better aggregated view of where our strategy has resilience and which areas may need more attention. The table below shows the most material risks in each scenario and the mitigating actions we are taking in response.

An additional part of our business planning process was to assess the financial resources required to deliver our sustainability ambition.

**Read more:** Financial Planning section

## Medium to long-term

One of the most material risks identified through our business planning process was the impact of transition and physical risks on our investment returns. This supports our efforts in developing a cross sectional long-term view of scenario impacts split by asset class. For each asset class, we use a methodology appropriate to the risk profile and data available. Our medium to long-term scenario analysis uses a Climate Value at Risk metric to model the potential impact on shareholder assets under different climate scenarios, where data and methodologies are available[1]. We also leverage general insurance catastrophe models to incorporate physical risks associated with flood and storm surge risks in the UK.

**Read more:** 2024 TCFD report

**Key actions**

Our ongoing work has highlighted examples of mitigating actions important for the resilience of our strategy (please see table on the next page).

The actions we are focusing on over the next three years to enhance our climate scenario analysis are:

1. Continue to develop a cross business unit view through qualitative scenario analysis.
2. Incorporate climate into our existing sudden stress test models to understand the quantitative impact on our balance sheet in different scenarios.
3. Conduct horizon scanning on the latest available scenarios including scenario data to assist in investment decision-making, scenario stress testing and disclosure.
4. Increase our use of forward-looking metrics (such as Implied Temperature Rise and Climate VaR) to stress test our management actions, showing how certain investment decisions could positively or negatively affect climate risk within our portfolios.

1. Certain information ©2025. MSCI ESG Research LLC. Reproduced by permission.

**Key** P Physical risks | T Transition risks | L Litigation risks | ST Short-term (0-3yrs) | MT Medium-term (3-10yrs) | LT Long-term (10+yrs)



## Aggregated outputs from our climate scenario analysis at a business unit level

| Scenario narrative | Timeframe | Risk type | Potential risks | Examples of mitigating actions |
|---|---|---|---|---|
| **Sudden Stress:** Short-term weather shocks triggering rapid shifts in public sentiment by 2027. Resulting in an increased pace of climate action. **Why we use it:** To test our resilience to abrupt and severe climate-related disruptions to identify short-term mitigating actions which may address our vulnerability to such shocks. | ST | P | Physical damage impacting real asset returns | Integrate climate change risk factors into real estate origination decision-making |
| | ST | P | Severity of weather impacting claims, increased insurance costs, and more property becoming uninsurable | Engage supply chain and insurance customers to sign up to FloodRE and BBB schemes to improve resilience |
| | MT | T | Stranded asset stress or carbon-intensive assets, leading to a reduction in investment returns | Use divestment as a last resort mechanism for assets where there is a lack of progress on the transition issues as a material risk to Aviva's investment |
| **Fragmented World:** Delayed and inconsistent global climate action, leading to higher transition risks and physical impacts by 2030. **Why we use it:** To explore how our strategy may need to adapt to medium-term impacts of delayed climate action and inconsistent regulatory conditions across regions. | ST | T | Reduction in returns from investments in carbon-intensive sectors and enhanced returns on investments aligned with the Transition | Use stewardship and influence to drive positive environmental outcomes and increased investment in sustainable assets |
| | MT | L | Damage to Aviva's reputation if we are seen to be failing to deliver on our Sustainability Ambition | Continue to develop our approach to Scope 3; aligning with evolving industry standards |
| | MT | T | Increased risk of deploying adaption measures that lead to unintended, adverse outcomes (maladaptation risk) | Engage in policy advocacy, collaborate with industry bodies, and actively influence a supportive policy environment |
| **Aviva Ambition:** Aggressive mitigation to limit global warming, aligned with Net Zero by 2040. **Why we use it:** To evidence the robustness of our Net Zero ambition and identify any gaps in our transition strategy in the context of rapid global decarbonisation. | MT | T | Higher costs of transitioning business operations | Continue to explore direct renewable energy supply options and energy efficiency measures across our operational sites |
| | ST | T | Lower returns from green investments and missed returns divesting from brown assets | Partner with lenders to establish consensus on sustainability-linked lending standards and unlock green investment opportunities |
| | MT to LT | T | Public sentiment supports the expansion of green insurance propositions and greater revenues | Insure the Transition (renewables, EVs, hydrogen etc) and develop propositions responding to clients' sustainability needs |

# Additional information



# TPT Disclosure Framework alignment

The TPT Disclosure Framework outlines recommendations for organisations to include in their Transition Plan underpinned by three principals Ambition, Action and Accountability. The table below directs to the relevant section where these recommendations are covered in this report for Aviva plc.

| TPT Principals | Disclosure elements | Recommended sub-elements | Section the disclosures are included in |
|---|---|---|---|
| **Ambition** | **Foundations**<br>Disclose the Strategic Ambition of the plan. This comprises the entity's objectives and priorities for responding and contributing to the transition towards a low GHG emissions, climate-resilient economy, and set out whether and how the entity is pursuing these objectives and priorities in a manner that captures opportunities, avoids adverse impacts for stakeholders and society, and safeguards the natural environment.<br><br>Under this element, an entity should also disclose the high-level implications that this transition plan will have on its business model and value chain, as well as the key assumptions and external factors on which the plan depends. | 1.1 Strategic Ambition | • Introduction – Transition Plan at a glance (see page 2)<br>• Introduction – Our Group ambitions (see page 8)<br>• Foundations - The scope of our ambition (see page 14)<br>• Foundations - Strategic ambition – The context of our ambition, The scope of our ambition (see pages 16-18) |
| | | 1.2 Business model and value chain | • Foundations – Introducing Aviva (see page 10)<br>• Foundations - Strategic ambition - The scope of our ambition (see pages 16-18)<br>• Implementation strategy - Our business (see pages 29, 38, 44)<br>• Engagement strategy - Engaging to drive systemic change (see page 23) |
| | | 1.3 Key assumptions and external factors | • Foundations - Strategic ambition – Dependencies and assumptions (see pages 19 and 20) |
| **Action** | **Implementation Strategy**<br>Disclose the actions the entity is taking within its business operations, products and services, and policies and conditions to achieve its Strategic Ambition, as well as the resulting implications for its financial position, financial performance, and cash flows. | 2.1 Business operations | • Introduction – Transition Plan at a glance (see page 2)<br>• Implementation strategy – Aviva's operations (see pages 43-47) |
| | | 2.2 Products and services | • Introduction – Transition Plan at a glance (see page 2)<br>• Implementation strategy – Investments (see pages 28-36)<br>• Implementation strategy – Insurance (see pages 37-42) |
| | | 2.3 Policies and conditions | • Implementation strategy – Investments (see pages 28-36)<br>• Implementation strategy – Insurance (see pages 37-42)<br>• Implementation strategy – Aviva's operations (see pages 43-47) |
| | | 2.4 Financial planning | • Foundations - Financial planning (see page 21) |
| | **Engagement Strategy**<br>Disclose how the entity is engaging with its value chain, industry peers, government, public sector, communities, and civil society in order to achieve its Strategic Ambition. | 3.1 Engagement with value chain | • Engagement strategy - Engaging to drive systemic change (see page 23)<br>• Engaging with industry participants and our value chain (see page 26)<br>• Implementation strategy - Investments (see pages 34-36)<br>• Implementation strategy - Insurance (see pages 40 and 41)<br>• Implementation strategy - Aviva's operations (see pages 46 and 47) |

TPT Disclosure Framework alignment

| TPT Principals | Disclosure elements | Recommended sub-elements | Section the disclosures are included in |
|---|---|---|---|
| **Action** | **Engagement Strategy (continued)**<br>Disclose how the entity is engaging with its value chain, industry peers, government, public sector, communities, and civil society in order to achieve its Strategic Ambition. | 3.2 Engagement with industry | • Engagement strategy - Engaging to drive systemic change (see page 23)<br>• Engagement strategy - Engaging with industry participants and our value chain (see pages 25 and 26) |
| | | 3.3 Engagement with government, public sector, communities and civil society | • Engagement strategy - Engaging to drive systemic change (see page 23)<br>• Engagement strategy - Engaging with governing bodies (see page 24) |
| **Accountability** | **Metrics and targets**<br>Disclose the metrics and targets the entity is using to drive and monitor progress towards its Strategic Ambition. | 4.1 Governance, engagement, business and operational metrics and targets | • Implementation strategy – Investments - Interim Ambitions (see pages 30-32)<br>• Implementation strategy - Insurance -Interim Ambitions (see page 38)<br>• Implementation strategy Aviva's operations - Interim Ambitions (see pages 44 and 45) |
| | | 4.2 Financial metrics and targets | • Financial planning (see page 21)<br>• Implementation strategy – Investments - Interim Ambitions (see pages 30-32)<br>• Implementation strategy - Insurance - Interim Ambitions (see page 38)<br>• Implementation strategy Aviva's operations - Interim Ambitions (see pages 44 and 45) |
| | | 4.3 GHG metrics and targets | • Implementation strategy – Investments - Interim Ambitions (see pages 30-32)<br>• Implementation strategy - Insurance - Interim Ambitions (see page 38)<br>• Implementation strategy Aviva's operations - Interim Ambitions (see pages 44 and 45) |
| | | 4.4 Carbon credits | • Approach to carbon offsets and removals (see page 48) |
| | **Governance**<br>An entity shall disclose how it is embedding its Transition Plan within its governance structures and organisational arrangements in order to achieve the Strategic Ambition of its transition plan. | 5.1 Board oversight and reporting | • Governance – Board Oversight and Reporting (see page 51) |
| | | 5.2 Management roles, responsibility and accountability | • Governance – Roles, Responsibility and Accountability (see page 50) |
| | | 5.3 Culture | • Governance - Culture (see page 51) |
| | | 5.4 Incentives and remuneration | • Governance – Incentives and Remuneration (see page 51) |
| | | 5.5 Skills, competencies and training | • Governance – Skills, Competencies and Training (see page 51) |

# Assurance statement

## What we were engaged to assure

### Subject Matter selected by Aviva

Ernst & Young LLP ('EY') was engaged by Aviva plc ('Aviva' or 'the Company') to perform an assurance engagement as defined by International Standard on Assurance Engagements (UK) 3000 July 2020, to report on selected sustainability metrics (the "Subject Matter") presented in Aviva's Annual Report and Accounts 2024, Climate-related Financial Disclosure 2024, Sustainability Datasheet 2024 and Transition Plan (collectively referred to as the "Reports"). Specifically, EY was engaged to provide:

- Reasonable assurance over the Subject Matter identified in "Appendix - Table A" and marked with the symbol AR and
- Limited assurance over the Subject Matter identified in "Appendix A - Table B" and marked with the symbol AL and "Appendix B - Qualitative Statements in the Climate Transition Plan"

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Reports, and accordingly, we do not express an opinion or conclusion on any information, other than the Subject Matter marked with the symbols AR and AL.

### Reporting Criteria applied by Aviva

In preparing the Subject Matter, Aviva applied Aviva's Reporting Criteria as set out on pages 58 to 71 of Aviva's Climate-related Financial Disclosure 2024 ('the Reporting Criteria'). The Subject Matter needs to be read and understood together with Aviva's Reporting Criteria. Aviva are solely responsible for selecting and applying the Reporting Criteria.

The Reporting Criteria is as published on the Aviva website here. In preparing the Subject Matter set out in Appendix B, Aviva have applied supporting evidence underlying the preparation of the Transition Plan.

The Subject Matter and other sustainability information in the Reports were prepared by Aviva. The Reporting Criteria was specifically designed for the preparation of the Reports. As a result, the Subject Matter may not be suitable for other purposes.

## Conclusions

### Our reasonable assurance conclusion

In our opinion, the Subject Matter identified in Appendix A – Table A, for the year ended 31 December 2024, is fairly presented, in all material respects, in accordance with the Reporting Criteria.

### Our limited assurance conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter identified in Appendix A – Table B and Appendix B, is not prepared, in all material respects, in accordance with the Reporting Criteria and supporting evidence respectively.

### Basis for our conclusion

We conducted our engagement in accordance with the International Standard for Assurance Engagements (UK) 3000 (July 2020) Assurance engagement other than audits or reviews of historical financial information ("ISAE (UK) 3000 (July 2020)"), Those standards require that we plan and perform our engagement to i) obtain reasonable assurance about whether, in all material respects, the Subject Matter included in Appendix A – Table A is fairly presented in accordance with the Reporting Criteria, ii) obtain limited assurance in respect of whether the Subject Matter included in Appendix A - Table B has not been prepared in all material respects in accordance with the Reporting Criteria and iii) to issue a report. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

In performing this engagement, we have applied International Standard on Quality Management ('ISQM') 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have maintained our independence and other ethical requirements of the Institute of Chartered Accountants of England and Wales (ICAEW) Code of Ethics (which includes the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ('IESBA')). We are the independent auditor of the Company and therefore we will also comply with the independence requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities.

## Responsibilities of Aviva

The Subject Matter needs to be read and understood together with the Reporting Criteria. The directors of Aviva are solely responsible for:

- The selection of the Subject Matter to be assured;
- Selecting suitable Reporting Criteria against which the Subject Matter is to be evaluated and ensuring the Reporting Criteria is relevant and appropriate;
- Preparing and presenting the Subject Matter in accordance with the Reporting Criteria; and
- Designing and implementing internal controls and other processes they determine is necessary, to enable the Subject Matter to be free from material misstatement, whether due to fraud or error.

## EY's responsibilities

### It is our responsibility to:

**For sustainability metrics subject to reasonable assurance**

- Plan and perform the engagement to obtain reasonable assurance in respect of whether the Subject Matter is fairly presented in all material respects in accordance with the Reporting Criteria;
- Form an independent conclusion on the basis of the work performed and evidence obtained; and
- Report our conclusion to the directors of the Company.

**For sustainability metrics subject to limited assurance**

- Plan and perform the engagement to obtain limited assurance in respect of whether the Subject Matter has not been prepared in all material respects in accordance with the Reporting Criteria;
- Form an independent conclusion on the basis of the work performed and evidence obtained; and
- Report our conclusion to the directors of the Company

### Summary of work performed

The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. A limited assurance engagement primarily consists of making enquiries of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Because a limited assurance engagement can cover a range of assurance, the detail of the procedures we have performed in respect of the Subject Matter subject to limited assurance is included below, so that our conclusion can be understood in the context of the nature, timing and extent of procedures we performed.

With respect to our limited assurance conclusion, the procedures performed were based on professional judgement and included, but were not limited to:

- Evaluating the appropriateness of the Reporting Criteria used to measure and disclose the Subject Matter against industry standards and market practice.
- Interviewing management and relevant staff to understand how the Reporting Criteria was applied, and relevant information and data gathered for the measurement and reporting of the Subject Matter.
- Obtaining an understanding of the systems and processes for collecting, reporting and consolidating the Subject Matter, including obtaining an understand of internal controls relevant to the measurement and recording of the Subject Matter, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control framework.
- Performing an analytical review of the data underlying the Subject Matter, including comparison with the previous reporting period and a consideration of trends in the data, and inquiring of management to understand any significant unexplained variances.
- For selected samples, checking the mathematical calculations and formulae applied in the measurement of the Subject Matter.
- Obtaining an understanding of the estimation methodologies used by Aviva and comparing these to industry standards and market practice to check they are reasonable.
- Reviewing the consistency of the Subject Matter presented across the Reports.

Solely in respect of the qualitative statements Subject Matter identified in Appendix B:

- Testing on a sample basis, underlying source information to check the accuracy of the data.

With respect to our reasonable assurance conclusion the procedures we have performed include:

- The procedures outlined above in respect of our limited assurance conclusion.
- Performing more extensive substantive testing covering key items and representative samples based on a statistical sampling methodology were selected and agreeing to source information and data to check the accuracy and completeness of data. This included an evaluation of the reasonableness of the source information and data.
- Testing the data on which estimates are based and developing our own estimates to allow us to assess the accuracy of the estimates used by Aviva.

We also performed such other procedures as we considered necessary in the circumstances.

## Key assurance matters

Key assurance matters are those matters that, in our professional judgement were of most significance in our assurance of the Subject Matter in the Reports and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall assurance strategy, the allocation of resources in the engagement; and directing the efforts of the engagement team. These matters were addressed in the context of our assurance of the Subject Matter in the Reports as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

We considered the following as a key assurance matter:

### Use of third-party estimates and data for calculation of financed emissions

**Description of the matter:**
Aviva plc owns and manages an investment portfolio covering several asset classes. the financed emissions related to the investment portfolio represent the most material category of emissions to Aviva. As such, a key focus of our assurance has been on the third-party data and estimates used by Aviva to calculate their overall financed emissions. In particular, we have focused on the financed emissions related to Direct Real Estate asset classes for which Aviva use third-party data from Morgan Stanley Capital International ('MSCI') and Deepki respectively to calculate financed emissions from these asset classes.

Whilst use of such third-party estimates and data is common when reporting this information there is a requirement for Aviva to assess the accuracy of the estimates provided by the third parties as the estimates are calculated by using proprietary estimation models which are not publicly available.

**How we addressed the matter:**
We performed the following procedures over the third-party data and estimates, which enabled us to obtain sufficient evidence to be able to form our reasonable assurance conclusion of the Subject Matter:

- Obtained an understanding of the estimation methodology adopted by the third-parties, including key assumptions made, and assessed for reasonableness n comparison to industry standards and market practice.
- Across a sample of instruments, we have independently sourced input data and recalculated an estimate to compare to the estimate used by Aviva and calculated by the third-party. This has enabled us to assess the accuracy of the third-party estimates used to calculate the overall financed emissions metrics.
- Reviewed  Aviva's disclosures related to the use of third-party estimates and data to ensure the limitations arising from their use are transparently disclosed to the reader.

**Elements of the Subject Matter impacted:**

- Total absolute financed emissions
- Total economic carbon intensity
- Total weighted average carbon intensity
- Total data quality score

## Inherent limitations

Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter. Because there is not yet a large body of established practice upon which to base measurement and evaluation techniques, the methods used for measuring or evaluating non-financial information, including the precision of different techniques, can differ, yet be equally acceptable. This may affect the comparability between entities, and over time.

Our conclusion is based on historical information and the projection of any information or conclusions in the report to any future periods would be inappropriate.

## Use of our report

This report is produced in accordance with the terms of our engagement letter dated 30 September 2024, solely for the purpose of reporting to the directors of Aviva plc in connection with the Subject Matter for the year-end 31 December 2024. Those terms permit disclosure on Aviva's website, solely for the purpose of Aviva showing that it has obtained an independent assurance report in connection with the Subject Matter. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors as a body, for our work, for this report, or for the conclusions we have formed. This engagement is separate to, and distinct from, our appointment as the auditor of the company.

**Ernst & Young LLP**
26 February 2025
London

## Appendix A

The Aviva plc Reporting Criteria 2024 is as published on the Aviva website here.

| **Table A: Subject Matter Information subject to reasonable assurance** | | **Reported Unit** | **Reported Value** |
|---|---|---|---|
| **Climate Action - Operational Emissions** | Scope 1 | $tCO_2e$ | 7,437 |
| | Scope 2 - location-based | $tCO_2e$ | 7,360 |
| | Scope 2 – market-based | $tCO_2e$ | 413 |
| | Scope 3 | $tCO_2e$ | 10,691 |
| | Carbon offsets for which credits have been purchased and retired during the year | $tCO_2e$ | (18,541) |
| | Scope 1 and Scope 2 - market-based emissions | $tCO_2e$ / £ million Total income | 0.35 |
| | Scope 1 and Scope 2 - location-based emissions | $tCO_2e$ / £ million Total income | 0.67 |
| | Total market-based emissions | $tCO_2e$ / £ million Total income | 0.84 |
| | Total market-based emissions | $tCO_2e$ / employee | 0.64 |
| | Total location-based emissions | $tCO_2e$ / £ million Total income | 1.15 |
| | Total location-based emissions | $tCO_2e$ / employee | 0.88 |
| | Energy consumption | MWh | 66,295 |
| | Electricity used from renewable sources | % | 100 % |
| **Climate Action - Climate Related Financial Disclosures** | Absolute Financed emissions - Total (SH, WP and PH) | million $tCO_2e$ | 7.4 |
| | WACI-R - Credit and equities (SH only) UK, Ireland and Canada | $tCO_2e$ / \$m revenue | 50 |
| | WACI-R - Credit and equities (SH and WP) UK, Ireland and Canada | $tCO_2e$ / \$m revenue | 57 |
| | ECI - Total (SH, WP and PH) | $tCO_2e$ / £m invested | 42 |
| | PCAF Data Quality Score - Total (SH, WP and PH) | PCAF score | 2.5 |
| | PCAF Data Quality Score - Sovereign holdings (SH, WP and PH) | PCAF score | 2.3 |
| | Sovereign absolute emissions - (SH, WP and PH) | million $tCO_2e$ | 8.1 |
| | Sovereign carbon intensity (SH, WP and PH) | $tCO_2e$ / £m invested | 192 |
| | Investment in sustainable assets – Total | £ billion | 11.8 |
| | ECI – 2019 Baseline Total (SH, WP & PH) | $tCO_2e$ / £m invested | 96 |
| | Reduction in ECI from 2019 base year (cumulative) | % | 58 % |

| **Table B: Subject Matter Information subject to limited assurance** | **Reported Unit** | **Reported Value** |
|---|---|---|
| Reduction in absolute Scope 1 and 2 (market-based) emissions from 2019 base year (cumulative) | % | 51 % |

## Appendix B

### Scope: Qualitative statements within the Transition Plan

The selected statements in the Transition Plan, listed below, have been subject to the procedures described in the *"Summary of work performed"* section of the assurance statement.

| **Subject Matter information subject to limited assurance** | | |
|---|---|---|
| **Page number** | **Section in the Transition Plan** | **Qualitative disclosure** |
| 5 | Introduction | Within our supply chain (part of our Scope 3), we are working hard to support our suppliers to transition. 51% of our suppliers (by spend) have now set validated science-based targets and we aim to increase this to 70% by the end of 2025. |
| 7 | Introduction | We continue to engage key stakeholders, drawing on their strengths and insights to build a supportive environment for the Transition. |
| 18 | Foundations | In 2021, we were one of the first insurance firms to publish a Biodiversity Policy covering our investment, insurance, and Aviva's operations. |
| 23 | Engagement strategy | We encourage governments around the world to: Push for integration of climate into the international financial architecture from members of the international financial architecture – like the International Monetary Fund. |
| 25 | Engagement strategy | We have a multifaceted engagement strategy that is based on our ability to influence outcomes and we apply a decision framework to determine participation in these industry bodies and associations. The framework assesses the extent to which the initiative aligns with and supports Aviva's strategic and advocacy goals, the commitments and actions involved, as well as the potential risks and opportunities associated with our involvement. |
| 32 | Implementation strategy (Investments) | By baselining and understanding our carbon footprint across our investments, we can identify management actions to support the delivery of our sustainability ambition. |
| 32 | Implementation strategy (Investments) | SBTi/portfolio coverage: at least 33% of corporate equity, bonds, and loans in our portfolio to be invested in companies with SBTi-validated targets by year-end 2025. 39% of AUM of portfolio |
| 33 | Implementation strategy (Investments) | Our private assets portfolio already includes significant exposure to low carbon infrastructure such as renewables and passenger rail, and properties with good energy performance ratings. |
| 33 | Implementation strategy (Investments) | To date, we have allocated over £60bn to lower-carbon intensity optimised solutions, with a portion invested in newer solutions that are not yet fully reflected in our climate metrics. |
| 34 | Implementation strategy (Investments) | Aviva Ventures has invested in three sustainability focused venture capital funds |
| 35 | Implementation strategy (Investments) | [Holistic stewardship] informs our advocacy with other investors, regulators, and policymakers; enhances our engagement with companies and enables our investment teams to position our portfolios strategically. |
| 36 | Implementation strategy (Investments) | In line with our existing biodiversity policy, we have made investments in afforestation and sustainably managed forests within our funds. |
| 40 | Implementation strategy (Insurance) | In the UK we have grown our renewables portfolio over eighteen-fold between year-end 2019 and 2024. |
| 40 | Implementation strategy (Insurance) | Aviva already provides insurance for a large number of EVs, currently insuring around 1 in 9 privately registered EVs on UK roads as at Q3 2024. |
| 44 | Implementation strategy (Own operations) | 92% of electric of hybrid vehicles in our operational fleet (UK & Ireland). 45% of Aviva's remaining fleet |

| Subject Matter information subject to limited assurance | | |
|---|---|---|
| **Page number** | **Section in the Transition Plan** | **Qualitative disclosure** |
| 45 | Implementation strategy (Own operations) | In combination with our existing solar car ports and rooftop solar, the turbine will fully power the Perth office with 100% self-generated renewable energy for the majority of the year. It is expected to generate 1,700MWh annually, the equivalent to the electricity required to power over 620 homes |
| 46 | Implementation strategy (Own operations) | The transition in our own fleet will progress as existing lease contracts end and Internal Combustion Engine vehicles are replaced with EVs. |
| 47 | Implementation strategy (Own operations) | We have also made validated Net Zero targets a condition of business with our new and existing suppliers. For contracts exceeding £750k total contract value (CAD$ 500k in Canada), partners without validated SBTi targets (or an approved equivalent) or a commitment to set them within the next 12 months require exception approval from the Group procurement director. We will increasingly look to challenge suppliers who do not implement a validated target for Net Zero emissions. |

# Cautionary statements



## Sustainability-related cautionary statement

### Climate metrics

The climate metrics, projections, forecasts and other forward-looking statements used in this Transition Plan should be treated with special caution, in particular as they are more uncertain than, for example, historical financial information, and given the wider uncertainty around the evolution and impact of climate change, in addition to wider sustainability considerations.

Climate metrics, which are also stated in Aviva's climate-related financial disclosures report, include:

- Estimates of historical emissions and investment in sustainable assets; and
- Forward-looking climate metrics, used for setting of our ambitions and targets as well as, climate scenarios, climate projections and forecasts.

Climate metrics are also used to assess climate-related risks and opportunities in funds/investment strategies.

Our understanding of climate change effects, data, metrics and methodologies, its impact and wider sustainability impacts continues to evolve. Accordingly, both historical and forward-looking climate metrics are inherently uncertain and, therefore, could be less decision-useful than metrics based on historical financial statements. In the next section, we provide a non-exhaustive list of some of the challenges associated with using sustainability metrics in more detail.

**1. Methodologies for estimating and calculating GHG emissions or emissions intensities and other climate metrics vary widely**

There is a lack of standardisation and comparability with many diverging frameworks and methodologies for calculating climate metrics.

For example:

- Some methodologies use company-specific historical emissions data while others result in estimation of emissions based on sectoral or geographical data or averages. Of those that incorporate emissions ambitions and targets, there are different criteria for the types of ambitions and targets that can and cannot be used.
- Scope 2 emissions can be calculated using both market and location-based methods. Some issuers disclose only market-based, some only location-based, and some use both methods. This variability in disclosure practices reflects the evolving nature of climate metric methodologies and disclosures.
- Methodologies vary in their use of Scope 1, Scope 2 and/or Scope 3 GHG emissions. Some use only Scope 1 data, while others use Scope 1 and Scope 2 and yet others take Scope 1, Scope 2, and Scope 3 GHG emissions into account.
- Certain methodologies take cumulative historical GHG emissions into account while others incorporate point-in-time assessments of emissions intensity.

There is a risk that climate metrics may result in over or under estimations.

**2. Calculating climate metrics is a complex exercise and requires making extensive judgements and assumptions**

Some climate data, and in particular forward-looking climate scenarios and related targets are based on underlying assumptions made about climate change policies, technologies and other matters that are uncertain or not yet known.

Any material change in these underlying variables may cause the assumptions, and therefore, the climate metrics, analysis, ambitions and targets which have been calculated based on those assumptions, to be incorrect.

For example:

- Temperature scenarios generally include and future-looking statements will be based upon a set of assumptions that incorporate existing or planned global or regional policies, or business-as-usual sociodemographic projection, and projections for technological progress (including negative emissions and sequestration technologies) and regulatory developments, none of which may happen as contemplated.
- Some assumptions attempt to compensate for existing data gaps, such as past emissions trends or comparable and reliable company specific ambitions and targets. These assumptions may prove to be incorrect and not accurately represent the actual data.
- Modelling issues specific to financed emissions raise additional challenges, particularly around allocating emissions to the wide range of invested assets, insured emissions and financed activities.
- For example, when a financial institution holds a diversified investment portfolio across multiple sectors it is inevitable that the value chains of investees will cross over due to the closely interlinked nature of the real economy. As a result, the Scope 1 emissions of Energy providers are captured within the Scope 2 emissions of all companies that purchase this electricity.
- For the Scope 3 emissions of investments this is amplified by upstream and downstream value chains of investees crossing many times over, leading to significant double counting if absolute Scope 3 emissions are aggregated at the portfolio level.
- There is a risk that the judgement exercised, or the estimates or assumptions used, may subsequently turn out to be incorrect.

**3. There are challenges with obtaining complete, standardised, accurate, verifiable, reliable, consistent and comparable climate-related data**

Climate-related risks and opportunities and their potential impacts and related metrics depend on access to complete, standardised, accurate, verifiable, reliable, consistent and comparable climate-related data. The insurance industry, like other sectors, is grappling with data availability and quality.

For example:

- Climate-related data may not be generally available from counterparties or customers or, if available, it is generally variable in terms of quality and, therefore, may not be complete, standardised, accurate, verifiable, reliable, consistent or comparable.

- Companies may rely on aggregated information based on high-level sector data developed by third parties that may be prepared in an inconsistent way using different methodologies, interpretations, assumptions or reporting periods.
- Data is less readily available for some invested asset types and there may also be data gaps, particularly for private companies, that are filled using “proxy” or other data, such as sectoral average, again developed in different ways.
- There is no single, global, cross-sector data provider that adequately and consistently covers the needed scope for data to analyse emissions and assess physical and transition risks across operations and investment portfolios as well as wider sustainability impacts.
- While some regulators and standard-setters mandate additional disclosure of verified climate-related data by companies, such standards are still developing, and not as widely-standardised, across sectors and markets as those for financial reporting, and there are potential gaps between needed and available data.
- The availability of climate, industrial classification, energy use and efficiency data, including information used as a proxy for that data (e.g. EPC rating) depends on a variety of public, private and civic sector sources. Historically, climate data was largely environmental and weather data was produced by government agencies, however, the challenge is finding the relevant sources, if they exist, and then validating, cleaning and standardising the data in an accessible form or format.

Further development of reporting standards, scientific understanding of climate change and global and regional laws could materially impact the metrics, ambitions and targets contained within this Transition Plan and may mean that subsequent Transition Plans do not allow a reader to compare metrics, ambitions and targets on a like for like basis. Certain disclosures are likely to be amended, updated, recalculated and re-presented in future Transition Plans.

There are many uncertainties, assumptions, judgements, opinions, estimates, forecasts and non-historic data surrounding the climate metrics, data, models and scenarios used to create the data in this Transition Plan; and the measurement technologies, analytical methodologies and services that support them remain in an early stage.

Accordingly, the quality and interoperability of these models, technologies and methodologies are also at a relatively early stage.

Significant data gaps in sectors, sub-sectors and across invested asset classes are impeding not only climate risk management, but also the development of mitigation actions and adoption of strategies, as well as aspects of operations, credit and market risk and investment analysis that depend on data-informed processes.

In summary, the information in this Transition Plan is subject to significant uncertainties and risks which may result in Aviva being unable to achieve the current plans, expectations, estimates, ambitions, targets or projections.

Some of the information in this document has been or may have been obtained from public and other sources, including from third-parties, and Aviva has not independently verified it. Aviva makes no representation or warranty regarding its completeness, accuracy, fitness for a particular purpose or non-infringement of such information, nor is revision of such information in Aviva’s control.

## Other forward-looking statements

This Transition Plan should be read in conjunction with the other documents distributed by Aviva through The Regulatory News Service (RNS). This Transition Plan contains, and we may make, other verbal or written ‘forward-looking statements’ with respect to certain of Aviva’s plans and current ambitions and expectations relating to its future financial condition, performance, results, strategic initiatives and objectives, and other future events and circumstances.

Forward-looking statements include, without limitation, projections, estimates, commitments, plans, approaches, ambitions and targets (including, without limitation, sustainability commitments, ambitions, goals and targets). Statements including those containing the words ‘believes’, ‘intends’, ‘expects’, ‘projects’, ‘plans’, ‘will’, ‘seeks’, ‘aims’, ‘may’, ‘might’, ‘could’, ‘should’, ‘outlook’, ‘objective’, ‘predict’, ‘likely’, ‘target’, ‘goal’, ‘guidance’, ‘trends’, ‘future’, ‘estimates’, ‘potential’, ‘possible’, ‘ambition’ and ‘anticipates’, and words of similar meaning, are forward-looking.

By their nature, all forward-looking statements are subject to known and unknown risks and uncertainty. Accordingly, there are or will be important factors that could cause actual results - and Aviva’s related plans, expectations, and targets - to differ materially from those indicated in these statements. Climate-related forward-looking statements, in particular, can be subject to increased uncertainty due to the challenges in assessing climate-related risks and vulnerabilities, compared to more conventional financial risk assessment.

Factors that could cause actual results to differ materially from those described in these statements include:

- Regulatory measures addressing climate change and broader sustainability-related issues; and
- The development of standards and interpretations, including evolving requirements and practices in sustainability reporting; and the ability of Aviva, together with governments and other stakeholders to measure, manage, and mitigate the impacts of climate change and broader sustainability-related issues effectively.

A detailed description of other relevant factors is contained within Aviva’s most recent annual report available on its website at www.aviva.com/investors/results-presentations-reports/

Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements; such statements should be regarded as indicative and illustrative only.

Forward-looking statements in this Transition Plan are current only as of the date on which such statements are made. Notwithstanding any statements of intent or expectation in this Transition Plan, Aviva does not undertake to update our forward-looking statements nor the wider Transition Plan except as required by applicable law and does not provide any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements will actually occur.

## Use of MSCI data

Certain information contained herein (the "information") is sourced from/copyright of MSCI Inc. MSCI ESG Research LLC, or their affiliates ("MSCI"), or information providers (together the "MSCI Parties") and may have been used to calculate scores, signals, or other indicators. The information is for internal use only and may not be reproduced or disseminated in whole or part without prior written permission. The information may not be used for, nor does it constitute, an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product, trading strategy, or index, nor should it be taken as an indication or guarantee of any future performance. Some funds may be based on or linked to MSCI indexes, and MSCI may be compensated based on the fund's assets under management or other measures. MSCI has established an information barrier between index research and certain information.

None of the information in and of itself can be used to determine which securities to buy or sell or when to buy or sell them. The information is provided "as is" and the user assumes the entire risk of any use it may make or permit to be made of the information. No MSCI Party warrants or guarantees the originality, accuracy and/or completeness of the information and each expressly disclaims all express or implied warranties.

No MSCI Party shall have any liability for any errors or omissions in connection with any information herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

## Use of Carbon Trust data

The Carbon Trust Group (CT) supported the calculation of financed emissions metrics for infrastructure debt and commercial real estate mortgages and presented the final data in Aviva's proprietary data model developed prior to the CT's engagement.

The calculation of financed emissions is based on PCAF methodologies and dependent on the data available. Carbon Trust has not considered the interest of any other party when supporting with the calculation of the financed emissions. To the fullest extent permitted by law, Carbon Trust accepts no responsibility and denies any liability to any other party for its work in supporting with the calculation of financed emissions.

As the calculations are based on information made available by Aviva and other third parties, Carbon Trust does not warrant that the information presented in the calculations is complete, accurate or up to date.

Carbon Trust is not an auditor and cannot in every instance independently verify or validate the information it receives. Any person who obtains access to Aviva's calculations of financed emissions and chooses to rely on them will do so at their own risk.

Furthermore, the calculations of financed emissions shall in no event be interpreted and construed as an assessment of the economic performance and creditworthiness of Aviva or any of its products or investments.

## Use of Deepki Data

Deepki supported the calculations of financed emissions for direct real estate through provision of reported real estate emissions from physical meter readings and invoicing. Where reported data is not available, estimates for direct real estate are provided and are calculated using regionally specific energy intensity factors based on consumption data from across Deepki's wider database of buildings, which use floor area and property type.

Deepki is an ESG data platform covered by an ISAE 3000 type II attestation. Carbon emissions data included within the Deepki platform are assured through ISO 14064 which assures the relevance, completeness, consistency, accuracy and transparency of carbon data calculated and displayed within the platform. However, to the fullest extent permitted by law, Deepki accepts no responsibility for the content, information, data posted online and/or disseminated or published through the platform which enables Aviva to collect ESG data to monitor Aviva Investor's portfolio. As Deepki have not reviewed or moderated, selected, verified or checked the content, information or data in any way and is acting only as a hosting provider, any person relying on financed emissions metrics for direct real estate does so at their own risk.

The asset and associated ESG data for Aviva Investor's managed assets is reported "as is". Deepki makes no warranty as to the accuracy, integrity, completeness, absence of defects, non-infringement of intellectual property rights and/or suitability of the direct real ESG data for any purpose whatsoever.

As explained in our 'Assurance approach' on page 1, the information in this document is unaudited, except for those metrics indicated with an AR or AL symbol, indicating reasonable assurance or limited assurance, respectively. This Transition Plan has been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this Transition Plan is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed. Aviva plc is a company registered in England No. 2468686.

**Registered office:**
80 Fenchurch Street
London, EC3M 4AE

**Aviva plc**
80 Fenchurch Street,
London, EC3M 4AE
+44 (0)20 7283 2000
www.aviva.com

Registered in England
Number 2468686

**Search for Aviva plc:**