AVIVA

Pre-Contractual Disclosure Required by the Sustainable Finance Disclosure Regulation

February 2024

Introduction

Aviva Life & Pensions Ireland DAC, a designated activity company incorporated in Ireland (company number 165970), ('ALPI' or 'we') is authorised by the Central Bank of Ireland as a life insurance undertaking. ALPI's ultimate parent company is Aviva plc ("Aviva"), registered in England under company number 2468686.

Sustainability and environmental, social, and governance ("ESG") issues are a core part of Aviva's culture. Climate change is the biggest challenge facing humanity. As a leading global insurer, Aviva has a responsibility to ensure that how it does business has little, if any, impact on the environment. In its investment operations, Aviva considers how the companies it invest in or to which it lends money:

- In relation to environmental issues, interact with the environment under headings such as climate change, natural resources, pollution, and energy use;
- In relation to social issues, interact with society under heading such as working conditions, health and safety, employee relations and diversity, and the protection of personal data; and
- In relation to governance issues, are governed under headings of risk management, board diversity, bribery and corruption, and executive pay.

Aviva has a stated goal to be the leading financial service firm on climate change. This will be delivered by ALPI's ambitious plan to become a Net Zero carbon emissions company by 2040. Details of the plan and ALPI's processes (including information on how sustainability risk has been integrated into the investment decision making process, information on how ALPI's remuneration arrangements are consistent with the integration of sustainability risk into the investment decision making process and information on how the adverse impacts of investment decisions on sustainability factors are considered) in relation to the Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088) (the "SFDR") can be found by clicking **here**.

ALPI's Approach to Investment Decisions Generally

ALPI has put in place a documented and consistent process for making investment decisions (the "Investment Process"), which applies to all its investments whether they are made directly or via third-party investment managers through an Investment Management Agreement ('IMA') or through a Collective Investment Vehicle ('CIV')[1].

ALPI's Approach to Sustainability Integration in the Investment Process

At ALPI, we realise that the world is faced with the catastrophic and unpredictable consequences of climate change, resource depletion, and other sustainability-related issues. Nature is our home; through sustainable investment, we try to manage it better than we have in the past.

ALPI maintains a Sustainable Investment Policy (the "SIP Policy") that outlines the framework and the approach taken for sustainable and responsible investment in its investment decision making process.

Although ALPI is not a signatory to the United Nations Principles for Responsible Investment ("UN PRI") nor does it engage directly with individual companies to identify and reduce ESG risks in

1. Collective investment vehicles (CIV) pool investors' capital together under one umbrella so that it may be managed at scale by a professional investment management firm. Investors buy units in the collective investment vehicle, which then buys assets such as equities or bonds on their behalf. The monetary value of these assets is divided by the number of units issued when the fund is created to give an initial unit value. This value then fluctuates as the underlying assets trade daily and investors put money in or take money out. 2. Source: UNPRI 2020. 3. Source: Aviva Investors 03 October 2022.

portfolios, a number of the investment managers that it uses to manage its assets are signatories to the UN PRI and engage directly with companies in which they hold shares or debt securities, with the aim of reducing ESG risks. In this latter regard, one of our investment managers, Aviva Investors is A+ rated by UNPRI and was a founding signatory to UNPRI in 2006[2]. They are also ranked 2nd by Share Action for voting on climate and social issues[3].

We believe that it is important that we disclose to our unit-linked pension and investment policyholders information regarding ALPI's approach to the integration of sustainability risks and the consideration of adverse sustainability impacts in its investment decision making process.

ALPI defines "responsible investment" as the integration of ESG factors, employee matters, respect for human rights, anti-corruption, anti-bribery matters, sustainability risk, and driving change through proxy voting in investee companies (collectively, "Sustainability Factors") in the investment decision making process. Let's look at the meaning of some of these terms:

What is a sustainability risk?

A sustainability risk is an environmental, social or governance event or condition that, if it were to occur, could cause a real or potential negative and material impact on the value of an investment.

What is a sustainable investment?

A sustainable investment is one that contributes to an environmental objective (measured by certain indicators such as the use of energy, greenhouse gas emissions or its impact on biodiversity and the circular economy[1],) or a social objective (for example tackling inequality, fostering social integration or labour relations), provided that the entities in which we invest or whose debt securities we purchase and do not significantly harm any of those objectives and follow good governance practices (especially around sound management structures, employee relations, staff remuneration and tax compliance).

Unit-linked Funds Available under ALPI's Financial Product Offering and the Manner in which Sustainability Risks are Integrated into Investment Decisions

The vast majority of ALPI's unit-linked funds are managed by third-party investment managers, through either an IMA or through a CIV and the due diligence that ALPI undertakes on these investment managers and their investments is set out below.

In order to illustrate the manner in which sustainability risks are integrated into the investment process at the level of each unit-linked fund available under our financial product offering, ALPI has categorised the unit-linked funds into the three categories provided for under SFDR, namely Article 9 funds ("A9"), Article 8 funds ("A8") and Article 6 funds ("A6"). The extent to which the Sustainability Factors in our SIP Policy are considered varies depending on the specific fund category assigned.

A9 Unit-linked Funds

A9 unit-linked funds have sustainable investment as their objective and may have a designated index as a reference benchmark.

A9 unit-lined funds need to demonstrate and explain the following:

- An explanation on how that objective is to be attained and, where applicable, information on how the designated index is aligned with the objective.
- Information on the methodologies used to assess, measure, and monitor the impact of the sustainable investments selected for the unit-linked fund, including its data sources, screening criteria for the underlying assets and the relevant sustainability indicators used to measure the overall sustainable impact of the unit-linked fund.
- Information on the overall sustainability-related impact of the unit-linked fund by means of relevant sustainability indictors.
- Where an index has been designated as a reference benchmark, an explanation of why and how the designated index aligned with the objective differs from a broad market index.

A8 Unit-linked Funds

A8 unit-linked funds promote environmental or social characteristics or a combination of these two characteristics and need to demonstrate and explain the following:

1. The way and extent to which the environmental or social characteristics or a combination of these two characteristics are promoted.
2. The methodologies used to assess, measure, and monitor the environmental or social characteristics or the impact of the sustainable investments selected for the unit-linked fund, including its data sources, screening criteria for the underlying assets and the relevant sustainability indicators used to measure the environmental or social characteristics of the unit-linked fund.
3. If an index has been designated as a reference benchmark for an unit-linked fund, a description will be provided as to the way in which the index is consistent with those characteristics and an indication of where the methodology used for the calculation of the index is to be found.

A6 Unit-linked Funds

The manner in which Sustainability Factors are integrated into ALPI's Investment Process varies significantly from one unit-linked fund to another among A6 unit-linked funds.

While some of the investment managers of A6 unit-linked funds may take one or more of the following factors into account in making investment decisions: ESG factors, employee matters, respect for human rights, anti-corruption, anti-bribery matters, and sustainability risk, however, such factors are not in any way binding on the investment managers when making investment decisions. These managers may completely ignore these factors in their investment decision making process.

Further, where we or investment firms managing assets under an IMA or as the investment manager of a CIV in which we invest, we or they will not be able to apply sustainability or ESG criteria though voting engagement with the constituent companies in the CIV.

In general, for A6 unit-linked funds, we currently do not consider adverse impacts of investment decisions on sustainability factors. We continue to engage with each of our external investment managers to understand how they will consider such adverse impacts in the future and we shall update the website accordingly.

Results of ALPI's Assessment of the Likely Impacts of Sustainability Risks on the Returns of Financial Products

At ALPI, we believe that focusing on Sustainability Factors is likely to improve the medium to long term risk-adjusted return for our unit-linked policyholders, but this is not guaranteed.

If these factors are not managed carefully, we believe that they can give rise to reputational risk for the companies which we invest in or whose debt securities we purchase and corresponding financial risk for our unit-linked policyholders.

Information on the Principal Adverse Impacts on Sustainability Factors

Consideration of the Principal Adverse Impacts of Investment Decisions is described in Our Sustainability Policy. Further, information on the principal adverse impacts on sustainability factors shall be made available in ongoing reporting on our website.

List of A6, A8, and A9 Funds

At present Aviva only offer Article 6 and Article 8 Funds. We do not currently offer any Article 9 Funds. Where a fund has been designated as an Article 8, detailed information about the environmental or social characteristics of the specific fund are contained within the associated pre-contractual disclosure document. The pre-contractual disclosure documents can be found at https://www.aviva.ie/fund-range/pre-contractual-disclosure-documents/.

Funds

As of February 2024, our fund range is currently designated as follows:

Article 8 Funds

Stewardship Ethical Equity

Aviva Multi-Asset ESG Active 3
Aviva Multi-Asset ESG Active 4
Aviva Multi-Asset ESG Active 5

Aviva Multi-Asset ESG Passive Plus 3
Aviva Multi-Asset ESG Passive Plus 4
Aviva Multi-Asset ESG Passive Plus 5

Aviva ESG Fixed 20
Aviva ESG Fixed 40
Aviva ESG Fixed 60
Aviva ESG Fixed 80

Aviva Cash Fund
Aviva Bond Fund
Aviva Long Bond Fund
Aviva Corporate Bond Fund

Concept K Fund
Global Smaller Companies Equity Fund

Global Mid-Cap Equity Fund

L&G Multi-Index III Fund
L&G Multi-Index IV Fund
L&G Multi-Index V Fund

Cantor Fitzgerald Multi-Asset 30 Fund
Cantor Fitzgerald Multi-Asset 50 Fund
Cantor Fitzgerald Multi-Asset 70 Fund

Global Leaders Equity Fund
Global Equity ESG Passive

European Equity ESG Passive

Aviva Investors Multi-Strategy (AIMS) Target Return Fund (Ireland)

Global Emerging Market Equity Fund

Aviva Irish Commercial Property Fund

High Yield Equity Fund

Article 6 Funds

Annuity Fund

Physical Gold Fund

Emerging Market Index Fund

Fixed Deposit Funds (when available)

AVIVA

To make a difference. It takes Aviva.

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