

Aviva Life & Pensions Ireland DAC Statement on Due Diligence Policies



As part of acting in the best interests of our investors, Aviva Life & Pensions Ireland DAC (ALPIDAC hereafter) shall conduct adequate due diligence prior to making investments.

On 29 March 2019 Aviva Life and Pensions UK Limited, ('UKLAP') the original provider of your policy transferred some of its insurance business to ALPIDAC by way of a Court sanctioned insurance business transfer scheme under Part VII of the Financial Services and Markets Act 2000. This transfer included your policy.

From the 29 March 2019 the provider of your policy is ALPIDAC.

ALPIDAC and UKLAP entered into a reinsurance treaty whereby UKLAP reinsured the transferred life assurance business on behalf of ALPIDAC. This means the day to day administration is undertaken by UKLAP or one or more of its outsourced companies.

In addition to assessing all relevant financial risks, we shall assess all relevant sustainability risks that might have a material negative impact on the financial return of an investment.

We consider principal adverse impacts on investment decisions on sustainability factors and we integrate into our due diligence processes procedures for considering the principal adverse impacts alongside the relevant financial risks and relevant sustainability risks.

Information about our policies on the identification and prioritisation of principal adverse sustainability impacts and indicators:

ALPIDAC's policy in relation to the identification of main adverse sustainability impacts is to ask its external investment managers for data relating to greenhouse gas emissions, biodiversity, water emissions, and social and employee matters in respect of the companies in which they have holdings.

Description of the principal adverse sustainability impacts and any relevant actions taken or planned:

Description of the principal adverse sustainability impacts:

1. Greenhouse gas emissions (Scope 1¹ and Scope 2²), carbon footprint, intensity, investments in companies active in the fossil fuel sector, non-renewable energy production and consumption, and energy consumption per EUR million of revenue.
2. **Biodiversity:** Activities of companies with sites or operations close to and negatively affecting areas of biodiversity.
3. **Water:** Tonnes of emissions to water per million EUR of revenue.
4. **Waste:** Tonnes of hazardous waste generated per million EUR of revenue.
5. **Social and Employee Matters:** Violations of: (i) the UN Global Compact principles; and (ii) the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. Entities without policies to monitor compliance with or handle grievances relating to (i) and (ii). Unadjusted gender pay gap. Board gender diversity. Companies involved in the manufacture or sale of anti-personnel mines, cluster munitions, chemical weapons, and biological weapons.
6. Fines for environment-related offences, employment-related offences, safety-related offences.

¹ Scope 1 emissions - This covers the green house gas emissions that a company makes directly.

² Scope 2 emissions - This one covers the green house gas emissions a company make indirectly (like when the electricity or energy it buys for heating and cooling buildings, is being produced on its behalf).

Actions planned in relation to the principal adverse sustainability impacts:

Aviva plans to become a fully "Net zero" carbon emissions company by 2040 by focusing on the companies in which Aviva invests and the debt securities it purchases for both its shareholder and policyholder funds.

Our ambition is substantial and ambitious. We have set out interim milestones to ensure the Net Zero outcome is deliverable. The key milestone we are striving towards is Seventeen years into the future but has the following trajectory:

- By 2025, we plan to cut the carbon intensity of our investments by 25%.
- By 2030, we plan to cut the carbon intensity of our investments by 60%; that's ahead of the Paris aligned target of 50% cuts by 2030.

Engagement Policy

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 aviva.co.uk/services/about-our-business/about-us/our-approach-to-responsible-investing/.

All managers of funds and mandates may 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 aviva.co.uk/services/about-our-business/about-us/business-ethics-code/.

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 aviva.co.uk/services/about-our-business/about-us/our-approach-to-responsible-investing/.

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.

As part of the Aviva Group, ALPIDAC is committed to its adherence to responsible business conduct, due diligence and reporting.

The Aviva Group was one of the first insurers to sign up to the United Nations convened Net Zero Asset Owner Alliance.

Aviva Investors is a founding signatory of the UN Principles for Responsible Investment (PRI) and has signed up to its investor statement on deforestation and forest fires in the Amazon. Aviva Investors has been calling for the end to fossil fuel subsidies in conjunction with the overseas Development Institute.

Article 6 (“A6”) Funds - Additional Due Diligence

Since 30 June 2021, in addition to our current investment due diligence, we ask our fund managers to integrate into their investment process not just the relevant financial risk but also, consideration of the principal adverse impacts of investment decisions on sustainability risks that might have a negative impact on the financial return of an investment. We shall also monitor the compliance of our investment managers with these requirements through our due diligence process.

Article 8 (“A8”) Funds - Additional Due Diligence

A8 unit-linked funds promote environmental or social characteristics or a combination of these two characteristics.

As part of our due diligence process, we require information from the fund's investment manager on: (i) how those characteristics are met and how any reference benchmark is consistent with those characteristics; (ii) the methodologies used to assess, measure, and monitor the environmental or social characteristics or the impact of the sustainable investments selected for the product, 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 financial product; and (iii) if an index has been designated as a reference benchmark for an A8 unit-linked fund, a description as to the way in which the index is consistent with those characteristics and an indication of where the methodology uses for the calculation of the index is to be found.

Article 9 (“A9”) Funds - Additional Due Diligence

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

As part of our due diligence process, we require information from the investment manager of the relevant fund on: (i) how the designated index is aligned with the sustainable investment objective differs from a broad market index; (ii) the methodologies used to assess, measure and monitor the impact of the sustainable investments selected for the ALPIDAC product, including its data sources, screening criteria for the underlying assets and the relevant sustainability indicators used to measure the overall sustainable impact of the product; (iii) the overall sustainability-related impact of the fund as measured by relevant sustainability indicators; and (iv) comparisons between the overall sustainability related impact of the fund with the impacts of the designated index and a broad market index through sustainability indicators.



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Aviva Life & Pensions Ireland Designated Activity Company, a private company limited by shares.
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