

Real Assets: Stakeholder Engagement Policy

14th September 2021

For today's investor



Our approach to stakeholder engagement

Aviva Investors is the global asset management business of Aviva plc. Our real assets business manages a range of strategies that invest in real estate debt and equity, infrastructure debt and equity, private corporate debt and structured finance. Our platform invests directly in and finances buildings and infrastructure that play a crucial role in shaping our evolving society and economy.

As a manager of real assets our business activities require interaction with individuals and groups of people at a local, national and global level. These are our stakeholders, or anyone who could be affected by our activities. In brief this includes our borrowers and occupiers, our suppliers and partners, and the communities in which we operate. Each of these stakeholder groups have their own interests and concerns about our activities and we are committed to engaging them and managing their concerns in an appropriate way.

Understanding our stakeholders' perspectives is critical to the success of the investments we place on behalf of our clients. To create and protect value, we must balance the needs of our clients with the needs of our stakeholders. We do this by understanding material environmental, social and governance (ESG) factors and sustainability risks that can impact investment returns. A core part of this is assessing investments for their potential to adversely impact our stakeholders. Once assets have been originated, we then consider the needs of our stakeholders through the asset management process. The response of our stakeholders to our investment and asset management activities is critical to their ongoing success, and so we are committed to including them at the appropriate time during the investment process to ensure their views and concerns are heard and acted upon.

Our stakeholder engagement objectives

As a responsible investor we are committed to:

1. Undertaking fair and inclusive consultation with our stakeholders where we make investment into assets which are newly constructed, where we have development control or influence over the development process.
2. Ensuring our stakeholders who live near to our assets, or are affected by them, are informed about key changes to their operations, where we have operational control or influence over the operations process.
3. Engaging with developers and suppliers who carry out construction and operations on our behalf, to ensure they represent the intention of this policy when dealing with any of our stakeholder groups.

We note the limitations of this policy, as where we act as a lender our borrowers are not bound to acting in accordance with this policy and we are not able to exert any influence over their development and operational activities. We actively screen our borrowers and do not lend to companies where we deem there may be significant environmental, social or governance risks or impacts concerning our stakeholder groups as a result of the borrower's activities. In the case of joint ventures where our partner has managerial control of the asset, we cannot ensure that those partners will act in accordance with this policy.

Roles and responsibilities

Our PR team take overall responsibility for stakeholder engagement, overseeing the interaction between our business and our stakeholder groups. The accountability for ensuring stakeholder groups are engaged effectively rests with our managing directors.

Client facing stakeholder issues are managed by our head of investment specialists. Our head of ESG is responsible for the ongoing improvement of our approach to stakeholder management.

Engaging stakeholders through the investment process:

Due diligence	When we originate investments, we undertake due diligence comprising of detailed technical analysis of every asset, activity or company we are looking to invest in. This includes an assessment of factors which may negatively impact people who are associated with the asset or project we are assessing.
Investment committee	Our investment committees balance financial, risk and ESG analysis and insight from the origination and ESG teams to form a balanced decision. This includes a stakeholder analysis section which must be completed by the team who propose the investment.
Asset Management	For equity investments, where we have control or influence, our partners take over management of the asset in accordance with our requirements. Where appropriate, this includes a requirement to positively engage with our stakeholder groups. We then engage to ensure suppliers are representing the intention of this policy.
Complaints and queries	Where we are made aware of incidents which concern our stakeholder groups, or complaints from our stakeholders, our staff are required to refer details to our leadership team in order that an appropriate response can be initiated. We aim to respond to all stakeholder incidents within two working days. Where we receive queries about our activities from our stakeholders, we endeavour to respond to them within five working days.

Our governance

Our governance structure and processes ensure our approach to stakeholder engagement is embedded throughout our business. The implementation of this policy is overseen by our real assets stakeholder forum, which is chaired by the chief investment officer and has membership from our senior leadership team as well as communications, risk and governance functions. The stakeholder forum promotes balanced investment decisions which minimise negative impacts on our stakeholders and ensures ongoing capability and accountability for dealing with stakeholder issues among our staff. The forum is a sub-forum of our risk and governance oversight committee which is chaired by the chief investment officer. Significant stakeholder issues are escalated to the risk and governance oversight committee, as well as to our group corporate communications and public policy teams to ensure the real assets business acts in accordance with the views of the broader Aviva Group PLC business.

This policy

This policy applies to the following entities within the Aviva Investors Group [AIGSL, AIF, AIA, AIC & AIAPL] (the “AI Entities”), which are responsible for the discretionary investment management of real assets on behalf of Aviva Investors and our clients. The policy is part of a broader framework of Aviva Investors policies, procedures, governance structures and controls. The policy is supported by an internal training programme which ensures our staff understand what is expected of them at every stage of the investment process. The policy will be updated annually.

Customer complaints

We have a separate process for direct customers of Aviva Investors wishing to make a complaint about our services. The procedure for making such complaints can be found here:

<https://www.avivainvestors.com/en-gb/contact/making-a-complaint/>

Our stakeholders and how we engage them

	Who are they?	Areas of interest to stakeholders	How do we engage them?
Clients and joint venture partners	Companies who invest with us or alongside us	Research and insight Transparency and disclosure Regulatory compliance Customer service Fees, charges and interest	We undertake regular client satisfaction surveys to seek feedback on our progress with key customer service areas. In addition, our clients receive quarterly investment updates which may reference stakeholder affairs concerning their investments. We inform clients and JV partners about key stakeholder issues when those issues are deemed to be relevant.
Occupiers	Companies who rent space which is managed by us on behalf of our clients	Quality of service Lack of disruption to operations	Our asset and property manager partners conduct customer satisfaction surveys as well as engaging directly with occupiers concerning anything which may negatively affect their business operations.
Borrowers, intermediaries and sponsors	Companies receiving financing, or intermediaries acting on their behalf	Fair treatment Fees, charges and interest	Our originators and asset managers engage directly with borrowers concerning stakeholder issues which may affect the assets users, including occupiers and communities.
Supplier partners and developers	Companies delivering services to Aviva Investors	Fair treatment Prompt payment terms	An important part of our culture is the promotion of high legal, ethical, environmental and employee related standards within our business and among our suppliers. Through our supplier management framework, we ensure suppliers agree to act in accordance with our Third-Party Code of Behaviour, and our interaction with them is guided by our Business Ethics Code 2020.
Communities	Individuals living in and in close proximity to our assets	Consultation on design and planning Minimal disruption from construction work Economic opportunities	We carry out consultation with communities through third parties for our development projects, and engage both directly and through Business Improvement Districts, ensuring our stakeholders are appropriately involved in the design and ongoing operation of our assets.
Regulators	Regulatory bodies overseeing asset management and real assets	Stability of the financial system Fair and effective markets Transparency and disclosure	We maintain a constructive and open relationship with our regulators and have a programme of regular meetings between our leadership and compliance teams and our regulators.
Shareholders or Policyholders	Individuals holding shares in Aviva Group PLC or holding insurance policies	Transparency and disclosure Information about real asset projects	We do not engage directly with shareholders and policyholders; however, we do provide information indirectly through our investor and client communications teams within the broader Aviva Group PLC network.
Local authorities and central government	Elements of government who oversee the sectors and geographies in which we invest	Regulatory compliance Stability of the financial system Fair and effective markets	We engage both directly and through external development managers with local authorities concerning planning issues. We engage directly and through industry bodies with central government and are committed to representing the interests of our clients and stakeholders when engaging on issues which are relevant to real assets investments.

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