

Aviva Life & Pensions UK LTD Responsible Investment Policy

Responsible Investment Beliefs

Aviva Life & Pensions UK LTD (AVLAP) takes its responsibility as an asset owner seriously. We believe the integration of responsible investing considerations into the investment process enables better understanding of the opportunities and challenges faced and can enhance returns on a risk-adjusted basis. We apply the mandate that our customers give us to invest in a way that meets their current and future needs and provide them with choices both financial and non-financial – our customers' welfare will be determined not only by the size of their savings, but also the future state of our world and society.

This policy applies to all AVLAP investment funds, whether beneficially owned by customers or shareholders and whether managed on an active or passive basis.

Principles

- Environmental, Social and Governance (ESG) factors are material sources of both investment risk and out-performance opportunities and therefore should be integrated within all active investment decision-making processes as a core determinant of future performance expectations.
- We (through our asset managers) should actively exert influence over the companies we invest in to improve their sustainable environmental, social and governance performance.
- We believe it is appropriate, where viable, to support customer choice by providing a range of funds with different degrees of Responsible Investment criteria.
- Focused engagement is more effective in seeking to initiate ESG changes than divesting; however, it is appropriate to exclude companies from active investment mandates who are engaged in activities that inherently contradict sustainable ESG goals and are not actively progressing business change to remedy this.
- We should apply a minimum level of Responsible Investment criteria on all actively managed investment products we offer; primarily through our Exclusion Policy.
- It is important investors receive full and clear disclosure of the Responsible Investment positioning and performance of the funds they invest in.

Governance

- The Board of AVLAP is ultimately responsible for the execution of this Policy and its integration into investment strategy and product design.
- Our Investment team will monitor funds against the Policy on an ongoing basis.

- The Policy will be reviewed periodically in line with our wider Investment Beliefs; considering any significant developments in the market.
- Our Responsible Investment principles are fully embedded into the AVLAP internal controls environment and are subject to robust challenge from our control functions.

Our Responsible Investment Approach: From Principles to Practice

Integration

- When designing and overseeing investment strategies we will ensure that any active mandate, underlying active fund or any team recommending deals to Aviva fully integrates the ESG requirements defined in the product design into the decision-making process.
- Managers for all asset classes should clearly outline the framework for integrating ESG factors into their investment decisions and recommendations. This includes ESG integration in investment processes, portfolio construction, and investment valuation.
- The Investment Managers' bottom-up ESG analysis should feed into their active investment decision-making process as part of their portfolio construction for discretionary mandates and, where appropriate, before recommending individual deals to us.
- We will use appropriate ESG metrics and targets to support monitoring of funds' ESG performance.

- For mandated funds, this is monitored and assessed through individual manager oversight activities which feed into our overall investment oversight process; the outcome is factored into overall manager ratings and assessments which influence the appointment and/or removal of asset managers for investment mandates.
- Where we have a direct link to an external collective fund, our Multi-Manager team will apply their established '7P' research framework to assess Parent, Product, People, Philosophy, Process, Positioning and Performance; examining ESG-integration through the lens of each. This will be reflected in our overall assessment of the fund.
- All managers of funds and mandates made available on AVLAP platforms should make available a voting, stewardship and engagement policy. This should contain their approach to the management of conflicts of interest when exercising voting rights. Aviva's conflict of interest policy can be found within our Business Ethics Code on our website.
- Quarterly reporting is required from asset managers on all voting and engagement activity that has been conducted on our, and our customers', behalf. Voting records for all beneficial holdings across portfolios will be made publicly available through our website.

Stewardship

- All voting and engagement activity is delegated to the asset manager under the provisions of the respective investment management agreements. We expect asset managers to consider all voting rights attached to shares, whether held in active or passive funds, and exercise these rights appropriately. Aviva's Voting and Engagement Policy can be found on our website.
- We expect asset managers to establish a supportive and constructive dialogue with the boards of the companies they invest in on our behalf. We expect them to understand the specific business and commercial context of a company and conduct regular engagement with company management and other stakeholders on specific climate, social and governance related issues; and to exert influence where appropriate.

