

# Aviva Business Standard

## Sustainability

### Business Standard information

Standard owner: David Schofield – Group Head of Sustainability

Approval date and body: 22 November 2021, Group Executive Risk Committee

Effective date: 1st January 2022

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### Business Standard Objective

The objective of this business standard is to set out the minimum requirements that businesses must comply with to ensure that Aviva remains a trusted, respected, and responsible insurer. This business standard aims to support a positive and supportive approach to Sustainability at a global level, helping Aviva to responsibly manage its impact in the environment and make a real contribution to the communities in which Aviva operates.

#### Expected business outcomes

- 1) A positive, consistent, and measurable approach to Sustainability throughout our operations, third party arrangements and our core business activities e.g., Insurance, Asset Ownership, Asset Management, and Investment Activities.
- 2) Responsible management of our impact on the environment and respect for human rights and modern slavery compliance.
- 3) Continue to make a difference to the communities where Aviva operates, acting in accordance with our values both at Group and Functional level.

### Scope

This business standard applies to all Aviva entities.

### Target Audience

The target audience for this business standard is all Aviva employees.

It is the responsibility of business CEOs to ensure that their business operates in line with the minimum requirements set out in this business standard. This includes any internally or externally outsourced activities.

Whilst authority may be delegated by the CEO, the CEO remains responsible and will be required to sign an annual declaration that except for identified qualifications/weaknesses, the system of governance and internal controls are effective.

## Risks from the Aviva Risk Taxonomy covered by this business standard and associated control objectives

Level 1 risk category	Level 2 risk type	Level 3 risk type
Operational Risk	Legal and Regulatory Compliance	Changing regulation/legislation (LRC01)
	Third party risk	Commercial contracts and sourcing of business requirements (ETCEM70)
	External reporting and tax	Non-Prudential Financial Reporting (IFRS) (EMMR29)
		Non-Prudential Financial Reporting (excl. IFRS) (EMMR30)
Business Continuity, Physical Safety and Security	Physical safety and security (NEW3)	
Strategic Risk	Business Risk (i.e., Internal Strategic Risks)	Environmental, Social & Corporate Governance (incl. Climate and Corporate Social Responsibility)

Level 3 risk type	Control Objective
Changing regulation/legislation (LRC01)	CRE-O-1 – Human rights are respected, as defined by the Universal Declaration of Human Rights and International Human Rights conventions.
	CRE-O-8 – The requirements of the UK Modern Slavery Act 2015 are complied with, or recognised, as appropriate.
Environmental, Social & Corporate Governance (incl. Climate and Corporate Social Responsibility)	CRE-O-3 – Aviva’s operational environmental impacts are managed in line with the Groups net zero targets.
Commercial contracts and sourcing of business requirements (ETCEM70)	CRE-O-5 – Appropriate due diligence is carried out and approvals are obtained for all charitable partnership’s donations and sponsorships.
Non-Prudential Financial Reporting (IFRS) (EMMR29) Non-Prudential Financial Reporting (excl IFRS) (EMMR30)	CRE-O-6 – Aviva plc reporting on Sustainability Responsibility is accurate.
Physical Safety and Security (NEW3)	CRE-O-7 – The risks associated with employee volunteering are appropriately managed.

## Minimum Requirements

Minimum Requirement (link to laws and regulations and statutory requirements)	Description
CRE-O-01	Human rights are respected, as defined by the Universal Declaration of Human Rights and International Human Rights conventions.
CRE-C-17	An appropriate person in the business must complete human rights due diligence checks across all Aviva markets, at least every two years. The results must be reported back at Group level and locally in markets. Any gaps identified must be addressed.
CRE-O-08	The requirements of the UK Modern Slavery Act 2015 are complied with or recognised as appropriate.
CCRE-C-19	<p>The Aviva Group must ensure the Modern Slavery statement:</p> <ul style="list-style-type: none"> <li>- is drafted and externally published on an annual basis according to the guidance and timelines set by the Home Office.</li> <li>- is approved by the Board of Directors of the company (or equivalent management body).</li> <li>- covers the main areas of importance detailed by the Home Office. This includes but is not limited to organisational structure, policies related to slavery and human trafficking, due diligence, risk assessment, key performance indicators and effectiveness and training. The statement must also demonstrate continuous progress.</li> </ul>
CCRE-C-20	<p>Each business/market must contribute to meeting the requirements of the UK Modern Slavery Act 2015 by:</p> <ul style="list-style-type: none"> <li>- Briefing, on a yearly basis, their Senior Leadership Team on the content of the most recent Modern Slavery statement.</li> <li>- Undergoing Human rights and Modern slavery training including training any new joiners in the key functions of Sustainability, Risk Business partners, People Function Resourcing, Procurement and Supplier management staff.</li> <li>- Following the guidance set in the Aviva <a href="#">Third Party Code of Business Behaviour</a> (or country equivalent) and in the Group Human Rights policy.</li> <li>- Taking part in supplier due diligence and risk assessments when required by Group.</li> </ul>
CRE-O-03	Aviva's operational environmental impacts are managed in line with the Groups net zero targets.
CRE-R-03	Each business must set local targets as set out in Business Planning documentation, monitor performance, and ensure mitigating actions are in place to ensure targets are met.
CRE-R-05	Businesses must contribute to the cost of purchasing carbon credits to offset unavoidable operational carbon emissions on a proportionate basis to the emissions generated.
CRE-R-21	Businesses must support Aviva's ongoing net zero commitments by setting local targets for performance against the following measures and achieving reductions/increases (as appropriate, by metric) on an

	<p>annual basis in line with agreed climate risk preferences, operating limits and tolerances:</p> <ul style="list-style-type: none"> <li>- Carbon foot-printing of shareholder investments (tCO<sub>2</sub>e<sup>1</sup>/\$m sales)</li> <li>- Equities (tCO<sub>2</sub>e/\$m sales)</li> <li>- Credit (tCO<sub>2</sub>e/\$m sales)</li> <li>- Portfolio Warming Potential (degree) of shareholders investments</li> <li>- Green Investment as a % of AUM</li> </ul> <p>- Considering climate impact in the selection process and management of third-party arrangements in line with group level commitment to science-based targets<sup>2</sup>.</p> <p>We have publicly reported Group-level targets, some of which are mandatory. The targets have been agreed at a Board level. These targets are:</p> <ul style="list-style-type: none"> <li>• Reduce operational (buildings and travel related) CO<sub>2</sub> emissions by 5% on an annual basis,</li> <li>• Reduce operational CO<sub>2</sub>e emissions and 70% by 2030 – using our restated 2010 baseline</li> <li>• Reduce water consumption by 4% on an annual basis</li> <li>• Reduce total waste by 4% on an annual basis</li> <li>• Increase proportion of waste recycled by 4% annually to a minimum of 80% of total waste produced.</li> </ul> <p>For further guidance on how to set local targets you can arrange a briefing on this subject by contacting the <a href="#">Group Sustainability team</a>.</p>
<b>CRE-O-05</b>	Appropriate due diligence is carried out and approvals are obtained for all charitable partnership's donations and sponsorships.
CRE-C-07	<p>A Sustainability Manager or individual with responsibility for Sustainability must approve any prospective charitable partnership, sponsorships donations and complete/arrange due diligence as per the guidance provided by Group Financial Crime. Due diligence must also be completed to ensure that:</p> <ul style="list-style-type: none"> <li>- Alignment with the overall Sustainability strategy is verified and justification of it is clearly documented.</li> <li>- In the case of charitable partnerships, a draft charitable agreement needs to be drafted which includes clear impact reporting requirements.</li> </ul>
CRE-C-10	<p>Donations and sponsorships <b>must</b></p> <ul style="list-style-type: none"> <li>- Always be paid directly into a verifiable organisation's account</li> <li>- NOT be made to individuals, organisations in a relevant sanction list, nationally or internationally or made to organisations with current bribery and corruption or other criminal investigations.</li> <li>- NOT be made to a High or Very High rated country as defined in the Aviva Jurisdiction Index.</li> <li>- NOT benefit a political organisation.</li> </ul>

<sup>1</sup> CO<sub>2</sub>e – Carbon dioxide equivalent

<sup>2</sup> Science-based targets initiative (SBTi) - <https://sciencebasedtargets.org/wp-content/uploads/2019/03/SBTi-criteria.pdf>

	<ul style="list-style-type: none"> <li>- NOT benefit projects that favour or promotes any religious belief or where participants/beneficiaries are required to belong to a religion.</li> <li>- NOT be made to projects that do not fit within Aviva's Sustainability Strategy.</li> </ul>
<b>CRE-O-06</b>	Aviva plc reporting on Sustainability responsibility is accurate.
CRE-C-14	A Head Of or above with responsibility for delivery of the Sustainability agenda (or equivalent) must approve any Sustainability and Climate Change data before it is reported at Group level.
<b>CRE-O-07</b>	The risks associated with employee volunteering are appropriately managed.
CRE-C-18	Line managers must ensure that employees volunteering to work with children during working hours have signed up to <a href="#">Aviva's child safeguarding guidance and code of conduct</a> before completing their volunteering assignment.

## Modifications & Exceptions (M&E)

If a modification or exception is required with respect to any of the minimum requirements of this business standard, please refer to section 5 of the 'Risk Policy Governance Framework'.

## Supporting materials

Further guidance to support compliance with this business standard, as listed below, is available here:

1. [The Aviva Business Ethics Code](#)
2. [The Aviva Human Rights Policy](#)
3. [Child Safeguarding guidance and code of conduct](#)
4. [The Aviva Modern Slavery Statement](#)
5. Contact names and details of individuals in the Group Sustainability team [here](#).