



Supplier Guidance on Net Zero

Creating a Better Tomorrow

Sustainability is a fundamental part of Aviva's strategy and integral to what we do as a business.

This guide provides Aviva suppliers with details of our Sustainability Ambition and Net Zero targets. It shows what suppliers can do to align to our requirements and outlines the next steps needed to fully engage with our climate agenda.

November 2024



Our Expectations

“As part of our own Net Zero commitments, Aviva want to work with organisations who have a shared ambition to reduce our environmental impact, and particularly those who have embedded this commitment through external benchmarks such as the Science Based Targets Initiative”

Helen Smith - Aviva Group Procurement Director

Aviva's Net Zero Plan

Key Points

- We've been a carbon-neutral organisation since 2006.
- We have now committed to becoming a Net Zero company by 2040 - the most demanding goal set by any major insurer in the world to date.
- This covers our whole business - operations, underwriting and investments.
- We're aiming for Net Zero for our Scope 1 and 2 emissions by 2030 (vs 2019). This is an approved target validated by the SBTi.
- We're aiming to achieve 25% reduction in carbon intensity of investments by 2025, and 60% by 2030 - ahead of the 50% required by the Paris Agreement.

What else?

- We were the first operationally carbon neutral international insurer in 2006.
- We exited the London Market for insurance of stand-alone fossil fuel generation in 2019 and replaced this with a renewable energy insurance offering.
- We were one of the first companies to disclose key climate risks through the taskforce on climate-related financial disclosure (TCFD) approach.
- We have cut operational emissions by 66% since 2010 and cut the carbon intensity of shareholder credit and equity investments by 20% since 2019.
- We have one of the UK's largest office-based solar facilities at our Perth office.

Why is Aviva taking these steps & how?



At Aviva we have a strong and long track record of promoting sustainability, but given the scope and scale of the environmental crisis facing all of us, we must do more, much more. Which is why we are undertaking the most demanding carbon reduction plan of any major insurer in the world today.



We must limit global temperature rise to 1.5°C above pre-industrial levels and reach net-zero CO2 emissions by 2050 for the best chance of avoiding catastrophic climate breakdown.



Despite progress, the world is still [on track for 2.7 degrees warming](#) under current global policies. Climate change is already affecting every region on Earth, its impacts increasingly visible in the form of extreme weather, worsened droughts, and heightened risk of forest fires. [The top ten warmest years on record in the UK](#) have all happened since 2002. [September 2024 was England's wettest ever](#), some regions were hit by over 300% of their average rainfall.



We believe we have to face up to this challenge and get ahead of it- for our business and our customers. The private sector is key to the transition and we all must play our part. That's why our ambition is to achieve net zero a full 10 years before the Paris Agreement stipulated 2050.



To help us get there, we are setting Science-Based Targets aligned to a 1.5 degree pathway for our operations, supply chain and investments, and our climate goals will be delivered in a way that contributes to tackling the related challenges on biodiversity and nature.



A problem this big takes partnership. The whole industry needs to work together to create real change. That's why we will be working with our suppliers to achieve Net Zero throughout our supply chain.

Net Zero vs. Carbon Neutral



What does it mean to be Net Zero?

Becoming **Net Zero is about achieving a balance** between the carbon emissions we produce and the carbon emissions we **remove** from the atmosphere.

Measuring the difference between these two numbers gives us the total impact we're causing to the Earth's atmosphere every year.

Our ambition is to become Net Zero across our whole company, That means **we will measure, monitor, manage and reduce the carbon emissions we produce ourselves, those contributed by your suppliers, and by the in-scope investments** we make for our customers and shareholders.

As we balance the reductions and **remove the residual emissions, we will reach net zero** - it means that we are not adding more carbon emissions to the atmosphere. Which in tum means that we are not contributing to the global rise in temperature.

But Aviva is already carbon-neutral. What is the difference?

While we have been reducing our carbon emissions. internally, we also support **carbon offsetting projects**. These projects reduce the same amount of carbon that we produce through our buildings and other operations, to balance out the residual emissions.

Rather than just supporting projects that avoid equivalent emissions elsewhere, we're investing in projects such as **our current and largest clean cooking stoves for communities in Ghana**.

Becoming Net Zero takes this a step further. Rather than just offsetting our equivalent emissions, we're going to be **removing them from the atmosphere**.

We'll do this by continuing to **reduce our greenhouse gas emissions** - particularly carbon dioxide - and **investing in things that will help to remove gases from the atmosphere** such as tree planting

Find out more about our climate ambitions by visiting: aviva.com/climate-goals

What is the Science Based Target Initiative (SBTi)?

- An organisation formed through a partnership between CDP (Carbon Disclosure Project), the United Nations Global Compact, World Resources Institute (WRI) and WWF (World Wide Fund for Nature).
- SBTi provides an externally recognised and validated target-setting framework for companies **to set science-based emission reduction targets**. More than 4,000 businesses around the world have already starting working with the SBTi.
- Science-Based Targets (SBTs) are goals companies set to reduce their greenhouse gas emissions in line with the ambition to limit global temperature increases to 1.5°C, as set out in the Paris Agreement.
- The Science-Based Targets Initiative guidelines identify **how much and how quickly** the company needs **to reduce carbon emissions** to be validated by the SBTi.
- [Click for more information](#) on the Science Based Targets Initiative

[Resources - Science Based Targets Initiative](#)



How SBTi benefits your organisation

- ✓ SBTi **scientifically validates** your organization's emissions reduction strategy
- ✓ **Assures your strategy will reduce carbon emissions** in line with 1.5-degree goal
- ✓ **Demonstrates to your stakeholders** that your organisation has made a commitment to reducing emissions in line with science

Financial



- Save money by improving efficiency as a part of emissions reduction strategy
- Lower carbon taxes by reducing your carbon emissions

Risk Management



- Resilience against evolving regulations
- Uncover and address business opportunities and risks

Reputation



- Boost inventory confidence
- Demonstrate commitment to increasingly conscious consumers

Business Growth



- Increase public presence
- Boost your competitive advantage
- Improve organisational integration
- Attract, motivate, and retain employees

What about Science Based Targets for SMEs?

Small and Medium-Sized Enterprises (SMEs) Qualification

- Companies may set targets through the streamlined validation route for SMEs if all criteria points are met:
 - Have < 10,000 tCO₂e across scope 1 and location-based scope 2
 - Do not own or control maritime transport vessels
 - Do not own or control non-renewable power generation assets
 - Are not classified in the [Financial Institutions \(FIs\)](#) and [Oil & Gas \(O&G\) Sectors](#).
 - Are not a subsidiary of a parent company whose combined businesses fall into the standard validation route
- And three or more are true:
 - Employ < 250 employees
 - Turnover of < €50 million
 - Total assets of < €25 million
 - Are not in a mandatory FLAG sector* (Forest, Land and Agriculture)
- *See Criterion 1 of the [FLAG Guidance](#)

SME Targets

- SBTi has introduced a new, streamlined target-setting route for SMEs
- A short-target setting letter simplifies the process and gives SMEs a choice of two targets (aligned with well-below 2 degrees Celsius or below 1.5 degrees Celsius)
- Includes less intensive requirements around Scope 3 emissions (those that are not directly owned or controlled by the organization)
- SMEs will be required to commit to measure and reduce these emissions without setting quantified targets
- For further information, please see the SBTi's [Frequently Asked Questions for SMEs](#).

What is EcoVadis?

- Founded in 2007, EcoVadis is a sustainability ratings provider
- With over 100,000 rated companies in 175 countries and 200 industries, EcoVadis are the current market-leader in ESG ratings
- Through their sustainability assessment, EcoVadis help companies understand their ESG maturity across a range of key factors and help identify areas of strength or for improvement
- Aviva engaged EcoVadis in November 2021 as our data partner to help enhance our understanding of our supplier's sustainability

[Resources - Ecovadis](#)



How does EcoVadis work?



1. Register online and complete the questionnaire
2. EcoVadis analyse the responses to provide a scorecard and overall rating
3. If you have an existing EcoVadis scorecard, you will simply need to grant permission for Aviva to gain access to it through the platform
4. Once your organisation has a scorecard this can be used with other customers to demonstrate your sustainability
5. Scorecards identify the improvement areas for your company to work on, to improve future sustainability performance
6. EcoVadis charge a small fee for companies to complete their assessment with fees dependent on size

[Resources - Ecovadis](#)

What do we want from our suppliers?

Aviva will increasingly use company ESG performance as a key factor in supplier selection decisions. In particular, we continue to validate our suppliers' external climate commitments, specifically to the Science Based Targets initiative, as a prerequisite to the award of new contracts.

We strongly encourage all existing suppliers to make these commitments and it is now a mandatory condition of business for all contracts > £750k.

What Do We Require You To Do Next?

1. If you haven't already, start to measure and report on your carbon footprint
2. Commit to signing up to the [SBTi](#) within the next 12 months - either through the Corporate or SME track
3. Complete an [EcoVadis](#) sustainability questionnaire and share your scorecard with Aviva



Useful Links

- [How SBTi Works](#)
- [FAQs - Science Based Targets](#)
- [Understand the Methods for Science-based Climate Action](#)
- [Set a Target - Science Based Targets](#)
- [Sector Guidance - Science Based Targets](#)
- [GHG Emissions Calculation Tool](#)
- [The Greenhouse Gas Protocol](#)
- [EcoVadis](#)
- [UK Business Climate Hub](#)
- [Sustainability - Aviva plc](#)

Reach out to your Supplier Relationship Manager or Aviva Procurement Lead if you have any further comments, questions or queries.



Appendix

Here's what we have done so far to reduce our carbon footprint

At Aviva, we have been focusing on 5 different areas of our business, specifically, to reduce our carbon footprint.



Travel

- Moving our fleet to electric vehicles
- Implementing EV Charging in our office sites
- Encouraging more carbon efficient methods of travelling when travel is necessary (e.g. train rather than plane)



Property & Waste

- Implementing Green Electricity throughout our properties
- Switching our lights to LED
- Exploring and using other forms of energy (i.e. solar and wind)
- Reducing the number of hand dryers, fridges etc. on our sites
- Zero waste to landfill from all our sites
- Remove old office equipment by donating it (via systems such as OLIO)
- Removing single use plastic cups from our cafes in offices
- The completion of detailed plans for major offices on how to get our buildings to net zero by 2030.



Procurement

- Working with like-minded suppliers and work to embed ESG actions throughout our supply chain
- Engaging with EcoVadis to grow our insight into supplier sustainability
- Implementing ESG scoring into our RFP and selection processes
- Strengthening our contracts with environmental clauses
- Proactively engaging our top suppliers on their sustainability plans
- Set validated SBTi target that 70% of suppliers (by spend) will have science-based targets by 2025



IT

- Donating hardware to charity when it is no longer required
- Significant removal of dual monitors from desks
- Significant removal of printers within our sites
- Individuals working across the Tech Platforms area to attend training on 'ESG Awareness and how it is relevant to my role'
- Assessment of tooling and opportunities across the applications estate

Scopes 1, 2 and 3 Explained

Your emissions are our emissions

Scope 1 Direct

Covers direct emissions from **owned or controlled sources (operations)**

Examples:

- Company vehicles
- Owned buildings and facilities
- Manufacturing of products

Scope 2 Indirect

Covers indirect emissions from the generation of purchased electricity, steam, heating and cooling **consumed by the company.**

Examples:

- Purchased electricity
- Heat
- Steam

Scope 3 Indirect

Includes all other indirect emissions that **occur in a company's value chain.**

Examples:

- Employee commuting and business travel
- Waste generated in operations
- Transportation and distribution
- Purchased goods and services
- Capital goods, investments, leased assets and franchises
- End of life treatment of sold products
- Use and processing of sold products
- Capital goods

How is SBTi different from other pledges?

SBTi ensures your organization's strategy aligns with the 1.5-degree goal. Without SBTi, you could be setting a climate goal that may or may not reduce carbon emissions fast enough.

SBTi vs other pledges:

United Nations Global Compact (UNGC)

- Promotes a set of values based on universally accepted principles
- **Does not require the participating companies to address carbon reduction**

Carbon Disclosure Project (CDP)

- Scores the sustainability strategy of participating companies
- **Does not provide carbon emissions strategy assessment**

The We Mean Business Coalition

- Collective of businesses who drive policy ambition and action through collaboration and leadership to accelerate the transition to a net-zero economy
- **Does not provide technical assistance in setting SBTs**

B-Corp Certification (B-Lab)

- Certification awarded for meeting high standards of verified performance, accountability and transparency
- **To promote the net-zero targets, B-Lab has partnered with SBTi**

Requires the participating companies to **specify** their plan of actions **to reduce carbon emissions**

Provides carbon reduction **strategy assessment** (external validation) for participating companies

Unlike other pledges, SBTi...

For these reasons, other pledges recommend participating companies **sign up to SBTi**

Provides **carbon reduction strategy framework** for participating companies