Aviva's ClimateWise Response 2023

Aviva has reported on climate change in our Annual Report and Accounts since 2004. Our response sets out how Aviva incorporates climate-related risks and opportunities into our governance, strategy, risk management, metrics and targets. Aviva's ClimateWise response is based around our most recent Climate-related Financial Disclosure (TCFD), Climate Transition Plan, Sustainability Report and ESG Data Sheet. These documents, as well as other relevant sources, are referenced throughout this response and provide supporting evidence for the content.

"Acting sustainably is a cornerstone of Aviva's strategy for very good reasons. It matters to our customers, our people and our world. The long-term health of our business depends entirely on a sustainable future to be doing business in. We want to help set the standard."

Amanda Blanc, Aviva Group Chief Executive Officer

Principle 1- Be Accountable

- Ensure that the organisation's board is working to incorporate the Principles into business strategy and has oversight of climate risks and opportunities.

Climate Transition Plan (page 34)

2022 TCFD (pages 16-20)

Customer and Sustainability Committee - Aviva plc

Climate-related risks and opportunities are a top priority for our board which is demonstrated through their direct input to our goals, strategy and its execution. Several board level committees have key responsibilities and oversight of different elements of our transition plan.

The Customer and Sustainability Committee replaced the Customer, Conduct and Reputation Committee during 2022, demonstrating an increased focus on sustainability at board level. This committee provides oversight of Aviva's Sustainability Ambition, ensuring alignment with Group's strategy and business plans. It also assists the Board Audit Committee in reviewing Aviva's plans on sustainability and climate action, including the setting, disclosing and achievement of goals.

The Risk Committee assists the Board in its oversight of climate-related risks and opportunities through assessing the effectiveness of our risk management framework, strategy, appetite, profile and compliance with prudential regulatory requirements. This includes climate transition, litigation and physical risk as well as other relevant sustainability risks.

The Audit Committee oversees climate-related and non-financial reporting, external disclosures and the adequacy and effectiveness of internal control systems over these.

The Remuneration Committee assists the Board in its oversight of remuneration, including the consideration of climate metrics and goals as relevant.

During 2022, the Risk Committee recommended the climate risk appetite to the Board for approval and monitored progress against our ambition. In February, a joint session was held with the Customer and Sustainability Committee to review the approach to governance and monitoring across asset classes and how they support climate risk appetite metrics. The Board also discussed the outputs from the second phase of the PRA Climate Biennial Exploratory Scenario (CBES) report, which helped inform the proposed risk appetite.

- Describe management's (below board-level responsibility) role in assessing and managing climate-related issues.

2022 TCFD (pages 16-20)

Sustainability Business Standard

Climate Transition Plan (page 38)

The board is supported by a number of management groups in assessing and managing climate-related issues. One example is the Aviva Sustainability Ambition Steering Group (ASA) which is responsible for implementing the ASA across the group. The ASA has 3 key strategic areas- Climate Action, Sustainable Business, and Social Action. Each of the Market CEOs is responsible for overseeing the management of climate-related impact for their businesses, including the development and implementation of market-level climate change plans. For example, in 2022 the Group Chief Operating Officer (COO) was accountable for ensuring the execution of the 2030 Net Zero Operations and supply chain element of Aviva's Climate Ambition including the property, energy and IT decarbonisation, that procurement practices are in line with the Science Based Targets initiative (SBTi) and that our operations are in line with our specific climate targets.

Our Chief Brand and Corporate Affairs Officer, who sits on the Executive Committee, is responsible for sustainability including climate-related issues. He sponsors and chairs the ASA Steering Group where high-risk ESG cases are escalated for further review. Within his Senior Leadership Team are our two Sustainability Directors and Head of Sustainability – Climate Action that lead the Group Sustainability Team. We have several other market/business level sustainability teams and leaders; however, this central team champions the strategy across the group.

- Progress Against Principle 1 Since Last Response

In last year's ClimateWise response, we mentioned looking into expanding training around climate change and the environment, including making professional qualifications more accessible.

36 of our board members, including group and subsidiary boards, have had ESG related briefings and capability building. In May 2022, we provided climate change training to the board, and to the relevant group and local committees. The training focused on an introduction to greenhouse gas (GHG) accounting: Scope 1, 2 and 3. This included measuring Scope 3 Category 15 (Investments), the financial implications of pursuing our Net Zero ambition for investments, and the role of finance in the production of climate and sustainability metrics. This equips our senior management to give appropriate direction and ensures challenge, guidance and support is given to the executives.

More widely for employees and leaders, we have updated our learning hub for leader support with sustainability content. This was specifically requested by senior leaders, and we will continue to expand this. We have also upgraded our internal Sustainability Academy which is accessible to all employees via the Aviva University. This includes a link to the United Nations Global Compact (UNGC) Learning Academy which hosts an additional plethora of sustainability content.

- Planned Activities Relevant to Principle 1

We have further plans to expand the training and environmental awareness of our workforce as we believe this is fundamental to ensuring the ClimateWise principles are incorporated into our business strategy. We need our leaders, as well as all employees, to understand the conditions in which our business operates so that they can make the best decisions for Aviva. We are currently reviewing our sustainability learning platform to understand how to engage more colleagues and increase course completion rates.

Additionally, we committed to refresh our Climate Transition Plan once every 3 years, therefore aim to begin consultation on this later in 2023, for release in 2024.

Principle 2- Incorporate climate-related issues into our strategies and investments

- Evaluate the implications of climate change for business performance (including investments) and key stakeholders
- Measure and disclose the implications of climate-related issues for business performance (including investments) and key stakeholders

Climate Transition Plan

2022 TCFD (pages 16-20)

2022 Annual Report (pages 2.33-2.38)

These two subprinciples are strongly interlinked and addressed together in our external reporting; therefore, it makes sense to address them in tandem rather than to repeat the content across both sections.

Our TCFD evaluates and measures the potential implications of climate change for business performance. One of the inputs into our climate risk assessment process is the scenario analysis performed through our Climate Value-at-Risk (VaR) measure. This measure enables the potential financial impacts of future climate-related risks and opportunities to be assessed in different Intergovernmental Panel on Climate Change (IPCC) scenarios and in a blended aggregate scenario, as well as providing an indication of the resilience of our strategy. Each scenario describes a potential trajectory for future levels of greenhouse gases and other air pollutants. Some of these can be mapped to likely temperature rises by 2100 and the levels of economy-wide mitigations required: 1.5°C (aggressive mitigation), 2°C (strong mitigation), 3°C (some mitigation) and 4°C (no further mitigation).

The full detail on this can be found in our TCFD as referenced above. Similar to last year, in all scenarios the impact on insurance liabilities is more limited than on investment returns. However, there is potential for some impact on the Life and Pensions business as a result of changes in mortality rates in different scenarios either from physical effects such as more extreme hot and cold weather or transition effects related to changes in pollution levels. The impact on general insurance liabilities is mitigated by the short-term nature of the business, the ability to re-price annually, and by our reinsurance programme. However, the physical effects of climate change will result in more risks and perils becoming either uninsurable or unaffordable over the longer term.

In addition to our TCFD, last year we published our Climate Transition Plan which further describes how we have evaluated and measured the implications of climate change on business performance across investments, operations, underwriting and claims management. The following content references some of the key messages, however, we advise readers to review this in full.

The main metric we use to assess our portfolio performance for our Net Zero commitments is carbon intensity by revenue, for our near term 2025 target. To enhance the baseline intensity measurement of our portfolio emissions, we also employ other supporting metrics (e.g. portfolio warming potential and amount of investments in green assets). These allow us to assess the level of alignment of our investments with global or national targets on climate change mitigation.

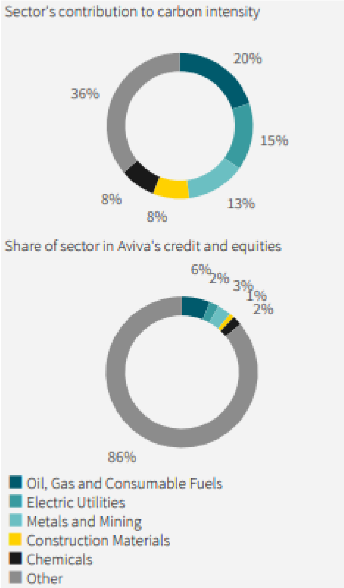
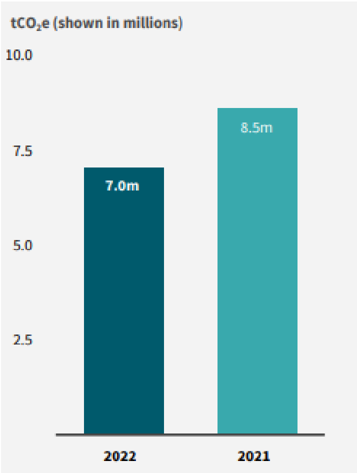


Figure 2: Scope 1 and 2 absolute financed greenhouse gas emissions (tCO_2e) for credit and equities for shareholder, with-profit and policyholder funds (excluding Sovereigns)[1] Source: Aviva/ MSCI[2]/CI



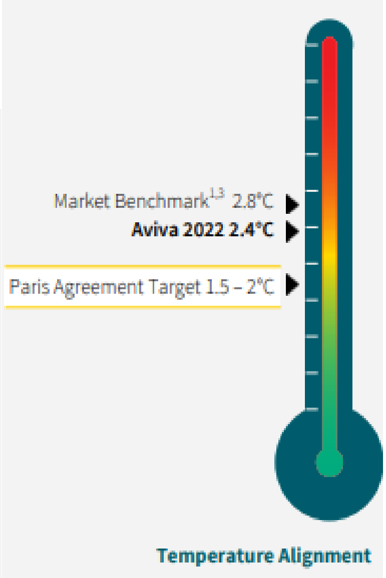
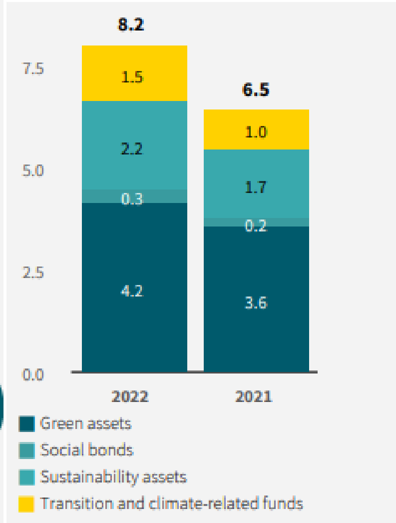


Figure 7: Investment in sustainable assets (£bn)[1,2]. Source: Aviva/CBI



We also measure and disclose progress on our operational carbon emissions. Against our Scope 1 & 2 operational emissions reduction goal of 8% per year to reach Net Zero by 2030, we have achieved a 43% decrease from our 2019 baseline to date. This will leave us with a residual share of non-abatable emissions that will be tackled through carbon removals to reach Net Zero.

Aviva takes its responsibility to influence systemic change seriously, to nudge us all towards a just transition. We are doing this in many ways, from the innovative financial products we offer in the market to using our voice in alliances such as the Glasgow Financial Alliance for Net Zero (GFANZ), Net Zero Asset Owner Alliance (NZAOA), Net Zero Insurer Alliance (NZIA), Net Zero Asset Managers' initiative (NZAM), Transition Pathway Initiative and Climate Action 100+.

We were actively engaged with policy makers, business and industry at COP27, supporting the announcement to make the UK the first Net Zero financial centre and requirement for businesses to issue a climate transition plan – we published a joint report with the Worldwide Fund for Nature (WWF) asking the chancellor to mandate Net Zero transition plans aligned with a 1.5°C future, demonstrating again how we advocate for real change.

Regarding how climate-related metrics are incorporated into remuneration, our carbon targets are factored into our Long-Term Incentive Plan (LTIP). Percentage reduction in the carbon intensity of shareholders' assets represented 7.5% of the total LTIP in 2022, which increased from 5% in 2021. The board, executive committee and senior management are eligible for the LTIP as refenced on page 2.38 of the annual report.

- Incorporate the material outcomes of climate risk scenarios into business (and investment) decision making

Climate Transition Plan

2022 TCFD (pages 16-20)

The actions we are taking to achieve our Net Zero commitment and reduce our investment exposure to carbon intensive sectors over time should lead to a reduction in the warming potential of Aviva's portfolio. We monitor the emissions of our investment portfolio for shareholder, with-profit funds and policyholder funds and our progress towards our climate ambitions. Our disclosure is for the largest of our classes of our investment portfolio, credit and equities.

We seek to align our investments with a pathway towards Net Zero carbon emissions and ensure consistency with the 1.5°C ambition. We signed up to key global targets in line with the NZAOA and plan to reduce the carbon intensity of our investment portfolio by 25% by 2025, and by 60% by 2030, aiming to achieve Net Zero emissions by 2040.These targets are in line with the required emission reduction to reach the 1.5°C ambition as defined in the latest IPCC analysis.

The materiality and horizons over which climate-related risks and opportunities affect our business depend on the specific insurance products, geographies and investments being considered. For example, our General Insurance business considers risks in the underwriting and pricing processes and in setting the reinsurance strategy, based on a relatively short time horizon (one to three years). Aviva recognises that the increased severity and frequency of weather- related losses has the potential to negatively affect our profitability. Consequently, large catastrophic losses are already explicitly considered in our economic capital modelling to ensure resilience to such catastrophic scenarios. In contrast, when developing our new product strategy and updating Aviva's overall business plan, the impact of these risks and opportunities is considered over a medium time horizon (three to five years). With respect to life and pensions, in areas such as setting premium rates and reserves for annuities in payment as well as our investment strategy to back those liabilities, the impact of these risks and opportunities needs to be considered over a much longer time horizon (five years plus).

- Progress Against Principle 2 Since Last Response

In last year's ClimateWise response, we referenced our plans to increase the proportion that carbon targets represent in our LTIP for senior leaders. The percentage reduction in the carbon intensity of shareholders' assets represented 5% of the total LTIP in 2021, and this indeed increased to 7.5% in 2022 as planned.

Additionally, we mentioned that we were pursuing SBTi approved targets to ensure the alignment of our commitments with the requirements of a recognised and respected standard setter. We are delighted to confirm that our targets have now been approved and are as follows:

Aviva plc

Scope 1 and 2: Aviva plc commits to reduce absolute scope 1 and 2 GHG emissions 90% by 2030 from a 2019 base year.

Scope 3 category 1-14: Aviva plc commits to 70% of its suppliers by spend covering purchased goods and services setting SBTi validated targets by 2025.

Scope 3 Portfolio Targets

Headline target: Aviva plc's portfolio targets cover 50% of its total investment and lending activities by assets under management as of 2019.[1]

Scope 3 asset class level targets

Asset class	Method	Target language
Electricity generation project finance	Sector Decarbonization Approach (SDA) / renewable procurement	Aviva plc commits to continue providing electricity generation project finance for only renewable electricity through to 2030.
Real estate	SDA	Aviva plc commits to reduce its real estate investment portfolio GHG emissions 57% per square meter by 2030 from a 2019 base year.
Corporate instruments (listed equity, bonds, loans)	Portfolio Coverage	Aviva plc commits to 33% of its corporate equity, bonds and loans portfolio by invested value setting SBTi validated targets by 2025.

- Planned Activities Relevant to Principle 2

A big part of incorporating climate-related issues into our strategy involves growing our investment in sustainable assets. We will continue to monitor this in line with emerging best practice and disclosure standards. We will also keep our definition up to date in line with development of economy-wide definitions of green and sustainable assets, including through the UK Green Finance Roadmap, UK Green Taxonomy and Sustainability Labelling Regime. Aviva originates investments with broader sustainability credentials, including social infrastructure (housing, education, healthcare, and other affordable social infrastructure). In 2023, consideration will be made to the reporting of a broader investment in sustainable assets metric as part of our sustainability reporting. This will include the development of an Economic Carbon Intensity (ECI) investment metric to measure a wider scope of asset classes – government bonds and loans, commercial real estate mortgages and equity release mortgages, and other private assets, in addition to corporate equity, bonds, loans and direct real estate.

Principle 3- Lead in the identification, understanding and management of climate risk

- Ensure processes for identifying, assessing and managing climate-related risks and opportunities are integrated within the organisation (including investments).

Climate Transition Plan (page 9)

2022 TCFD (pages 54-57)

2022 Annual Report (pages 1.69)

Aviva ESG baseline underwriting statement

Aviva ESG Investment Exclusions Policy

Aviva Biodiversity Policy

Rigorous and consistent risk management is embedded across Aviva through our risk management framework. This sets out how we identify, measure, monitor, manage and report on the risks to which our business is, or could be, exposed to, which specifically includes climate-related risks.

Our process for identifying potential exposure to climate-related risks is via the associated physical and transition transmission channels (for example new climate policies and legislation or increases in average temperatures and abnormal changes to weather conditions). We ensure this is integrated by having dedicated teams that look out for these developments and remain vigilant of the external landscape. Once identified, we then conduct exposure analysis to understand how these risks will impact our most material exposures.

We map emerging risks and trends on our emerging risk spectrum according to the nature and size of their impact, and proximity of them occurring. This provides us with the overall materiality which dictates the prioritisation for management action and reporting necessary.

Since 2020, our business standards have integrated climate-related risks across all risk and control management activities. We also incorporate climate metrics, targets and operating risk limits in our business plans, to facilitate risk-based decision making. In 2022, we continued to build our climate risk capability and further integrate it into our risk management and risk appetite frameworks. We further developed guidance, metrics and targets, to support better understanding and monitoring as well as ensure climate-related risks and opportunities are embedded in our day-to-day decision making in line with our climate risk appetite.

- Support and undertake research and development to inform current business strategies (including investments) on adapting to and mitigating climate-related issues.

2022 Responsible Investment Annual Review (page 70)

Aviva to support restoration of shrinking saltmarsh habitat to combat climate change - Aviva plc

Aviva joins forces with WWF - Aviva plc

To meet our net-zero targets, we must decarbonise our activities as much as possible as well as investing in removing carbon from the atmosphere to offset our residual emissions. Nature-based carbon removals can help tackle the climate and ecological emergencies, but they take time to research, develop and scale.

A key example of this our partnership with the Wildfowl & Wetlands Trust (WWT) to support saltmarsh research and restoration in the UK. Saltmarshes have a significant role to play in fighting climate change and reversing nature loss by providing a long-term, natural store of carbon and creating a rich and unique habitat for plants and animals specially adapted to the conditions. It is estimated that 85% of English saltmarsh has been lost in the last 200 years. The partnership between Aviva and the WWT will develop best practice in saltmarsh restoration, unlocking its power to deliver multiple benefits. It will see Aviva donate £21 million to WWT to restore up to 250 hectares of saltmarsh and support new 'on the ground' research to help fill evidence gaps and provide a catalyst for further investment in saltmarsh creation to help combat climate change and reverse nature loss.

We are doing additional research with the WWF. This project seeks to understand the regional resilience of saltmarsh habitats to sea-level rise, identifying optimal areas for conservation and restoration. Specifically, it will quantify carbon sequestration rates and total stock changes over time in the Ribble Estuary, where the carbon flux tower will be located. Combined with existing environmental and ecological data, we will be able to determine drivers behind carbon dynamics. In the long term, the methodologies developed as part of this project will be applied to saltmarsh habitats across the UK, which will be instrumental in understanding the factors affecting carbon capture and storage and will allow this habitat to be incorporated into the UKs Greenhouse Gas Inventory.

Regarding investments, it is incumbent upon us to look ahead to identify potential market-wide and systemic risks through research and seek to mitigate these through engagement. In 2022, we internally produced over 350 ESG research reports to support investment integration.

A key element of this is thematic research. The identification of long-term, systemic sustainability risks such as climate change, biodiversity loss and inequality is supported by our sustainable outcomes team, which is responsible for top-down and impact-orientated thematic research. The team monitors regulatory, scientific, commercial, and technological developments across three main pillars – people (social justice), earth (nature positive) and climate (net zero) – and produces research that is accessible to all investment teams. Our ESG analysis process is circular with a continuous feedback loop, where each pillar informs the other and ultimately our investment views. This empowers portfolio managers with the ESG insights they need to integrate ESG into their investment process.

- Progress Against Principle 3 Since Last Response

In last year's ClimateWise response, we referenced our Climate Engagement Escalation Programme (CEEP) and progress on this to date. The CEEP focuses on the 30 most systemically important carbon emitters across our credit and equity portfolios that contribute approximately a third of all global emissions, considering their Scope 3 footprint. This is a key element of our leadership in understanding and managing climate risk for our investments.

In 2022, our dialogue largely focused on gaining a clearer picture of the feasibility and implementation schedule of Net Zero transition plans, interrogating how targeted change will be delivered with laser-focus on expected action within the next decade. We have also stressed the importance of more granular transition plans that are linked to business fundamentals and aligning incentives and emissions reduction plans. Whilst 73% of companies have now linked their climate transition plans and remuneration incentives, current remuneration packages are not enough to incentivise ambitious and rapid transition of business profiles.

We have now undertaken 213 engagements across the CEEP focus group. These engagements have spanned one-on-one meetings, conference calls, and participation in industry events and workshops.

- Planned Activities Relevant to Principle 3

In 2023, we will continue to use the CEEP in tandem with our broader engagement initiatives at Aviva Investors, to drive change with poorer performers. Where progress falls short of our expectations, we will take appropriate escalation action to amplify pressure. We have already begun expanding the scope of CEEP - shifting focus from the supply side of energy to the demand side, engaging with companies in key 'hard to abate' sectors where solutions need to be found. This includes heavy duty transport such as aviation, shipping and long-haul trucking, chemicals, steel and cement. The path to Net Zero is complicated and requires a nuanced, pragmatic, approach that involves both the supply and demand side of energy, where the vast majority of real-world emissions take place. We are seeking to replicate this programme in respect of engagement with corporates of biodiversity/deforestation risk. This will involve 30 companies that we will engage bilaterally and 10 companies that we will engage as part of Financial Sector Deforestation Action (FSDA). We will share more on our progress with this in our next ClimateWise response.

Principle 4- Reduce the environmental impact of our business

- Encourage our suppliers to improve the environmental sustainability of their products and services and understand the implications these have on our business.

Third-Party Business Code of Behaviour

Aviva Sustainable Procurement Statement

Climate Transition Plan (pages 25 and 33)

2022 TCFD (page 51)

We discuss our expectations of suppliers regarding the environment in our Third-Party Business Code of Behaviour and Sustainable Procurement Statement which are publicly available and applicable across the Group.

Following our ambition in March 2021 to reach Net Zero by 2040 and have a Net Zero supply chain by 2030, we have mobilised a Procurement work stream in Aviva's Operations Net Zero Programme and set about ensuring that our purchased goods and services (Scope 3 Category 1) are aligned to the low carbon economy transition. We are increasingly looking to work with organisations that have a shared ambition to reduce our environmental impact globally, and particularly those that have enshrined this commitment through external benchmarks such as science-based targets.

In 2022, we ran an ESG questionnaire with a range of functions at our top 40 emitting suppliers to establish our current supply chain ESG position and grow our understanding of supply chain data challenges. We have been proactively engaging our top 80% of suppliers (by spend) to understand their plans and strategies on ESG and collaborating with a specific few who have the greatest environmental impact. We have developed a new ESG schedule which will now apply to all new contracts on our standard terms.

Additionally, we have become a customer of EcoVadis, the leading ESG supplier ratings provider, to enhance our understanding of our supplier sustainability profile. We have already updated our supplier landing pages and Request for Proposals (RFP) headers to reflect our much bolder ESG agenda and amended our onboarding processes to capture more information about suppliers' ESG status. We have also added ESG KPIs into our key management reporting within procurement.

From a carbon footprint standpoint, our claims management process is considered part of our supply chain. Therefore, the SBTi target we have set- Aviva commits that 70% of its suppliers by spend covering purchased goods and services will have signed up to science-based targets by 2025- is in respect of both what we buy for ourselves as well as what we purchase as part of our claims process. We are taking active measures to reduce the emissions from our claims management processes. For example, we use recycled parts where possible with vehicle repairs. This is especially true for older vehicles, or vehicles where parts may no longer be available and would otherwise have to be declared a total loss. We review our claims procedures to make sure the actions we take have a lower impact on the environment, for example provision of energy efficient replacement goods or improving the efficiency of our processes. Additionally, in the UK, our improved drying process after flood claims reduces the associated carbon emissions

- Disclose our Scope 1, 2 and 3 GHG emissions using a globally recognised standard

2022 Annual Report (pages 1.65)

2022 TCFD (pages 61-75)

2022 ESG Data Sheet (sheets 1.1-1.4 Climate Action)

2022 Reporting Criteria (pages 4-14)

We have measured and reported on our operational carbon emissions since 2004. We have also been carbon neutral in respect of our operations since 2006 through the purchase and retirement of carbon offsets from the voluntary carbon market.

We have set out below our GHG emissions on an absolute CO2e basis in accordance with the Streamlined Energy and Carbon Reporting (SECR). The 2021 comparatives have been re-presented to exclude the emissions for China which are presented under Scope 3 investments reporting, given there is no operational control.

			2022			2021
Operational emissions	UK	Overseas	Total	UK	Re-presented Overseas[1]	Total[1]
Emissions						
Scope 1 (tCO_2e)	6,550	1,976	8,526	8,870	1,724	10,594
Scope 2 (tCO_2e) - market-based	—	563	563	—	2,288	2,288
Scope 3 (tCO_2e)	3,172	1,697	4,869	1,072	582	1,654
Total emissions (tCO_2e)	**9,722**	**4,236**	**13,958**	9,942	4,594	14,536
Carbon avoidance credits (tCO_2e)[2]	(9,722)	(4,236)	(13,958)	(9,942)	(4,594)	(14,536)
Total net market-based emissions (tCO_2e)	—	—	—	—	—	—
Intensity ratios (market-based)						
Scope 1 and 2 - market-based emissions (tCO_2e) / £ million GWP	0.46	0.54	0.48	0.58	0.97	0.66
Total market-based emissions (tCO_2e) / £ million GWP	0.69	0.90	0.74	0.65	1.11	0.75
Total market-based emissions (tCO_2e) / employee	0.59	0.59	0.59	0.64	0.60	0.63
Location-based emissions (tCO_2e)						
Scope 1 (tCO_2e)	6,550	1,976	8,526	8,870	1,724	10,594
Scope 2 (tCO_2e) - location-based	5,024	2,813	7,837	5,912	3,517	9,429
Total Scope 1 and 2 location-based (tCO_2e)	**11,574**	**4,789**	**16,363**	14,782	5,241	20,023
Scope 3 (tCO_2e)	3,172	1,697	4,869	1,072	582	1,654
Total location-based (tCO_2e)	**14,746**	**6,486**	**21,232**	15,854	5,823	21,677
Intensity ratios (location-based)						
Scope 1 and 2 - location-based emissions (tCO_2e) / £ million GWP	0.82	1.01	0.86	0.97	1.27	1.03
Total location-based emissions (tCO_2e) / £ million GWP	1.04	1.37	1.12	1.04	1.41	1.12
Total location-based emissions (tCO_2e) / employee	0.89	0.91	0.90	1.02	0.76	0.93
Energy consumption						
Energy consumption (MWh)	57,233	14,537	71,770	65,547	15,524	81,071

Further information on our emissions data can be found in the reporting documents linked above. For the first time, we have disclosed our estimated financed emissions separately in our TCFD.

As mentioned in Principle 2, in December 2022 Aviva became the first international composite insurer to have carbon-reduction goals validated by the SBTi.

Aviva's targets include commitments to:

• Achieve a 90% reduction in absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 2030 against a 2019 baseline

• Reduce real estate portfolio greenhouse gas emissions by 57% per square metre by 2030 compared to 2019 levels

Additionally, we are aiming to reduce the weighted average carbon intensity (WACI) of our credit and equity investments (shareholder and with-profits portfolio only) by 25% by 2025 and Economic Carbon Intensity (ECI) reduction of 60% by 2030 from a 2019 baseline.

- Measure and seek to reduce the environmental impacts of the internal operations and physical assets under our control

2022 ESG Data Sheet (sheets 1.1-1.4 Climate Action)

2022 Sustainability Report (pages 18-24)

As referenced above, in 2022 we set ourselves some ambitious targets which we will report against externally on an annual basis. At full year 2022, we had achieved a 43% reduction in absolute Scope 1 and 2 emissions from our 2019 baseline, which demonstrates strong progress in reducing the environmental impact of operations under our control.

To achieve these, we have several sub-goals and initiatives aimed at emissions reduction. For example, in 2015 we set ourselves the goal of using electricity generated entirely from renewable sources in our own operations by 2025. In 2022, we achieved this and now 'match' all our electricity to renewable sources. Some of this has been through generating our own electricity onsite, or by buying electricity certified as coming from renewable sources such as hydro, solar and wind. Where the building landlord controls the electricity supply, we buy energy certificates to match the amount we've consumed to renewable sources. Through this we are able to advise that we have achieved our RE100 commitment two years earlier than the target year we originally set.

Another example is our waste management activity. We eliminated all single use plastic in our workplaces across the UK in 2019 and continue to progress against our internal waste targets. This year, we have hosted multiple "Let's Talk Rubbish" colleague engagement sessions both on-site and online, to discuss how waste reduction and behaviour change plays a key part in achieving Aviva's Net Zero goals. We also have an internal Sustainability Champions network to help spread awareness and encourage waste conscious behaviour amongst colleagues.

We discuss the full detail around our targets, including methodologies and rationale, as well as disclosing multiple environmental data points alongside year-on-year progress in our Sustainability Report and supporting ESG data sheet.

- Engage our employees on our commitment to address climate change, helping them to play their role in meeting this commitment in the workplace and encouraging them to make climate-informed choices outside work.

2022 Sustainability Report (pages 14-15)

2022 ESG Data Sheet (sheet 3.3 Sustainable Business)

Being in the insurance sector and seeing the impact of climate on our customers, it is imperative to Aviva that our employees understand the urgency of the climate crisis; and to integrate this into their work.

In 2021, we created a range of online climate training modules so that everyone in the business has the tools to play their role in meeting our commitments, and the knowledge to make climate informed choices. In 2022, 99.60% of our employees completed the climate training we added to our essential learning course. More in-depth training has also been deployed to those who hold direct responsibilities to identify, manage, measure and report climate-related risks and opportunities. Furthermore, as part of our annual personal goal setting process, all colleagues have been tasked with setting a sustainability goal for 2023.

Our employees continue to volunteer and fundraise through the Aviva Foundation, Aviva Community Fund (ACF) and our partnership with the WWF, all of which help to embed climate change and environmental awareness into our culture. ACF's Climate Fund, launched in late 2021 through Crowdfunder, was designed to boost funding for climate-related community projects through matching the donations to projects received from Aviva employees. 58 projects designed to help communities prevent or reduce the impacts of climate change raised £199k throughout 2022. The impacts of these climate-related projects were felt in communities throughout the UK, helping them to become more climate ready and resilient.

We also continue to run our Climate Snap-Brief sessions which we aim to host at least twice a year. These are 30-minute Teams calls with 10 minutes on what Aviva is doing about climate change, 10 minutes on what is happening in the public policy space on climate and the final 10 minutes on Q&A. We have seen great engagement on these calls.

We track employee engagement on our sustainability agenda through our annual Voice of Aviva (VOA) survey using the following question: 'To what extent do you agree that Aviva is a good corporate citizen? (For example, our new sustainability goals focused on working with our communities and being environmentally friendly)'. In 2022, 88% responded to say that they either agree or strongly agree which increased from 82% in 2021. For the first time last year, we also included the following question: 'Are you embedding sustainability considerations into your actions at work?' 73% responded yes.

- Progress Against Principle 4 Since Last Response

In last year's ClimateWise response, we mentioned the Net Zero Supplier Summit we planned to hold in Q4 to engage the top 80% of our supply base by spend. We also referenced our desire to improve the environmental benefits we have under our flex benefits offering and making professional sustainability qualifications more accessible for our colleagues.

We held the Summit in November as a call-to-action across our supply chain with c.250 attendees. 100% of attendees noted that they were going to take action as a result of attending the event which is an excellent outcome. We plan to host these summits annually going forward as a means of tracking progress and maintaining traction.

Regarding benefits, last year we increased the options in our Cycle2work scheme to make bicycles/e-bikes more affordable for colleagues. We introduced a 24-month option, alongside the existing 12 months, giving colleagues the ability to spread their cost over a longer period. Of the 188 new Cycle2work arrangements put in place from February 2022, 65% of those new arrangements have taken advantage of the new 24-month option.

Finally, 50% of the Group Sustainability Team undertook an external course this year on sustainability which demonstrates our progress on making professional sustainability qualifications more accessible. Several individuals outside of the team also took part in external courses, and we plan to start tracking completions centrally in the future.

- Planned Activities Relevant to Principle 4

We have some key priorities this year regarding suppliers in line with our Net Zero Supply Chain by 2030 goal.

We will be scheduling formal training on emerging best practice in sustainable sourcing, to augment regular learning sessions with internal and external ESG experts, as well as wide networking with peers to continue to grow our knowledge and capability. We have also begun building a knowledge library of useful resources for our commodity category managers to continually upskill in this area.

We continue to review our key existing supplier contracts to ensure they have sufficiently strong ESG commitments that move towards our 2030 ambition. We are starting to consider excluding new suppliers based on their ESG credentials.

Finally, we are implementing the EcoVadis service to integrate with our supplier systems so that we can use the information in supplier selection decisions and management processes with our existing suppliers. We will be dialling up the strength of the ESG criteria, such as the application of weighting in our new supplier selection processes.

Principle 5- Inform public policy making

- Promote and actively engage in public debate on climate-related issues and the need for action. Work with policymakers locally, regionally, nationally and internationally to help them develop and maintain an economy that is resilient to climate risk

2022 Responsible Investment Review (pages 19, 42-43, 91 and 127)

Sustainable finance - Aviva plc

We recognise that companies alone cannot make the world Net Zero. Action is needed from governments, regulators and others who help shape global economies and financial markets to accelerate the necessary change.

We are members of multiple alliances that drive the public debate on climate-related issues and call on governments to prioritise and advance climate policy and legislation. These include GFANZ, NZAOA, NZIA, NZAM, Transition Pathway Initiative and Climate Action 100+.

In 2022, we contributed to many of the key financial-sector initiatives launched at and ahead of COP27, including the GFANZ Framework for Financial Institution Net-Zero Transition Planning and a Call to Action to G20 governments. We also contributed to the NZAOA's second progress report - 'Advancing Delivery on Decarbonisation Targets' and are represented as a co-lead of the Monitoring, Reporting and Verification working track. Finally, we contributed to the development of the NZIA target setting protocol and were 1 of the 16 members of the Partnership of Carbon Accounting Financials (PCAF) Insurance-Associated Emissions Working Group that developed the first-ever accounting standard to measure greenhouse gas emissions associated to insurance portfolios. The standard covers commercial lines and personal lines motor.

We were actively engaged with policy makers, business and industry at COP27, supporting the announcement to make the UK the first Net Zero financial centre and requirement for businesses to issue a climate transition plan. We published a joint report with the WWF last year asking the chancellor to mandate Net Zero transition plans aligned with a 1.5-degree future, demonstrating again how we advocate for real change.

As investors, we can help drive the required transition by using a variety of levers, including voting, engagement and macro stewardship. This refers to engaging with regulators, governments and other entities to change "the rules of the game" in favour of businesses providing solutions to sustainability problems or supporting the transition to a sustainable future. We aim to correct market failures such as a lack of corporate disclosure on ESG risks and climate change – at a national, EU and international level – to improve long-term policy outcomes. We have several case studies of Aviva investors driving the public debate on specific climate-related issues, including the outcomes of their engagement. Please refer to the page numbers referenced in our Responsible Investment Review above for more examples.

- Support and undertake research on climate change to inform our business strategies and help to protect our customers' and stakeholders' interest. Where appropriate, share this research with scientists, society, business, governments and NGOs in order to advance a common interest

Unlocking Finance for Nature

A UK Net Zero Investment Plan for Green Growth

Carbon footprint of restoring a flooded home can be equivalent to six and a half return transatlantic flights - Aviva plc

2023 Aviva Building Future Communities Report

Sustainable finance - Aviva plc

We have several examples of supporting research of this nature and using the results to call on the industry, government and society to take action.

As touched on above, we partner with WWF to advocate for a sustainable and nature positive financial system through advocacy on climate change, biodiversity and other key environmental issues. One of the ways we do this is through producing joint reports and recommendation papers, supported by both our own and external research, to call on the government and other key financial institutions.

We have produced 2 further reports since our last ClimateWise response: A UK Net Zero Investment Plan for Green Growth and Unlocking Finance for Nature, which we have linked above for further information.

The first focuses on why a UK Net Zero Plan is needed to catalyse private finance to deliver green growth in the UK economy. This plan would set out how government will align policy, regulation, and strategic public spending to signal a clear pathway to a net zero, nature positive economy. The financial sector has the capability and desire to bring about green growth, but they cannot do it alone. We need clear and consistent signals about the government's commitment to decarbonisation, and the decarbonisation pathways of the real economy businesses in which they invest, to whom they lend, and whose activities they underwrite. Therefore, we, alongside Legal and General, Scottish Widows, Kingfisher and 25 other major companies and industry associations are calling for a Net Zero Investment Plan.

The second focuses on the nature loss crisis and the need to catalyse and align national, local and private sector action to reverse this trend. It calls on policymakers to mature the foundational policy frameworks and tools to unlock private nature financing. The paper lists 7 key foundational building blocks needed to achieve this.

Another example of research we have shared and used as a call to action is our second Building Future Communities Report. This uses analysis of our claims data to demonstrate how incidences of extreme weather, such as flooding in properties, contribute to climate change through the carbon emissions produced. It explores the impact of extreme weather on UK homes, and what action needs to be taken to protect individuals and communities. There are 7 key calls for change which are summarised on page 5 and discussed in detail throughout the report. The first Building Future Communities Report was published in July 2021 and outlined the risks posed by extreme weather to the UK's natural, built and social environment. Both reports call for cross industry and government collaboration to ensure we all can adapt to the changing climate in the way we live and where we call home in the UK.

- Progress Against Principle 5 Since Last Response

Our joint research and advocacy with WWF and Building Future Communities reports are both great examples of the progression we have made this year, as they directly build upon last year's activity. In last year's ClimateWise response, we discussed calling on the government to mandate all UK regulated financial institutions to develop credible transition plans that align with net-zero, and second advocacy paper on Aligning the Financial System to Zero. The papers we have discussed this year build on these foundations. Similarly, our Building Future Communities Report is the second of its nature and builds on the research and content of the first call to action.

- Planned Activities Relevant to Principle 5

Later this year, we plan to support WWF with a paper on Sovereign Transition Plans. The aim is to deliver a report on the most effective lever(s) for financial institutions and investors to influence sovereign countries to deliver on their Paris Agreement Nationally Determined Contributions (NDCs) and required net zero climate action. We hope to be able to share more about the contents of this report and its impact in next year's ClimateWise response.

Principle 6- Support climate awareness amongst our customers/clients

- Communicate our beliefs and strategy on climate-related issues to our customers/clients

Climate ready Index - Aviva plc

Sustainability Memberships Page

2022 Responsible Investment Review (page 109)

As an insurer, our customers and the communities in which we operate are increasingly being impacted by climate change, for example through increased severe weather events and conditions. We regularly see the devastation caused by natural disasters such as floods and earthquakes, and we know the importance of immediate aid as we help our customers recover in the aftermath. We have been supporting communities to rebuild and become more resilient after such events. Alongside this, we are aware that an understanding of risk, education, mitigation, prevention and resilience can dramatically reduce the extent of the losses. As an investor we are also mindful of the opportunity there is to ensure that money is invested effectively to mitigate the impacts of climate change and build community resilience, rather than contribute to it in a negative way.

Regarding insurance, we have multiple groups of customers including direct, brokers, advisers, SMEs, and large corporates. We are engaging all groups on climate awareness and our goals as this is the only way to achieve Net Zero by 2040 and all of our milestones in between. Several of these engagements include providing tools and support and so will be discussed in more detail in the following section.

In terms of communicating our beliefs and strategy on climate, the launch of our climate goals and wider sustainability ambition in March 2021 had a considerable campaign behind it to ensure it reached as many customers and stakeholders as possible. We have continued the momentum ever since, including the launch of our Climate Transition Plan which articulates our strategy to achieve our ambition. Our Group CEO, Amanda Blanc, is very vocal on the climate emergency and Aviva's goal to lead UK financial services with our response.

Additionally, in late 2022 we launched our first Climate Ready Index to provide a simple measure for how influential countries are progressing on vital climate mitigation, resilience and adaptation actions**.** We want this Index to work as a tool for starting conversations, creating a platform to share and collaborate on ideas and solutions to accelerate progress**.** We aim to update this annually and communicate the results to our customers and clients. Alongside this, we have created the 'My Climate Ready Plan' tool to support and educate our customers and the public on becoming more climate ready, and importantly, more confident in transitioning to a more sustainable lifestyle. This is discussed further in the next section.

We strive to demonstrate our beliefs and commitment to the environment, and wider ESG, through the use of customer facing accreditations. We have been assessed and accredited by the Good Shopping Guide and Good Business Charter for the past 3 years and proudly communicate this, along with other ESG ratings on our Sustainability Memberships Page.

Regarding investments, Aviva Investors engages clients on climate awareness at an institutional level across all assets. We have a fully integrated approach to investment and ownership, combining the skills of fund managers, analysts and ESG specialists to ensure our beliefs and strategy are clearly and consistently communicated. During daily, weekly and quarterly discussion forums, we continually monitor an entity's management and performance to ensure it is in line with our expectations and ESG strategy. At the start of 2022, our CEO set out our annual stewardship priorities for the year to more than 1,500 companies across 30 countries. In 2022, we achieved 366 engagements 'wins', where we saw changes in entity behaviours in line with a prior engagement ask. 194 of these successful outcomes were 'material'; changes deemed meaningful in terms of financial materiality and social and environmental impact and outcomes. We also undertook 1,425 substantive company engagements and participated in 2,361 collaborative letter-based engagements on issues such as climate disclosure and human rights.

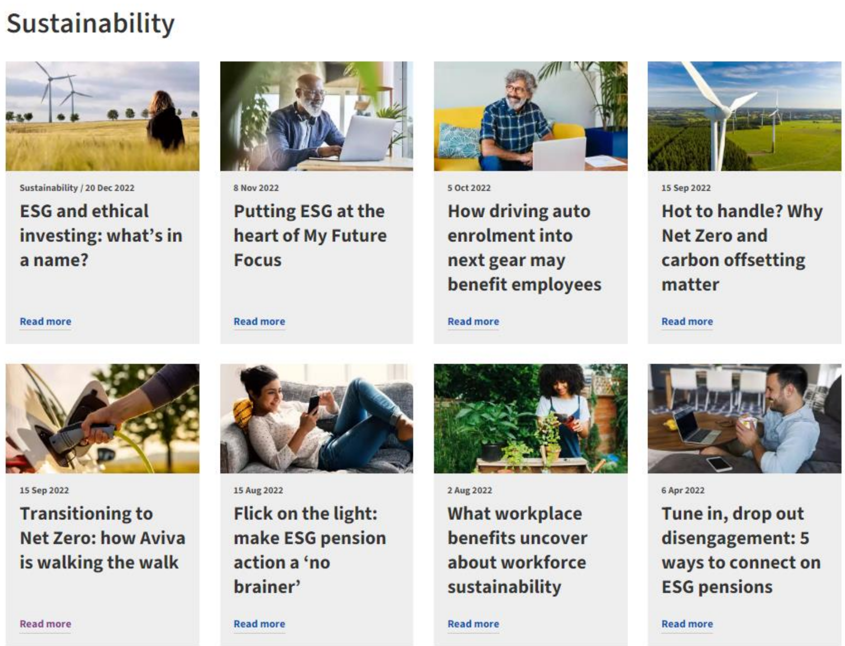
A useful case study is our engagement with Rio Tinto to address its Scope 3 emissions which are dominated by the processing of iron ore into steel. Our views have manifested in voting action at its Annual General Meetings (AGMs), supporting various shareholder proposals on climate accounting and lobbying. In 2022, we met with them to discuss the commitments made in 2021 to reduce operational emissions and scale low-carbon capital allocation and request a clearer, quantifiable roadmap to decarbonise customer emissions. We also pressed for more robust action to address industry associations lobbying against climate action. Rio Tinto has continued to progress plans to decarbonise its largest Scope 1 and 2 emission sources, electricity consumption, aluminium smelting and alumina refining. We will continue to work jointly towards 1.5°C alignment, with a focus on scaling advocacy for the policies required to achieve its targets.

- Inform our customers/clients of climate- related risk and provide support and tools so that they can assess their own levels of risk.

2022 Sustainability Report (page 29)

2022 TCFD (pages 45- 48)

Throughout 2022, we continued to provide our customers with information about climate-related risks and opportunities through articles that we publish on customer facing webpages. These articles provide practical information to support people to make more informed climate conscious decisions.



We are also able to influence customer behaviour through the coverage of the products and services we provide and empower them to become more resilient to the impacts of climate change. We continue to develop climate-conscious products and services to incentivise climate-positive behaviours and the protection of assets. One example of this is Aviva Canada's pilot for parametric insurance with small and medium business customers in select industry segments. This engagement will help customers assess and address weather-driven extra expenses and business interruption risks. In the first phase, we are providing pricing indications and risk transfer options for risks due to either a lack, or excess, of precipitation for a defined period. For example, a rained-out patio season for a restaurant or the extra cost to clear unusual snowfalls. A pilot of the parametric cover is now live with select brokers. Over the next few months, we will add a temperature component, which will further enhance the application of this new product and its efficient approach for customers. While businesses manage those risks today in their daily activities, the potential increase in frequency and severity due to the changes in our climate require providing our customers with the ability to put a price on these events. We believe that the option of transferring some of that risk will be crucial for many of them in the future.

Another example is Aviva UK's response to the increased demand for Electric Vehicles (EVs), by expanding our personal lines motor insurance cover for roadside breakdown, electrical surges and EV accessories. We currently insure 1 in 9 Battery EVs. We also launched Aviva Zero, an innovative motor proposition which offers carbon offsetting as standard, empowering customers to assess and control this aspect of their impact on the environment. We have now sold over 51,000 policies and are targeting 1 million by 2025.

Additionally, this year we are in the process of test launching our My Climate Ready Plan, which creates personalised actions plans to give customers and their households the opportunity to improve their climate readiness. Powered by WWF's carbon footprint calculator, My Climate Ready Plan asks a series of questions to generate a personalised plan with clear steps and actions. Once a customer changes parts of their lifestyle, they will be rewarded with 'climate coins'. Climate coins can be used to spend on a charity project of their choice, such as the Save Our Wild Isles Community Fund. This all helps our ambition for the UK to become the most climate ready large economy. We hope to have this through testing and integrated in our product offering in due course.

The ESG Profiling Tool and Know How platform continue to support advisers on climate-related education and awareness, as well as on wider ESG issues.

- Progress Against Principle 6 Since Last Response

In last year's ClimateWise response, we mentioned that we had started rolling out a sustainability module for Brokers and SMEs and had plans to expand this, to better equip them to provide advice to their customers. Since then, we have launched The Sustainable Business Coach which is our expert ESG digital coaching tool.This helps businesses and clients understand the challenges they face and breaks down the actions needed in tailored, personalised guidance. The tool has been designed on the Future-Fit 23 breakeven goals, representing a credible contribution to the United Nations' Sustainable Development Goals (SDGs) which all businesses should meet. The coach takes users through a survey and identifies the highest priority goals and progress made so far. We understand that the world of sustainability is incredibly complex, so hopefully this helps by translating the SDGs into next best actions, empowering firms to plan their next move. During the proof of concept, we found that after using the tool, the average broker's understanding of ESG issues facing their business increased by 30%. This product is now being rolled out in phases for all our brokers to access.

- Planned Activities Relevant to Principle 6

As mentioned above, we are in the process of rolling out the Sustainable Business Coach for all UK brokers following a very successful pilot. We hope to have this fully embedded by the end of 2023. We are also exploring launching an Aviva Sustainability Accreditation for our brokers, linked to the Sustainable Business Coach and based on the Future-Fit methodology, including incentivising broker completion.

Principle 7. Enhance reporting

- Submission against the ClimateWise Principles

This document represents Aviva's submission against the ClimateWise Principles. Adam Winslow, UK General Insurance CEO, continues to represent Aviva at the Insurance Advisory Council and Zelda Bentham, Head of Environment represents Aviva at the ClimateWise Management Committee.

- Public disclosure of the ClimateWise Principles as part of our annual reporting

Our disclosure against the ClimateWise Principles continues to be a vital part of our annual reporting process. This document will be published on our Sustainability pages here.

Aviva's TCFD is published within our 2016 – 2021 Annual Reports and again this year in the 2022 Annual Report & Accounts.

Our full Sustainability Reporting Suite can be found here.