

Supplier ESG Guidance Pack

AVIVA



February 2022

Purpose

This guide provides Aviva suppliers with details of our Aviva Sustainability Ambition and associated Operation and supply chain net zero targets. It shows what you can do to align to our requirements and outlines the next steps needed to fully engage with our climate agenda.

Aviva's Net Zero Plan

Key Points

- We have 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 operations and supply chain by 2030.
- 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 solar facilities at our Perth office.
- Achieve 100% renewable electricity by 2025.

What does Net Zero mean?

Net Zero means achieving a balance between the amount of greenhouse gas emissions produced and the amount removed from the atmosphere.

[Acting on climate change - Aviva plc](#)

We will reduce emissions as far as possible and then remove what remains – this includes within our supply chain.

Net Zero **vs.** carbon-neutral



Taking climate action: we've been a carbon-neutral organisation since 2006. Now, we're targeting Net Zero on the carbon emissions we produce ourselves and from our suppliers by 2030 and from customers' and shareholders' investments by 2040.

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'll **measure, monitor, manage and reduce the carbon emissions we produce ourselves, those contributed by our 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 turn means that we are not contributing to the global rise in temperature.



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

Whilst 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 www.aviva.com/climate-goals

Creating a better tomorrow: Aviva's climate goals

Our plan is to become a Net Zero carbon emissions company by 2040* – the most demanding target of any major insurance company in the world today.



Targeting Net Zero on carbon emissions we produce ourselves by 2030, from our suppliers by 2030 and from customers' and shareholders' investments by 2040.

Today

- First major UK financial services company to target Net Zero carbon by 2040
- Operational emissions cut by 76% since 2010
- New 'Climate Engagement Escalation Programme' – to drive change in high-emitting companies or divest them
- Submitting climate targets to SBTi for validation
- Offering customers Climate Transition Funds and Net Zero-aligned default pensions
- Annual reporting on progress and first insurer to commit to putting our climate disclosures (TCFD) to an AGM vote

By the end of 2021

- Aviva will have stopped underwriting insurance for companies making more than 5% of their revenue from coal or unconventional fossil fuels, unless they have signed up to Science Based Targets

By the end of 2022

- Divest from companies which make more than 5% of their revenue from coal, unless they have signed up to Science Based Targets
- Expected to invest a further £10bn of assets from its auto-enrolment default funds and other policyholder funds into low carbon strategies (of which £5bn has already been announced)

By 2025

- 25% cut in carbon intensity of investments
- 100% renewable electricity for all offices, which total 230,231 square metres, and 100% electric/hybrid vehicle new leases for our 1,540-strong motor fleet
- Aviva will invest £6bn in green assets, including £1.5bn of policyholder money into climate transition funds
- Aviva investors will invest £2.5bn in low carbon and renewable energy infrastructure and deliver £1bn of carbon transition loans

By 2030

- 60% cut in carbon intensity of investments
- Net Zero operations
- Net Zero supply chain
- £100m committed to nature-based solutions

By 2040

- Net Zero company with Net Zero carbon investments



Read more about our climate goals at www.aviva.com/climate-goals

*This will cover shareholder and policyholder assets where we have control and data; and the main asset classes of Aviva's core markets (credit, equities, direct real estate and sovereign debt). We will be able to expand this further as new data and methodologies become available. For more details please see www.aviva.com/climate-goals

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. February 2020 was England's wettest ever, some regions were hit by over 400% of their normal 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 by 2030.

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)



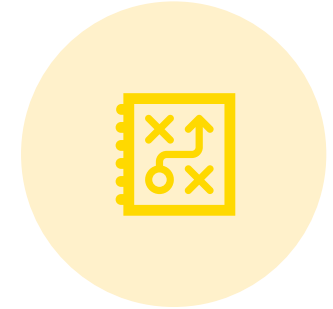
PROPERTY & WASTE

- 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



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



IT

- Reducing the amount of hardware we use to be able to impact production emissions
- Significant removal of dual monitors from desks
- Significant removal of printers within our sites
- Individuals working across the Tech Platforms area to attend an 'ESG Awareness and how it is relevant to my role'
- Assessment of tooling and opportunities across the applications estate

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.
- 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.
- [Click for more information on the Science Based Targets Initiative](#)



How does it work for SMEs?

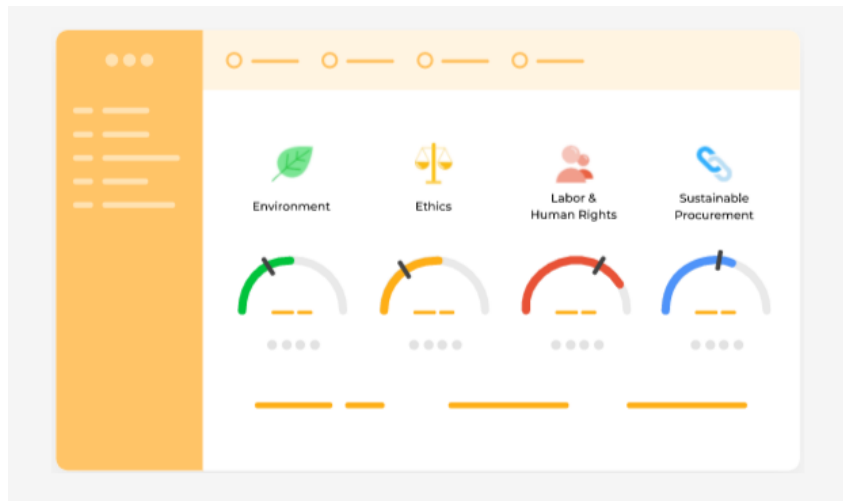
- SBTi has introduced a new, streamlined target-setting route for SMEs (i.e. <500 employees)
- A short-target setting letter simplifies the process and gives SMEs a choice of two targets (aligned with well-below 2 degrees Celsius or below 1.5 degrees Celsius)
- Includes less intensive requirements around 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

Some useful links for SMEs:

- [Smoothing the way for small and medium-sized businesses to set science-based climate targets](#)
- [Resources](#)

What is EcoVadis?

- Founded in 2007, EcoVadis is a sustainability ratings provider
- With over 85,000 rated companies in 160 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



How does it work?

- Organisations register online and answer the questionnaire. EcoVadis experts then analyse the responses to provide a scorecard and overall rating
- Any organisation can register and complete the assessment but Aviva will be directing Ecovadis to specifically invite some of our new and existing suppliers to complete an assessment in 2022 and beyond
- If you are invited please engage with EcoVadis and complete the assessment
- If you have an existing EcoVadis scorecard, you will simply need to grant permission for Aviva to gain access to it through the platform
- Once your organisation has a scorecard this can be used with other customers to demonstrate your sustainability
- There is a small charge of 349 – 1499 Euros (dependent on size) for companies to complete their assessment with EcoVadis

What do we want from our suppliers?

“As part of our own SBTi commitment, Aviva want to work with organisations who have a shared ambition to reduce our environmental impact globally, and particularly those who have embedded this commitment through external benchmarks such as Science Based Targets” – Helen Smith, Aviva Procurement Director

1. If you haven't already, start to measure and report on your carbon footprint
2. Sign up to [SBTi](#) – either through the [Corporate](#) or SME track
3. Aviva will be asking select suppliers to complete an [EcoVadis](#) sustainability questionnaire. If invited, please do respond.

Some useful links to get started:

- [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](#)
- [UK Business Climate Hub](#)
- [Sustainability - Aviva plc](#)

What next?



Fully read the content and links within this pack



Speak to your Aviva Supplier Manager or your Procurement Lead



Reach out to Gabi Silver
gabi.silver@aviva.com for further guidance