Sustainable Investing Policy

Aviva Insurance, Wealth and Retirement
2025

AVIVA

Welcome to our Sustainable Investing Policy

This report was produced outlining UK IWR's view as an asset owner and is complementary to the asset manager view captured in the report prepared by Aviva Investors. It mostly covers our policies and context, effective from 1 January 2025.

Aviva's sustainable investing and stewardship policies are established, debated and monitored on a Group-wide basis, with the Group executive committee and Group sustainability team providing overall sponsorship and oversight, although please note that the entities in UK, Ireland and Canada are separate legal entities.

Throughout this report we use the term 'Aviva UK Insurance, Wealth and Retirement' and 'UK IWR' to refer to the various entities which form the Aviva life and savings businesses under Aviva Life Holdings UK Limited – the main statutory entity being Aviva Life & Pensions UK Limited (UKLAP). Where deemed necessary, we will make the distinction between Aviva UK IWR, Aviva Investors (the Aviva asset manager) and Aviva Group, but in other instances we will simply use 'Aviva'. References to IWR mean the UK including Ireland business.

References to the Transition Plan relate to the Aviva Group Transition Plan. This report should be read in conjunction with the Cautionary statements.

SUSTAINABLE INVESTING REPORT - POLICY AND CONTEXT

Our business

Aviva is a universal investor. We invest across the whole economy, and we are therefore focused on supporting 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 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 is a:

- Savings and pension provider, providing 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 which requires matching 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 Investors is the in-house asset manager of Aviva plc and its various business units. The majority of Aviva Investors' assets are managed on behalf of IWR, GI and other Group businesses.

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 and particularly climate considerations.

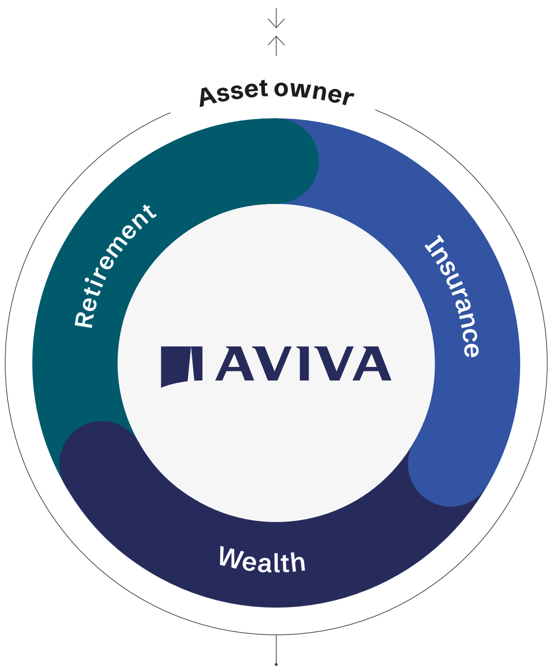
In our manager research and selection process, we consider how closely the managers' stewardship policies and ambitions align with our own. We have a standalone sustainability manager oversight framework to evaluate the level of integration within a strategy.

We place a strong emphasis on qualitative reviews of mandates and conduct annual desk reviews that include consideration of sustainability and climate related issues and 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.



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.

Aviva Investors: Sustainability Review — Download

Aviva Insurance, Wealth & Retirement (IWR)

Aviva Insurance, Wealth and Retirement (IWR) is a significant part of the Aviva Group delivering products across Insurance, Wealth and Retirement, with over 12 million customers in the UK.

We're there to protect the things that matter most to our customers: their homes and belongings, their health and wealth, their future and their families.

We are driven by our purpose:

With you today, for a better tomorrow.

To achieve our ambition:

To be the leading UK provider and go-to customer brand for all Insurance, Wealth and Retirement solutions.

Pursuing a clear strategy:

Growth
Accelerating growth in capital-light Wealth and Insurance - disciplined in Retirement

Customer
Growing our customer base, serving more needs and transforming experience

Efficiency
Driving operating leverage with technology and artificial intelligence at the core

Sustainability
Committed to climate and social action, and being a sustainable business

We offer customers a range of products and services across:

INSURANCE
Our insurance offering covers personal lines (such as home, motor, pet and health insurance) as well as commercial, specialty insurance and protection.

WEALTH
Our wealth products focus on helping customers grow their savings and investments through workplace pensions, advised and direct wealth platforms and financial advice services.

RETIREMENT
Our retirement offering provides large-scale insurance solutions for corporate pension schemes and income products for individuals including annuities and lifetime mortgages.

While staying true to our values:

Care
We care deeply about the positive difference we can make in our customers' lives.

Commitment
We understand the impact we have on the world and take our responsibility seriously.

Community
We recognise the strength that comes from working as one team, built on trust and respect.

Confidence
We believe the best is yet to come for our customers, our people, and society.

Supported by good governance and risk management

Our sustainability ambition

Sustainable Business

Aviva aims to act as a sustainability focused provider. Our actions focus on providing purposeful proposition choice, being the employer of choice, protecting human rights, and maintaining good governance.

Purposeful propositions
ESG considerations are integrated across our core products and services, including pensions, investments and insurance.

Climate conscious investment solutions help customers reduce emissions, adapt to climate risks and build resilience. Responsible investment strategies support portfolio decarbonisation while delivering customer outcomes.

Employer of choice
A strong commitment to diversity, equity and inclusion underpins initiatives spanning gender balance, social mobility, disability inclusion and wellbeing.

Market-leading policies — including equal parental leave, carers' leave, flexible working and a Living Pension — are complemented by continued investment in colleague wellbeing, skills and engagement to build an inclusive, purpose-driven workforce.

Protecting human rights
Our Group wide human rights framework addresses modern slavery, supplier standards and responsible business conduct. This is supported by collaboration with expert organisations to assess risk, strengthen due diligence and embed human rights across operations and supply chains.

Good governance
Strong governance and ethical standards are maintained through our Business Ethics Code, anti-bribery and corruption controls, and financial crime frameworks.

Social Action

Aviva aims to help in building stronger, inclusive communities at a local level. We focus on enhancing financial resilience, housing and infrastructure, and employability prospects.

Investing in real estate and infrastructure
Long-term investment is provided through Aviva Investors across UK housing, healthcare, education, transport and infrastructure. This includes affordable and sustainable housing, student accommodation, healthcare facilities and skills-focused education campuses, with a strong focus on embedding social value in our real estate developments through skills, training and employment opportunities for local communities. Infrastructure investments also support economic resilience, public services and community regeneration across the UK.

Climate Action

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

Decarbonising our business
We have an ambition to become a Net Zero company by 2040, supported by a detailed Climate Transition Plan. This includes an ambition to reduce Scope 1 and 2 operational emissions by 90% by 2030 from a 2019 baseline, supported by 100% renewable electricity across core markets, energy efficiency upgrades, electrification of buildings and low carbon company car fleets.

Engagement with our supply chain further support a drive in emissions reductions beyond Aviva's direct operations.

Investing in the energy transition
Investment in low carbon transport, EV charging infrastructure and zero emission public transport.

In addition, we aim to phase out the highest emitting fossil fuels in line with Aviva's underwriting and investment policies.

Protecting and restoring nature
Our Group wide nature strategy recognises that there is no Net Zero without nature. Investment in nature restoration spans saltmarshes, temperate rainforests, peatlands and woodland creation across the UK, alongside the development of nature related investment strategies and funds.

Engagement with portfolio companies and policymakers, and partnerships with organisations such as the Wildlife Trusts, WWT and WWF supports the delivery of biodiversity, carbon sequestration and community benefits.

Our customers

WHO ARE OUR CUSTOMERS?

UK IWR invests on behalf of a broad and diverse customer base across workplace pensions, individual savings and retirement products, protection and health insurance, and shareholder funds.

Our customers include individual policyholders saving for retirement through workplace and personal pension schemes, customers investing through savings and wealth propositions, and customers drawing an income in retirement through annuities and equity release products.

We also serve corporate clients, including pension scheme sponsors and trustees, and provide long-term retirement solutions such as bulk purchase annuities (BPAs) that help secure the retirement benefits of defined benefit pension scheme members.

As an asset owner, UK IWR holds and invests assets on behalf of policyholders and shareholders to meet long-dated liabilities. Many of these liabilities extend over several decades, particularly in our annuity and pension businesses, which means our investment decisions must consider long-term financial returns and the sustainability of the economic, environmental and social systems in which our customers will ultimately retire.

Our investment activity supports a wide range of customer objectives, including capital growth, income generation, capital preservation and inflation protection, depending on the nature of the product and the life stage of the customer.

Customers access our products through a variety of channels, including workplace arrangements, financial advisers, corporate partners and direct-to-consumer propositions. We recognise that our customers' needs and preferences differ significantly depending on whether they are accumulating savings, protecting themselves and their families, or drawing retirement income. We also manage shareholder assets, and our stewardship and investment approach seeks to align the interests of shareholders with those of our customers and the wider economy. Acting in the long-term interests of our customers is central to our role as a responsible asset owner and underpins our approach to stewardship, engagement and voting.

Our customers ultimately rely on us to manage their money responsibly, to support good long-term outcomes, and to help ensure that the companies and assets in which we invest contribute positively to a sustainable and resilient economy.

Insurance

Through individual protection, we support customers and their families in the event of loss of income, critical illness or bereavement. Group protection helps employers keep their workforce healthy and supports them in adverse circumstances.

Our digitally led wellness proposition, DigiCare+, provides both individual and group protection customers with a holistic wellbeing solution, including health checks, access to digital General Practitioners (GPs), second medical opinions, mental health support and bereavement support.

Wealth

The shift to defined contribution (DC) pensions means that individuals are increasingly required to take responsibility for their financial futures. Customers engage with us both through workplace pension schemes and via direct wealth propositions, on an advised and non-advised basis, across accumulation and decumulation stages. Across all channels, customers place trust in us to manage their money in a way that supports their long-term financial wellbeing. In the workplace market, this is reflected in over 90% of contributions being invested in default solutions following the introduction of auto-enrolment.

For direct wealth customers, this trust is expressed through the selection of investment solutions aligned to personal objectives, income needs, and risk tolerance, whether building assets over time or drawing income in retirement.

Reflecting the length of time an individual may be invested in a workplace pension, with the average age of our members being 44, our approach when considering stewardship in our investment decision-making is over a long-term horizon.

UK IWR offers our clients solutions with varying risk profiles and asset mixes to reflect their appetite to risk and their own time horizons. This will vary from growth orientated strategies that mainly invest in equities to consolidation and drawdown strategies that have a more balanced asset mix, more heavily weighted to sovereign and cash-like investments. Long-term considerations are important for both the growth and consolidation phases.

Retirement

Our retirement business consists of bulk purchase annuities, individual annuities and equity release. Bulk purchase annuities allow pension trustees to secure future obligations to defined benefit scheme members by de-risking their pension schemes.

We manage exposure to longevity risk and maximise the capital efficiency of new business by partnering with reinsurance counterparties. Individual annuities give customers secure lifetime retirement income. We are one of the largest providers of UK individual annuities based on portfolio size.

Equity release supplements retirement income in a tax-efficient way by unlocking housing equity. Aviva's equity-release customers are later-life homeowners, typically aged 55 and over, who use lifetime mortgages to supplement retirement income, fund later-life needs such as care and living expenses, and who create long-dated liabilities that Aviva manages as part of its Insurance, Wealth and Retirement asset-owner responsibilities.

UNDERSTANDING CUSTOMER NEEDS AND PREFERENCES

Effective communication with IWR customers is a core element of our stewardship approach. We aim to provide clear, relevant and decision-useful information on how sustainability considerations are integrated into investment decision-making, stewardship activities and risk management, recognising the differing needs of our customers across products and channels.

Our communication approach is aligned to the principles of the UK Stewardship Code and is designed to promote transparency, accountability and trust. Communication is provided through a combination of public discourses, product-level reporting and engagement with representative bodies, and continues to evolve as data quality and market practices develop.

Our approach focuses on the following key areas:

- Investing in high-quality research to provide our customers with leading solutions;
- Consulting with customers and advisers on their preferences and target outcomes;
- Reporting back on how investments made are contributing to achieving these outcomes; and
- Wider engagement on sustainability matters with customers to inform their thinking.

Results of customer communications flow into our client relationship system, which then feeds into the development of products and reporting. While we understand the key characteristics of our customer groups, we recognise that each customer will have individual needs and that ongoing communication with customers and other stakeholders plays an important role in understanding and providing for our customers' evolving needs. We also believe that the role of communication in effective stewardship goes beyond individual customers and their assets, to wider engagement on ESG matters to support customers in understanding how our products align with their preferences.

Pension Discovery Hub
Since 2024, Aviva has managed the Pensions Discovery Hub, a research community aimed at understanding the needs of Workplace customers. The Hub explores topics such as customer understanding, awareness confidence in pension investment funds, attitudes towards ESG, Ethical, and Shariah funds, and customer actions regarding pension funds. Additionally, the community aims to focus on Pensions engagement, consolidation, nominating beneficiaries, and retirement planning.

The research findings shape our proposition development and member engagement activities.

Aviva regularly publishes the Working Lives Report, which gathers the views and attitudes of employers and employees across the UK on workplace, finances, wellbeing and planning for retirement.

ESG Tooling
We have continued to develop our award winning ESG tooling on our adviser platform. New features have been shaped and developed based on adviser feedback and collaboration.

Among other features, the adviser platform incorporates:

- The regulatory SDR investment labelling regime;
- A downloadable client-friendly PDF of the Sandbox research outputs (our number 1 user feedback request);
- The ability to view individual sustainability characteristics of a fund/model's top 10 holdings;
- An improved search functionality, speeding up response times.

Recognising the importance of ongoing education and support we continued our sponsorship of the Accord Initiative which provides free to access support, guidance on regulations, suitability framework information and templates to the financial adviser community.

Bulk Annuity Sustainability Principles Charter
We are a founding member of the Sustainability Principles Charter for the bulk annuity process, developed under the Accounting for Sustainability (A4S) initiative. Through this Charter, we work collaboratively with insurers, advisers and other stakeholders to improve consistency, transparency and comparability of sustainability information provided to trustees and scheme sponsors both pre- and post- transaction.

The Charter establishes shared principles for how sustainability considerations are embedded into decision-making, governance, risk management and reporting within the bulk annuity market.

As a Signatory, we support ongoing reporting and engagement on sustainability commitments beyond the point of transaction, recognising that stewardship responsibilities continue throughout the life of the contract.

Reporting to Customers - Product TCFD
For our pension funds, annual customer-facing climate-related financial disclosure reports (TCFD reports) are made available to all customers. These reports are designed to provide transparency on the climate-related risks and opportunities within our investment offerings, enabling engaged customers to assess their pension savings through the lens of carbon emissions, climate transition alignment and other relevant climate metrics.

To support accessibility and ease of use, we provide a colour-coded navigation guide within the reports, helping customers to interpret key sections and understand the underlying data and commentary. This approach aims to make complex climate information more intuitive and meaningful for a broad customer base.

Within our Workplace business, we provide pension schemes to a number of employers operating in climate-relevant sectors. These employers increasingly draw on our TCFD reporting to support their own disclosures and sustainability reporting requirements, reinforcing the role of our reporting as a valuable input into wider corporate climate accountability and transparency.

Download here

Our sustainable investing approach: from principles to practice

Our approach to sustainable investing is grounded in a commitment to fiduciary duty.

Delivering long-term value and managing material risks for our shareholders and members, while recognising the evolving expectations of trustees, employee benefit consultants, and scheme members. We aim to integrate Environmental, Social and Governance (ESG) factors across our investment decisions in a way that is financially robust; engage on a holistic level with our underlying companies, assets and the wider financial system; and offer our customers choice.

ESG Integration includes "Stewardship" and "Decision Making" and allows us to better manage risk, identify investment opportunities and support the delivery of long-term risk-adjusted returns. We believe this is in line with our fiduciary duty and is monitored and measured through our manager oversight process.

ESG integration does not include sustainability targets at the fund level. We offer fund choice for customers who have specific sustainability preferences beyond ESG integration.

This is supported by overarching company strategy and policies which often need to be balanced with sustainability outcomes – with investment return prioritised

ESG INTEGRATION

Holistic Stewardship
Targeted engagement with priority companies held across IWR portfolios and policy advocacy to drive action

Decision Making
Integrate ESG factors into investment decision making e.g. active stock selection, optimisation models and capital market assumptions

MANAGEMENT OVERSIGHT

FUND CHOICE
Sustainable fund choices and tools to support customers' investment choice from sustainability perspective

Strategy and Policies

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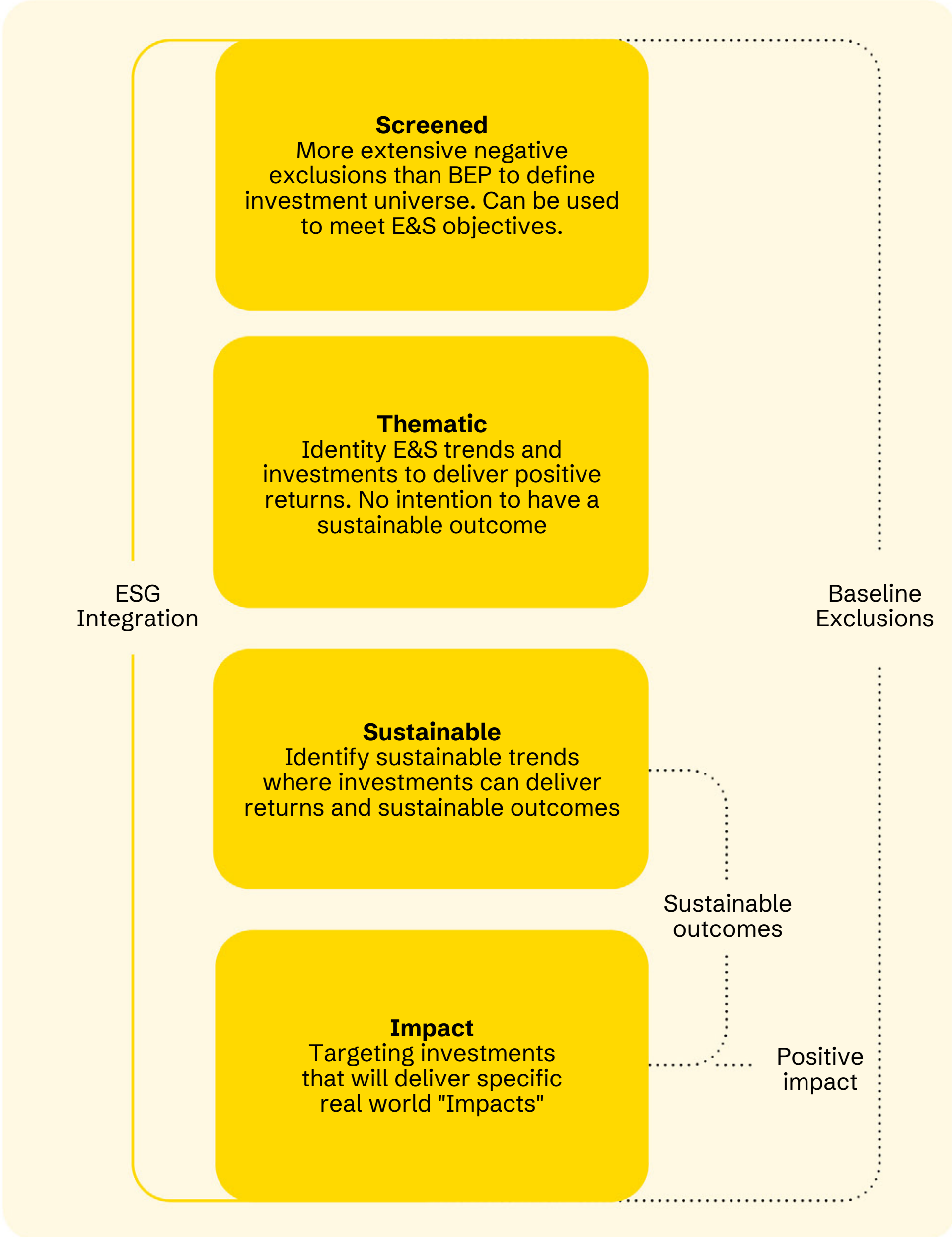
Our sustainable investing approach: from principles to practice

We understand that investors' sustainability preferences will differ significantly and believe in client choice and in the provision of varied strategies to suit different investors' needs.

To this end, we have a range of different investment strategies with additional sustainability characteristics and sustainability objectives.

Fund Choice empowers investors to actively select portfolios that reflect their sustainability preferences, whether through thematic funds focused on climate solutions or more ethically screened strategies that go beyond our baseline exclusions.



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Our sustainable investing approach:
from principles to practice

SUSTAINABILITY PRINCIPLES

1 ESG insights

We believe that that Environmental, Social and Governance (ESG) factors can have a material impact on investment returns and client outcomes; and it is our fiduciary duty to ensure financially material ESG insights – including climate risks and opportunities - are integrated into investment decision making processes. This allows us to better manage risk, identify investment opportunities and support the delivery of long-term risk-adjusted returns.

2 Holistic stewardship

We believe that, in seeking to deliver long-term risk-adjusted returns for our clients, we must engage with participants in different areas of the financial system to support the transition to a sustainable economy – what we call our 'holistic stewardship' approach. We (via our asset managers) should, therefore, actively exert influence over the companies we invest in to improve their sustainable environmental, social and governance performance.

3 Customer choice

We believe it is appropriate to support customer choice by providing a range of funds to suit varying sustainability preferences, where viable and where there is customer demand.

4 Exclusions

We believe it is typically more effective to use our influence through engagement to drive change rather than divest. However, there are specific sectors and economic activities where we consider the sustainability risks to the climate, people and planet are so severe, that providing equity and debt funding to companies engaged in those sectors or activities is fundamentally misaligned with our investment strategy. We therefore have a Baseline Exclusion Policy to actively exclude such companies from our investment universe where we have the discretion to do so.

EXCLUSION POLICY

Aviva's investment philosophy prioritises engagement over divestment and seeks to use its influence as a large asset owner, asset manager and insurer to drive positive change by supporting companies in transitioning towards more sustainable business models.

However, we seek to avoid investing in or insuring specific sectors and economic activities that fundamentally misalign with Aviva's purpose, values and our ambition to be a sustainable business.

The exclusions relate to specific types of weapons, tobacco, Arctic oil, oil sands, and thermal coal where the company activity exceeds set revenue exposure thresholds. It also references the standards of the UN Global Compact. We have some exceptions, such as companies with a credible transition plan that aligns with the goals of the Paris Agreement.

For investments, the Baseline Exclusion Policy applies across portfolios where we have decision-making control. We typically apply exclusions by disallowing investment in any financial instrument issued by companies deriving revenue from excluded activities.

The policy sets out the minimum standard for what we deem to be investable or insurable. Subject to Aviva's established governance processes, specific and justified exceptions may be considered.

Read more about our policies at www.aviva.com/sustainability/resourcesand-reporting-hub

Our sustainable investing approach: from principles to practice

MANAGER OVERSIGHT

We expect investment managers to embed ESG considerations into their investment processes and conduct stewardship activities in a rigorous, transparent, and evidence-based manner. This expectation spans all aspects of investment activity, including stock selection, portfolio construction, and asset allocation. At the heart of this approach is the proactive identification, evaluation, and integration of environmental, social, and governance factors that may have a material impact on financial performance across short-, medium-, and long-term horizons.

We look to our managers to evidence a clear stewardship and ESG integration philosophy. Where available, we expect utilisation of high-quality, decision-useful data to assess the potential financial materiality of ESG issues. This may include both quantitative and qualitative analysis (depending on the asset class and investment approach), scenario modelling, and forward-looking assessments. Managers should be able to clearly articulate how ESG insights influence investment decisions, portfolio positioning, stewardship actions and, risk management.

As part of our manager research and selection process, we consider the extent to which the managers' stewardship policies and commitments align with our own. Maintaining oversight and ensuring our asset managers are investing in line with our long-term investment beliefs are crucial to delivering investment returns; as well as our climate and stewardship ambitions.

As part of this review, a standalone manager oversight framework is used to consider the level of integration within a strategy. The framework looks at four main categories of sustainable integration, weighting each category differently based on our view on the level of importance, which varies by asset class. We give the managers a score for each category, which is then aggregated into a manager rating between 1-5. This score and commentary is then integrated into the wider assessment process and reflected in the overall assessment of the strategy.

Where we identify areas for improvement or perceived gaps in one or more of the categories, we will communicate this with our managers; clearly outlining our expectations or seek to clarify our understanding. If our monitoring identifies significant concerns, we will look to make changes such as changing the underlying manager, closing funds or reducing our allocation.

This sustainability review feeds into the manager oversight process to provide a robust and rounded rating on a manager and an investment strategy.

Our sustainable investing approach: from principles to practice

STEWARDSHIP

We recognise the potential to maximise the long-term value of our clients' investments through engagement with various actors within the system. We are signatories of the FRC UK Stewardship Code and support its definition of stewardship as "responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries". Stewardship, in this context, may include engagement (collaboratively or independently), advocacy, participation in industry initiatives and, proxy voting.

As an asset owner within Aviva Group, IWR's stewardship approach is directly shaped by the Group's overarching sustainability ambition. Aviva's strategy is anchored in three interconnected pillars: taking climate action, taking social action, and acting as a sustainable business; which collectively define the Group's long-term expectations for responsible business and capital allocation. These pillars guide how risks and opportunities are understood across the organisation and form the foundation for the macro-level themes that inform IWR's stewardship priorities.

At the macro level, Aviva's sustainability ambition shapes not only thematic priorities but also the Group's approach to policy engagement and advocacy. Aviva actively contributes to the development of regulatory and industry standards aligned with its ambitions to climate action, social resilience, and strong governance. Group priorities, such as decarbonising operations, insuring and investing in the energy transition, supporting climate adaptation, and strengthening financial resilience, inform Aviva's participation in standard-setting working groups, cross-sector collaborations, and industry initiatives that seek to advance sustainable finance frameworks and long-term value creation.

Aviva's sustainability ambition, including Net Zero 2040, provides the anchor point for this advocacy activity, ensuring that the organisation's policy positions reinforce its strategic objectives around climate action, nature protection, and social inclusion.

For IWR, this means that stewardship is supported by a broader corporate voice that engages constructively with policymakers and system-level initiatives, helping to shape the external environment in line with the Group's long-term sustainability priorities.

As Aviva's in-house asset manager, Aviva Investors serves as a key delivery partner for IWR's stewardship objectives. Aviva Investors' approach, grounded in active ownership through engagement, voting, and investment decision-making to support the transition to a sustainable future, is inherently aligned to Group ambition. IWR draws on their specialist sustainability expertise, thematic research, and stewardship capabilities to implement the Group's expectations at scale across global asset classes.

Aviva Investors' processes and priority themes are therefore closely integrated with IWR's own stewardship framework, enabling a consistent application of Group ambition across the investment chain.

Engagement with investee companies and other stakeholders is delegated to our managers who maintain relationships with investee companies and other stakeholders. We believe our fund managers are most informed on companies and assets and therefore best placed to determine engagement priorities and objectives, documenting outcomes and informing voting decisions.

Our stewardship approach is therefore implemented and assessed through the selection, oversight and engagement with our managers (as outlined in the previous section Manager Oversight).

We expect our appointed managers to engage at different levels of the system (systemic, regulators, idiosyncratic), where they see opportunities to address potential risk or opportunity, market failures or seek clarity on any aspect of the investment or stewardship decision.

Whilst focusing engagement on achieving change, we acknowledge change might only be achieved in the long-term and in the short-term engagement may focus on gathering information. We will monitor activities through our manager oversight process.

This means setting Specific, Measurable, Achievable, Relevant, and Time-bound (SMART) goals for each engagement, tailored to the financial material sustainability issues relevant to the company and sector. These objectives should reflect our thematic priorities across Climate, People, and Earth where deemed financially or potentially financially relevant, be grounded in credible frameworks and data and linked to enhancement of shareholder (and stakeholder) value.

Managers should clearly communicate expectations to companies, outlining the changes sought, the rationale behind them, and the timeframe for progress. Where companies fall short, managers should escalate engagement through collaborative initiatives, voting, or public statements. For the avoidance of doubt, we prefer constructive engagement over divestment, and do not expect automatic divestment should engagement objectives not be achieved, subject to an assessment of value at risk

We also expect asset managers to report transparently on engagement progress, including the objectives set, actions taken, responses received, and outcomes achieved. This reporting should distinguish between activity and impact, demonstrating how engagement has influenced company behaviour, disclosures, or strategy. Where engagements are ongoing, managers should provide updates on milestones and next steps. This outcome-focused approach enables us, as asset owners, to assess the effectiveness of stewardship efforts, ensure alignment with our sustainability goals, and hold managers accountable for driving real-world change.

Shareholder votes on resolutions at the companies held within our portfolios are cast by our appointed fund managers under the provisions of the respective investment management agreements. We expect our managers to have a robust proxy voting policy.

While we neither require nor expect managers to vote in the same way, we do expect managers to provide an explanation for voting decisions, particularly where voting direction is considered inconsistent with our sustainability expectations, subject to acting in what they believe is in the best interests of long-term shareholder value.

As would be expected, we are most aligned with our internal manager on overarching principles and priorities; where possible, therefore, we aim to bring voting rights in house (via our internal asset manager) to seek alignment with our in-house views.

Our sustainable investing approach: from principles to practice

INVESTMENT DECISION MAKING

Material sustainability risks such as climate change, resource scarcity, social inequality, and governance failures can significantly impact the financial performance of companies and assets. Ignoring these factors may expose portfolios to potential downside risks, including regulatory penalties, reputational damage, and stranded assets. Conversely, we believe integrating sustainability considerations with traditional investment analysis enables investors to identify opportunities that are better positioned to deliver long-term risk-adjusted returns.

CUSTOMER INVESTMENTS

For most of our customer assets, we appoint asset managers to make investment decisions on our members' behalf through discretionary-managed funds and mandates, which requires confidence that they are embedding potentially material ESG risks into investment processes.

We expect managers to demonstrate robust frameworks for assessing sustainability risks and opportunities, not as a separate exercise but as an integral part of their investment philosophy and process. This approach ensures that our capital is deployed in a way that supports the financial objectives and outcomes for our customers.

Investment decision making is therefore implemented and assessed through the selection, oversight and engagement with our managers (as outlined in the previous section Manager Oversight)

Within our multi-asset default solutions - such as My Future and My Future Focus - we employ index-optimised strategies. In these cases, decision making is carried out through systematic or rules-based methodologies designed to maintain index-like returns while enhancing the sustainability profile of the portfolios. This approach is applied only where the underlying data is deemed sufficiently robust and reliable.

To mitigate financially material ESG risks, we work closely with our managers to optimise these index-based portfolios using data sourced from both the manager's proprietary analytics and external providers. This includes screening for controversies, improving exposure to companies with stronger ESG credentials, and reducing exposure to companies with elevated sustainability risks.

A key component of our strategy is the decarbonisation of portfolios, which we view as both a risk mitigation tool and a critical step toward achieving our Net Zero ambition. Where data and index construction methodologies allow, we seek to reduce the carbon intensity of our holdings by tilting towards lower-emission companies and sectors, and by integrating climate transition metrics into portfolio design, subject to meeting benchmark returns.

We believe this helps to manage long-term risks associated with climate change, including regulatory shifts, physical climate impacts, and market re-pricing of carbon-intensive assets.

As ESG and climate data quality, coverage, and methodologies continue to evolve, our index-optimised solutions are expected to adapt accordingly. We remain committed to refining our approach in line with these advancements, ensuring that our strategies are forward-looking, credible, and aligned with our broader sustainability objectives—including our commitment to support the transition to a low-carbon economy.

Net Zero and Customer Funds

The primary objective of our funds remains to deliver financial returns for our customers. We do not, therefore, systemically introduce overriding Net Zero or wider sustainability objectives to our core mandates or default solutions. Instead, we aim to take action that is directionally aligned with the ambition and existing investment objectives; with an emphasis on managing portfolios in a manner that balances decarbonisation with customer outcomes.

Whilst most investment and pension assets are in-scope of the ambition, our Net Zero ambition is set at Aviva Plc level. Not every fund or portfolio will be expected to decarbonise at the same rate. It does not constitute a hard target for our funds, unless explicitly stated in their objectives. However, we expect our managers to consider climate risk and opportunity, including carbon intensity, through their investment decisions or stewardship activities.

We believe that transitioning portfolios to mitigate climate transition risks remains critical, however, we believe this is best achieved through the integration of climate factors within investment decisions and holistic stewardship; prioritising investment returns and customer outcomes whilst aiming to deliver real-world emission reductions where feasible.

Wording is explicitly included in the Investment Management Agreement (IMA) that sets an expectation of managers to consider material sustainability factors as part of decision making and to manage portfolios in accordance with the Aviva Net Zero ambition.

Provisions are also contained in our agreement around the delegation of engagement and voting responsibilities to ensure our managers are exercising our right to vote and engaging with underlying companies and assets on our behalf to effect change and enhance outcome for our customers. Reporting on this activity and progress against our decarbonisation pathway is mandated; with regular updates provided in quarterly investment forums and manager oversight meetings.

SHAREHOLDER INVESTMENTS

Certain investments within our portfolios are managed on a discretionary basis by appointed investment managers, while others are managed on a non-discretionary basis, reflecting the specific nature and risk profile of the underlying liabilities. In all cases, IWR retains responsibility for defining the overall risk appetite, sustainability expectations, and investment parameters.

Private Asset Origination

For our annuity investments that back our liabilities, Aviva Investors and our other managers undertake detailed analysis of every asset, activity or company we look to invest in. This is guided by their in-house screening and due-diligence tools, which allows the originator to assess the asset or company's sustainability factors that may result in potential positive and adverse impacts. The integration of sustainability factors into the processes ensures sustainability opportunities and risks are considered as part of investment decision-making and form part of their wider responsibilities as an asset manager.

There are three principal types of risk we expect our managers to consider:

Transition Risk

Our transition risk methodology provides a consistent approach for assessing how the shift to a low-carbon economy could create financial and operational risks for new deals presented at the Life Credit Committee (LCC), including policy/legal, technology, market, reputational and broader economic risks.

The transition risk opinion is primarily anchored to IWR's Sustainable Investment Principles (SIPs):

- SIP 1 captures assets already aligned to a science-based 1.5°C pathway;
- SIP 2 captures assets that can credibly align to 1.5°C by 2030; and
- SIP 3 ensures portfolio discipline by restricting Scope 1&2 Economic Carbon Intensity (ECI) to remain below 20 tCO_2e/£m outstanding as an average across annual origination.

Carbon metrics (financed emissions, ECI and data quality) are benchmarked to sector and portfolio reference points to validate consistency and understand any implications for portfolio decarbonisation goals. Science-based sector and global decarbonisation pathways from recognised sources (e.g., CBI, SBTi, TPI) are used to evidence alignment to SIP1 and SIP2, and to judge whether risks are appropriately mitigated through credible targets and a transition plan.

For assets without clear pathway alignment, particularly in higher-emitting sectors, the transition risk opinion becomes conditional on the availability and credibility of mitigants, or in limited cases, risk acceptance based on materiality or tenor.

Physical Risk

Our physical climate risk methodology provides a structured and consistent approach to assessing how acute and chronic physical climate hazards could materially impact investments considered by the LCC. The assessment is grounded in location-based hazard analysis, reflecting the principle that physical risk is inherently asset- and geography-specific. It focuses primarily on identifying exposure to key perils—most notably flood risk (given our geographical investment focus in the UK & Europe), which is treated as a priority hazard given its materiality across asset classes – while also considering other relevant perils such as windstorms, wildfires, heat stress, landslides and earthquakes where appropriate.

Quantitative screening is undertaken using recognised third-party tools, with outputs used to determine whether assets are exposed to high physical hazard based on defined thresholds. Where direct location-level assessment is not feasible (e.g. sovereigns, some funds or linear infrastructure), the methodology allows for expert judgement, informed by regional hazard evidence and asset characteristics.

These hazard assessments are translated into investment-relevant outcomes through a decision matrix, which maps the presence (or absence) of high physical hazards and the quality of mitigants to standardised Sustainability Opinion categories: Supportive, Supportive – risk mitigated, Supportive – risk accepted, Not supportive – unmitigated, and Not supportive – lack of sufficient information. For assets identified as high hazard, engagement with Asset Managers is required to determine whether risks are adequately mitigated (e.g. through design standards, flood defences, insurance, or operational resilience) or whether residual risks can be accepted within climate risk appetite, taking into account materiality and deal characteristics. We are not supporting of cases where high hazards are unmitigated or there is insufficient information is available to form a view. This approach ensures that physical climate risk considerations are transparently and consistently integrated into credit decision-making across asset classes, while allowing appropriate flexibility where data limitations exist.

Nature Risk

Our nature risk methodology provides a clear and pragmatic approach to assessing nature-related risks and opportunities as part of the Sustainability Opinion presented at the LCC. The assessment considers three core dimensions:

i. sector-based impacts and dependencies on nature,
ii. location-based biodiversity sensitivity and water stress, and
iii. the quality of mitigation measures, policies or nature-positive actions.

It draws on a combination of established external tools, including ENCORE (to identify material dependencies on ecosystem services and pressures on natural capital), IBAT (to assess proximity to protected areas and key biodiversity areas), WRI Aqueduct (to assess baseline and forward-looking water stress), and WWF Country Risk Profiles for sovereign exposures. The tools applied, and the depth of analysis, are tailored to asset class and data availability, with infrastructure and real estate assessed primarily on a location basis, companies on sectoral impacts and policies, and funds and sovereigns relying more heavily on sectoral exposure and country-level indicators where look-through is limited.

Assets flagged as having potential nature risk (for example, construction in or near sensitive biodiversity areas, or high-water dependency in water-stressed regions) require evidence of appropriate mitigation, management plans, permits or covenants to support a positive or risk-mitigated view. Where mitigation is credible but residual risk remains, outcomes may be risk-accepted based on materiality or diversification; conversely, the absence of mitigating actions or sufficient data can lead to a non-supportive outcome. This ensures nature considerations are consistently embedded into investment decision-making, while also identifying opportunities such as nature-based solutions or restoration-focused investments where relevant. Further detail is set out in the full Nature Risk Methodology document.

Public Asset Origination
For non-discretionary or semi-discretionary mandates investment decision-making is delegated to our managers and monitored through our manager oversight process described above.

These mandates are subject to IWR risk appetites and asset origination requirements. For example, investment grade credit is subject to a carbon intensity ceiling whereby the weighted-average carbon intensity (by market value) of all bonds purchased over the calendar year must remain below a certain level. This carbon-intensity threshold constraint is applied exclusively to developed market corporate public debt in addition to the underlying managers ESG integration within its active decision making and research.

Beyond this, investment decisions remain guided by the mandate's financial objectives and risk parameters, managed in line with our exclusion policy and the expectation that asset managers manage and report on climate and nature risks, alongside other risks. Periodic updates on sector views and associated climate risks are expected as part of manager oversight.

Emerging Market Public Debt (EMD)
For the Emerging Market Public Debt (EMD) mandate, sustainability and reputational risk considerations are embedded within mandate design, manager oversight, and ongoing country eligibility assessments. The ESG and Franchise Risk Framework is applied on an ongoing basis to all countries within the portfolio, with annual updates to ensure country-level assessments reflect the latest available data and evolving risk dynamics. Ad hoc assessments are also undertaken where new countries are proposed for inclusion in the investment universe, supporting informed mandate oversight and engagement with the investment manager.

The assessment criteria underpinning the framework are defined as follows:

ESG Score: Derived from the Aviva Investors proprietary ESG Sovereign Ratings framework, which integrates a broad set of environmental, social and governance indicators to provide a structured, comparative assessment of sovereign sustainability risks.

Financial Crime: Informed by the Aviva Financial Crime Joint Intelligence (JI) Index Rating, as defined and maintained by the Group Financial Crime Team. This captures risks relating to corruption, money laundering and broader financial integrity, which may pose material reputational and investment risks.

Climate Risk: Assessed using sovereign carbon emissions data combined with forward-looking indicators of climate commitment and transition readiness. This includes sovereign carbon emissions intensity, Nationally Determined Contributions (NDCs), ND-GAIN climate adaptation metrics developed by the Notre Dame Global Adaptation Initiative, and reference to the Climate Action Tracker to provide additional context on national climate policy ambition and credibility.

Human Rights: Based on a set of indicators representing material human rights risks at the sovereign level. These indicators are designed to highlight structural and systemic issues that may give rise to heightened reputational risk or long-term social instability.

Through this framework, sustainability considerations are systematically incorporated into mandate governance and manager oversight for the EMD portfolio, supporting a disciplined approach to sovereign risk assessment that is aligned with Aviva's broader stewardship and responsible investment objectives.

Sustainable Assets
We use our Sustainable Asset Classification Framework and an explicit decision matrix to track investments in opportunities, and more specifically in green assets (SIP1), transitioning assets (SIP2), social assets and other sustainability categories across public and private market, shareholder and customer investments. For more information, see our FY25 TCFD report.

Assets meeting whitelist criteria and those that are already Paris Aligned are classified as Green Assets (typically implying no/limited transition risk and therefore a Supportive view). Assets with credible, science-based targets and a transition plan to reach 1.5°C alignment by 2030 can be classified as Credible Transition Assets (also generally supportive, aligned to SIP 2).

Governance and organisation of stewardship

The delivery of effective stewardship requires the advocacy and sponsorship of senior leadership, sufficient resourcing and oversight to make sure we deliver on our ambitions. The following section focuses on the approach we take to govern stewardship and highlights the enhancements we have made to build on our in-house capabilities. We are committed to continually improving our oversight and assurance across all our stewardship activities.

The Group's governance structure
Sustainability is one of Aviva's four key strategic priorities. As part of both our strategic decisions and day-to-day business activities, issues or opportunities relating to sustainability remain a core consideration. We continue to have a strong system of sustainability governance, with effective and robust controls in place which recognise the nature, scale and complexity of operations across the Aviva Group.

We work to embed stewardship activities across the business, collaborating with our colleagues at Aviva Investors in their capacity as asset managers, and with the wider Group more broadly. Figure 1 outlines our Group corporate governance structure, which facilitates this collaboration and enables all parts of the Group to work towards a common stewardship ambition.

Aviva's governance framework is based on the 2024 UK Corporate Governance Code, given that Aviva is a UK Premium Listed Company. We believe that by applying these principles we set the same standards for ourselves as we expect from others.

The Aviva Sustainability Ambition Executive Committee
The Aviva Sustainability Ambition Executive Committee is comprised of executive members from all the relevant functions and provides oversight and challenge in meeting our key ambitions and driving the effective, consistent delivery of the Aviva Sustainability Ambition (ASA) across Aviva.

The Committee provides sustainability expertise to enable delivery and co-ordination of local activity across Aviva's markets and functions and has delegated authority from the Customer and Sustainability Committee.

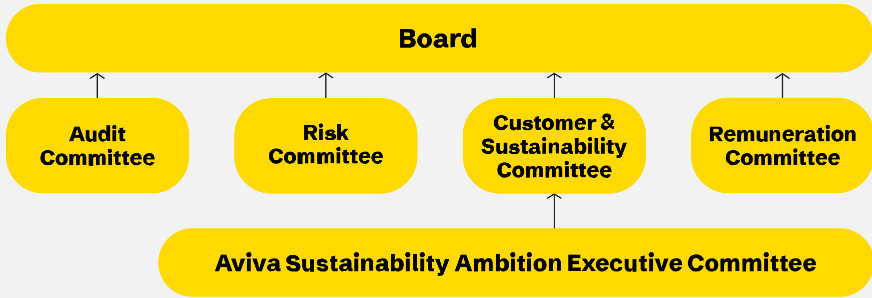
The Sustainability function
The Sustainability function reports to the Chief Brand and Corporate Affairs Officer, who chairs the ASA Executive Committee and is the Aviva senior executive responsible for sustainability.

The Chief Sustainability Officer leads the Aviva Group Sustainability Team and reports to the Chief Brand and Corporate Affairs Officer, who is the Group Executive Committee member responsible for corporate responsibility and sustainability.

The Group CEO is accountable for the development and execution of the Group strategy. Aviva's 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 opinion and challenge of risks including sustainability- and climate-related risks and maintain an appropriate approach to disclosure and regulatory reporting of these risks.

Figure 1: Aviva Group sustainability-specific governance



BOARD
Responsible for the company'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 and Climate Related Financial Disclosure Report.

AUDIT COMMITTEE
Assists the Board to review the principal climate-related disclosures made in the Annual Report and Accounts and Climate-related Financial Disclosure report, consider the significant inherent challenges in the measurement of climate emissions and ensure the disclosures of these challenges are addressed and given appropriate priority.

RISK COMMITTEE
Assists the Board in its oversight of risks, including climate-related risks by assessing the effectiveness of our risk management framework, risk strategy, risk appetite and profile.

CUSTOMER AND SUSTAINABILITY COMMITTEE
Assists the Board in its oversight of Aviva's Sustainability Ambition by evaluating progress on the priorities and objectives, including reviewing our Transition Plan and relevant policies and our overall contribution to, impact on, and role in society in the countries we operate. The Committee monitors performance against key metrics and targets across sustainability issues.

REMUNERATION COMMITTEE
Assists the Board in its oversight of remuneration including consideration of climate metrics when reviewing the Directors' Remuneration Policy.

AVIVA SUSTAINABILITY AMBITION EXECUTIVE COMMITTEE
Assists the Board in its oversight and challenge of the successful execution of the climate strategy.

UK IWR governance structure
UK IWR operates a complementary governance framework to the Group structure, embedding sustainability and stewardship within day-to-day decision-making and oversight of investment managers (including Aviva Investors). The UK Life Holdings (UKLH) Board reports to the Aviva plc Board, with governance spanning Board, Executive and senior management levels.

Sustainability is embedded across governance forums, including as a standing item in the UKLH Board Investment Committee via the CIO's updates. This is supported by regular management information, strategic reviews of climate risk and sustainability integration, and formal oversight of risk appetite and associated metrics through Board and Risk Committees.

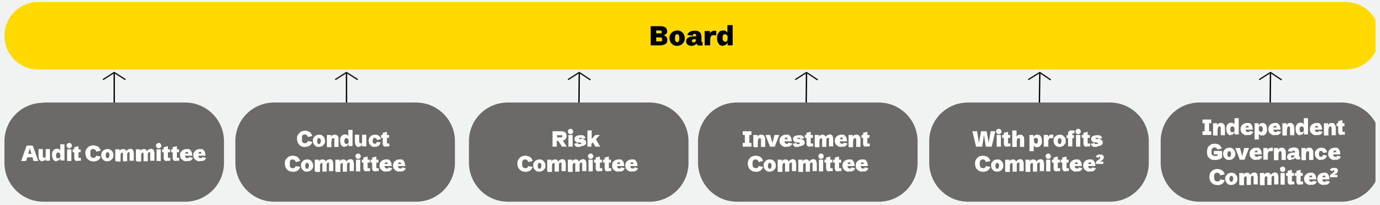
Within this structure, the IWR Sustainability Forum is a key coordinating body. It brings together representatives from across IWR business units and functions and feeds directly into the IWR Executive Committee (ExCo). The Forum plays a central role in:

- Coordinating delivery of IWR's sustainability strategy
- Overseeing sustainability-related risks and monitoring progress against ambitions
- Supporting consistent implementation of stewardship activities, including engagement and voting oversight
- Escalating key sustainability issues and recommendations into ExCo and Board-level governance where appropriate

This ensures sustainability considerations are systematically integrated into decision-making and that ExCo is supported in discharging its oversight and accountability responsibilities.

The IWR ExCo, chaired by the CEO, incorporates sustainability across its agenda, reinforcing integration into business-as-usual activities and strategic decision-making.

Figure 2: Aviva UKLH governance structure. Aviva Life Holdings UK Limited Board[1]



To enable our Board and the executives to carry out their roles and responsibilities including sustainability, we have established a governance structure which ensures effective and efficient decision-making. We explore a selection of these committees in further detail and the role they play in embedding sustainability considerations into investment management.

INVESTMENT COMMITTEE

Responsible for assessing and approving sustainable investment strategy and policy consistent with UKLH board-approved investment beliefs and risk appetite; considering investment matters that require Aviva plc Board, Group management or UKLH Board approval; overseeing the relationship between UK IWR and its investment managers and custodians, monitoring investment performance; and monitoring our investment management functions. Sustainable investment strategy, including climate risk, is a standing agenda item.

WITH PROFITS COMMITTEE

An independent committee with responsibility for oversight of ensuring that fairness to customers is embedded in all Aviva's with-profit funds decision-making. The committee monitors and advises on management decisions that impact customer outcomes, including sustainability-related activity and broader investment matters, escalating any concerns to the UKLH Board.

INDEPENDENT GOVERNANCE COMMITTEE

Provides independent challenge in respect of the interests of relevant policyholders of workplace pensions and pathway investors. The committee considers the adequacy and quality of Aviva's policy in relation to sustainable financial and non-financial considerations; how these are considered in the investment strategy or investment decision-making; and Aviva's adequacy and quality in relation to stewardship.

The Board sub-committees are supported by these Management Committees.

ASSET LIABILITY COMMITTEE

In addition to monitoring the balance sheet and financial risk, the committee makes decisions to support the CFO in exercising their delegated authority. This ensures optimisation of opportunities and makes best use of capital across the UK IWR business, while ensuring there is appropriate oversight of the financial risk exposure, risk appetite and solvency of regulated entities. It also serves to make decisions in relation to the management of (1) the balance sheet (2) financial risk exposure and (3) position against the risk appetites as set by the Boards, which includes climate and broader sustainability-related risks and opportunities. It also makes recommendations to the Board or Board sub-committees.

INVESTMENT & CREDIT COMMITTEE

A committee to support the CIO in managing and overseeing UK IWR's customer and shareholder investments, including investment strategy, responsible investments, asset manager relationships and stewardship practices, and monitoring the effectiveness of investment risk management, including climate risk.

LIFE CREDIT COMMITTEE

A senior management committee was created to review and approve off-market investment transactions impacting on the shareholder funds where investment discretion is not passed to our asset managers. The committee reviews individual investment recommendations from our investment managers, including sustainability considerations as a mandatory part of the investment analysis and recommendation.

1. UKLAP is wholly owned by Aviva UK Life Holdings Limited (a UK incorporated non-regulated company) and operates jointly as a Board and Board Committees
2. Sub-committees of UKLAP Board

Resourcing and training

In recognition of our belief that effective integration and management of sustainability risks and opportunities goes hand-in-hand with long-standing investment management best practice, we have structured our team so that our sustainability management is driven by and centred around our investment teams.

The IWR Sustainable Investing team continues to mature, demonstrating its subject matter expertise within the UK IWR Investment team and across the wider Aviva Group.

The team is structured to provide end-to-end coverage across strategy development, implementation, oversight, and performance monitoring, ensuring sustainability considerations are embedded across all investment activity and stewardship processes.

The Sustainable Investing team comprises a core leadership group spanning four primary functional areas:

Sustainable Investing Management, responsible for implementation of frameworks and oversight of asset managers across customer and shareholder portfolios.

Strategy and Frameworks, responsible for developing sustainable investing frameworks, methodologies, and policies, and maintaining alignment with evolving regulatory and market standards.

Performance and Reporting, responsible for business planning, target setting (including carbon intensity metrics), and monitoring outcomes to drive continuous improvement.

IWR Sustainability, responsible for consolidating sustainability outcomes across IWR, including risk management and non-investment sustainability delivery. This structure ensures clear accountability and sufficient resourcing across the full sustainable investing lifecycle—from strategic design through to implementation, monitoring and reporting.

The Sustainable Investing team benefits from a breadth of training, experience, professional associations, and a variety of specialist skills, including climate and nature investment risk management and modelling roles, and sustainable investment management and analyst roles, enabling us to consistently drive to achieve our sustainability investment ambitions in UK IWR.

We promote a culture of diversity, equity and inclusion and we believe the stewardship team benefits from this diversity. The teams complement the skills and expertise within Aviva Investors and our external asset managers.

The Sustainable Investing team also collaborate extensively on an ongoing basis with other business areas to drive our sustainability ambition forward. This includes experts across our wider UK IWR Investments team, Group Sustainability, Group Risk, Public Policy experts and ESG teams within Aviva Investors and our external managers. These experienced professionals draw upon a diverse range of skill sets to deliver stewardship outcomes for our customers.

Aviva carries out a range of training for our existing employees, detailed below, to support our stewardship activities and ambition as it continues to grow and evolve.

Delivering the training our people require to achieve our stewardship ambition
Throughout the year, Aviva continues to develop the skills of our boards and of our people with respect to stewardship considerations; see below some grouped examples of this.

Board and Committee-specific training
- The Board completes training on evolving topics, such as climate and nature, and artificial intelligence (AI).
- The Board also receives regular briefings on a range of strategically important matters to ensure they are informed of developments in these areas.
- Climate and sustainability training was provided for the Group and subsidiary Boards

External Training Qualifications
- Since 2023, Aviva has offered an external training programme including professional qualifications for UK IWR Investments team members, enhancing knowledge on investments, ESG-related capabilities, and climate topics.
- For example, we support a range of qualifications from CFA Institute and CFA UK, including the CFA Program, the IMC, and their various sustainability certifications, as well as Global Association of Risk Professional's (GARP) Sustainability and Climate Risk (SCR) Certificate.

Firm-wide
- New employees complete mandatory sustainability training, and investment teams receive regular updates on climate themes to better understand material risks and opportunities.
- Targeted sessions on anti-greenwashing are delivered, following FCA regulations, discussing its importance and mitigation steps.
- The Sustainable Investing team provide regular training sessions covering various climate-focused and wider sustainability topics through an investment lens to enhance capacity building amongst colleagues.
- An online sustainability training site, the 'Sustainability Academy', on Aviva University supports colleagues with sustainability learning.

We continue to enhance the training above with ad hoc bespoke sustainability focused internal training and development programme for wider stakeholders and business units across Aviva. These programmes are designed to offer training that evolves in line with market requirements.

External Resourcing
External providers serve as valuable resources in the oversight and decision-making processes within UK IWR. Where appropriate, we outsource to specialist consultants and contractors. For example, in the past, prior to building out our internal capabilities, some of the consultants we worked with developed the methodology for carbon accounting and data models. Examples of how we oversee some of our external resourcing can be found in the case studies in our Activities and Outcomes report, detailing how we monitor our service providers.

Assurance and managing conflicts

Aviva continues to review and obtain assurance, where appropriate, of our policies and processes, which ensures our reporting is fair, balanced, understandable and continues to improve.

Aviva applies a three-lines-of-defence model to managing risk; see the 'Internal Assurance' section. We are committed to obtaining internal and external assurance over our market-facing reporting where applicable and seeking support from third-party advisors to ensure our outputs are robust and reliable.

External assurance
Following a competitive audit tender process, Aviva has appointed EY as its external auditor. EY provides statutory audit services where required for entities within the Aviva Group and audit related assurance over components of Solvency II reporting. The Audit Committee received regular reports from EY on their work and oversees the effectiveness of EY.

As part of our commitment to transparent reporting on our performance, EY has provided reasonable assurance over selected sustainability KPIs shared in Aviva's annual sustainability and wider reporting suite. This includes reasonable assurance on our financed emissions metric, which included a number of asset classes owned almost entirely by IWR. This does not include auditing of this report.

Internal assurance
As part of our three-lines of defence model, within the first line of defence, the UK IWR investment team use the research, selection and oversight process to assess our asset managers. This also allows us to monitor the reporting information that the asset managers provide us with. The process results in a level of internal assurance that our asset managers are servicing our stewardship needs effectively.

Our Internal Audit team together with first and second-line control functions provide independent assurance over our control environment related to sustainability including, on a risk-prioritised basis, the robustness of our stewardship reporting.

Our Internal Audit Function considers greenwashing risk as part of their assurance planning and delivery.

This provided assurance over existing controls while highlighting minor actions to support further strengthening and embedding.

The UKLH Audit Committee also conducts an annual review of the Internal Audit function to assess its independence, effectiveness and to satisfy itself that the quality, experience and expertise of the Internal Audit function is appropriate for the business. This is usually carried out by reviewing reports issued by Internal Audit and the output of an annual stakeholder effectiveness survey.

This formal process is supplemented by regular private discussions with executive management, the Internal Auditor and the External Auditor.

Our three lines of defence

1 **MANAGEMENT**
Accountable for the implementation and practice of risk management. Primary responsibility for risk identification, measurement, management, monitoring and reporting.

2 **RISK FUNCTION**
Sets frameworks and standards to manage risk, and provides oversight, challenge, and advisory support to the business on risk matters.

3 **INTERNAL AUDIT**
Responsibility for assessing and reporting on the effectiveness of the design and operation of the internal control framework, which enables risks to be assessed and managed.

Managing conflicts
Aviva takes its fiduciary duties to customers and beneficiaries seriously. Our Group Conflicts of Interest Policy covers the main areas of risk strategy, risk appetite, governance, modifications and exceptions, and non-compliance. It aims to protect Aviva, its customers and its employees and ensure that all conflicts of interest, whether perceived or actual, are appropriately identified and managed effectively. It sets out the obligation on all colleagues to:

- identify and where possible avoid situations that could result in apparent, potential or actual conflicts;
- notify their line manager and other relevant parties;
- register the conflict in the conflicts of interest register;
- undertake relevant training;
- use the policy with other applicable policies and procedures; and
- update the status of the conflict if and when it changes.

The Group Conflicts of Interest Policy includes guidance on voting and engagement. Our principal objectives when considering matters such as engagement and voting are always to act in the interests of our clients and underlying beneficiaries, and to treat all clients and beneficiaries fairly. No direct self-investment is permitted in an Aviva plc equity, bond or money market issue by any Aviva Group company or associate.

Collective investment schemes (excluding Tax Transparent Funds) and investment trusts managed by Aviva Investors are not prohibited from investing in Aviva plc equities. Where Aviva Investors is responsible for voting rights over Aviva plc shares held or managed on behalf of external clients, given the potential for a conflict of interest, Aviva Investors will exercise no discretion over those voting rights and its default position will, therefore, be to refrain from exercising those voting rights.

The Conflict of Interest Policy is reviewed annually by the Aviva plc Board and is published internally to all employees on our intranet.

All conflicts of interest are registered using an internal standard online Conflicts of Interest register. Additionally, conflicts that result from an employee's role as a statutory board director on one of Aviva's subsidiary companies or an external company must be added to the company's statutory Conflicts of Interest register.

We endeavour to robustly manage potential conflicts in our stewardship activities and therefore exercise formalised segregation of duties within UK IWR, such that proposition or underwriting teams are not directly involved in investment stewardship processes and activities, and in turn those executing stewardship responsibilities have a limited view of Aviva's business clients. We also maintain an arm's-length relationship with Aviva Investors, who engage on our behalf.

Being another step removed from Aviva's business relationships, the asset manager can engage from a non-conflicted position.

This arm's length relationship is also important in managing the conflict that could arise from having an in-house asset manager. Our '5 P' process, as well as our sustainability manager oversight assessment, both highlighted earlier in this report, are applied equally to our internal and external managers and ensures a level of independent assessment; as do the segregation of functions and governance structures described earlier in the chapter.

In accordance with the Companies Act 2006, the Company's Articles of Association allow the Board to authorise potential conflicts of interest that may arise and to impose such limits or conditions as are deemed necessary. The Board continues to monitor and note any actual or potential conflicts of interest that each Director may have and decides whether these should be authorised.

Directors must disclose potential conflicts of interest as and when they arise and confirm that the information held by the Company is correct on a bi-annual basis.

Conflicts of interest in relation to our internal asset manager's stewardship activity are addressed as a standing agenda item during quarterly business review meetings. They are presented and discussed to agree an appropriate course of action, if deemed necessary. Some of the possible actions could be to continue monitoring the conflict, to withhold a vote, vote against a resolution or support a resolution.

Cautionary statements

CLIMATE-RELATED CAUTIONARY STATEMENT

Climate metrics

References to climate metrics in this cautionary statement also equally refer to projections, forecasts and other forward-looking statements in this document, unless the context indicates otherwise. The climate metrics used in this report should be treated with special caution, in particular as they are more uncertain than historical financial information, and given the wider uncertainty around the evolution and impact of climate change.

Climate metrics are summarised on page 37 of the Aviva plc Climate-related Financial Disclosure and include:

- Estimates of historical emissions and investment in sustainable assets;
- Actual and expected weather-related losses;
- 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.

These metrics should be considered alongside and set in the context of the notes. Our understanding of climate change effects, data, metrics and methodologies and its impact and wider sustainability impacts continue 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. Below and in the next column we provide a non-exhaustive list of some of the challenges associated with using climate 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.

In particular:

- Some methodologies use company-specific historical emissions data while others may only provide estimations of emissions based on sectoral or geographical data or averages.
- 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 that incorporate emissions ambitions and targets, may rely on different criteria for the types of ambitions and targets that can and cannot be used.
- 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.

In particular:

- 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.
- Sovereign emissions included in this report are based on third-party national emissions estimates and are therefore subject to significant estimation uncertainty.
- 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 financial services industry, like other sectors, is grappling with data availability and quality.

In particular:

- 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 necessary scope for data to analyse emissions and assess physical and transition risks across operations and investment portfolios.
- 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 report and may mean that subsequent reports 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 reports.

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 2025 climate-related financial disclosures report; and the measurement technologies, analytical methodologies and services that support them remain in an early stage of development. Factors that could cause actual results to differ materially from those indicated in forward-looking statements in the report include: the impact of ongoing uncertain conditions in the global financial markets and the national and international political and economic situation generally (including those arising from the current and emerging geopolitical landscape and rising protectionist measures.

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

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 report is subject to significant uncertainties and risks which may result in the Group being unable to achieve the current plans, expectations, estimates, ambitions, targets or projections.

Some of the information in this report 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 report should be read in conjunction with the other documents distributed by Aviva through The Regulatory News Service (RNS). This report 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 assessments.

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 climate or sustainability reporting; and the ability of the Group, together with governments and other stakeholders to measure, manage, and mitigate the impacts of climate change and broader sustainability-related issues effectively.
- The impact of ongoing uncertain conditions in the global financial markets and the national and international political and economic situation generally (including those arising from the current and emerging geopolitical landscape and rising protectionist measures).

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 report are current only as of the date on which such statements are made.

Notwithstanding any statements of intent or expectation in this report, Aviva does not undertake to update our forward-looking statements 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.

Cautionary statements

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