

Delivering Global IG returns through climate risk integration

14 October 2024

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Aviva PLC Company Overview

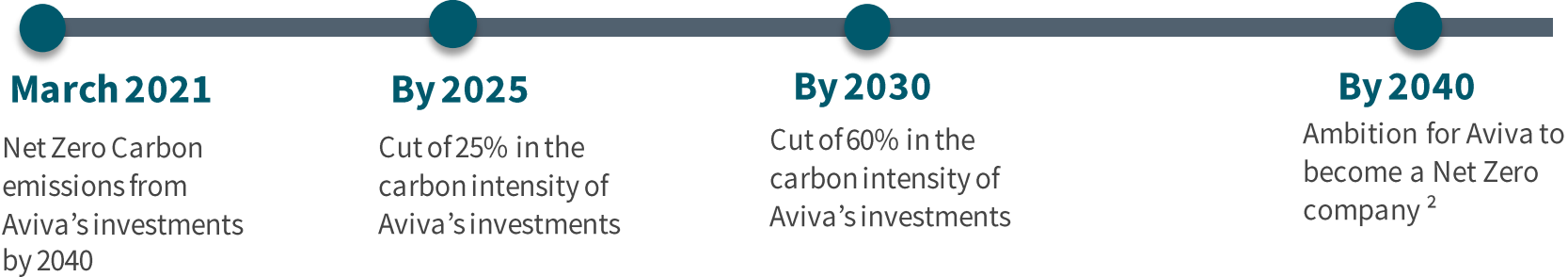


327 years
of Aviva heritage

Financially Strong
AA- (Stable) S&P Rating¹

19.2+ million
people globally choose Aviva

Aviva's Net Zero Ambition



We aim to support Aviva's ambition to become net zero by 2040².



Ranked **#3**
by ShareAction on our approach to responsible investment³

We manage **£234bn**
across a range of asset classes

A team of over **900**
in 12 countries around the world with
50+ ESG specialists

Source: Aviva Investors, as at 31 August 2024. 1. Full details of Aviva's Credit Rating can be found here: [Aviva - Credit Ratings](#). 2. Full details of Aviva's Sustainability Ambitions can be found here: [Sustainability Ambition - Aviva PLC](#). 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 3. For more information, please see [ShareAction](#).



Investing with purpose

Dual mandate aiming to deliver performance *and* invest in companies responding to climate change effectively



Long-term
capital growth



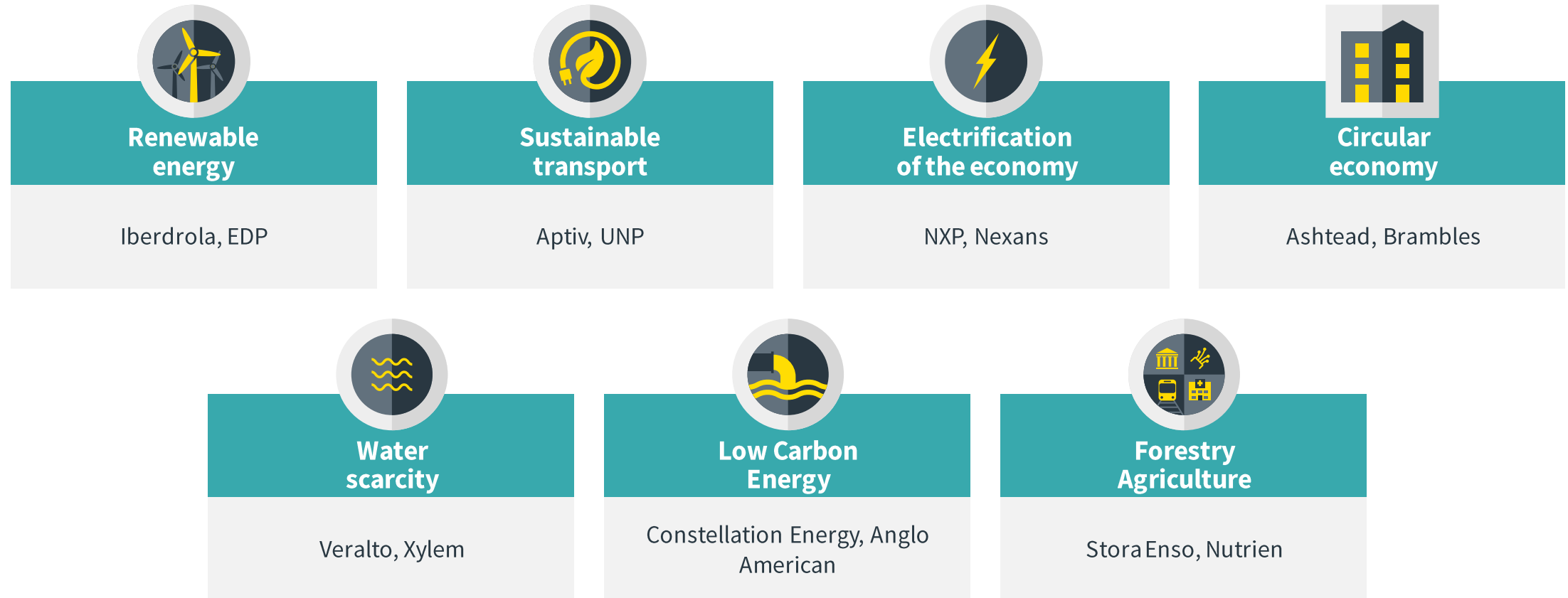
Transition to a lower carbon
world

Two equally important and **aligned** objectives

Outcomes may not be achieved.

Solution providers

Identifying companies providing solutions for climate change mitigation and adaptation



Source: Aviva Investors. Stock examples for illustrative purposes only, not intended to be an investment recommendation.

Stora Enso



Providing solution for a lower-carbon and nature positive economy	
Climate	Biodiversity
<p>Renewable packaging such as fibre-based packaging and paperboard trays</p>	<p>Protecting and promoting habitats for selected species</p>
<p>Wooden Construction Materials such as Cross-laminated timber</p>	<p>Water landscapes for restoration, removing migration barriers in valuable watercourses, and creating a restoration plan for wetlands.</p>
<p>Bio-based innovations such as Fibrease – closed loop system of efficient materials recovery</p>	<p>Increasing population of broadleaf trees in forests in Sweden</p>



Credentials	Stora Enso
CDP Climate	A
CDP	Supplier Engagement Leader
Forest Certifications	FSC PEFC
SBTi	1.5°C by 2030
TNFD	Early Adopters


Source: Aviva Investors, as at September 2024. Please note, this is for illustrative purposes only. The information about specific securities should not be construed as a recommendation to buy or sell any securities. 'Climate' solutions from Aviva Investors Deep Dive. 'Biodiversity' solutions from www.storaenso.com. ShareAction Biodiversity rating valid as at December 2023; report is produced on an annual basis. Forest 500 Deforestation rating, SBT, CDP Score and Poseidon Principles signatories valid as at September 2024. Poseidon Principles address responsible shipping finance.




Including solution and transition companies is beneficial

In order to deliver returns; as broad opportunity set possible is required


The journey to net zero, and a warmer future, will present risks and opportunities across **all sectors**



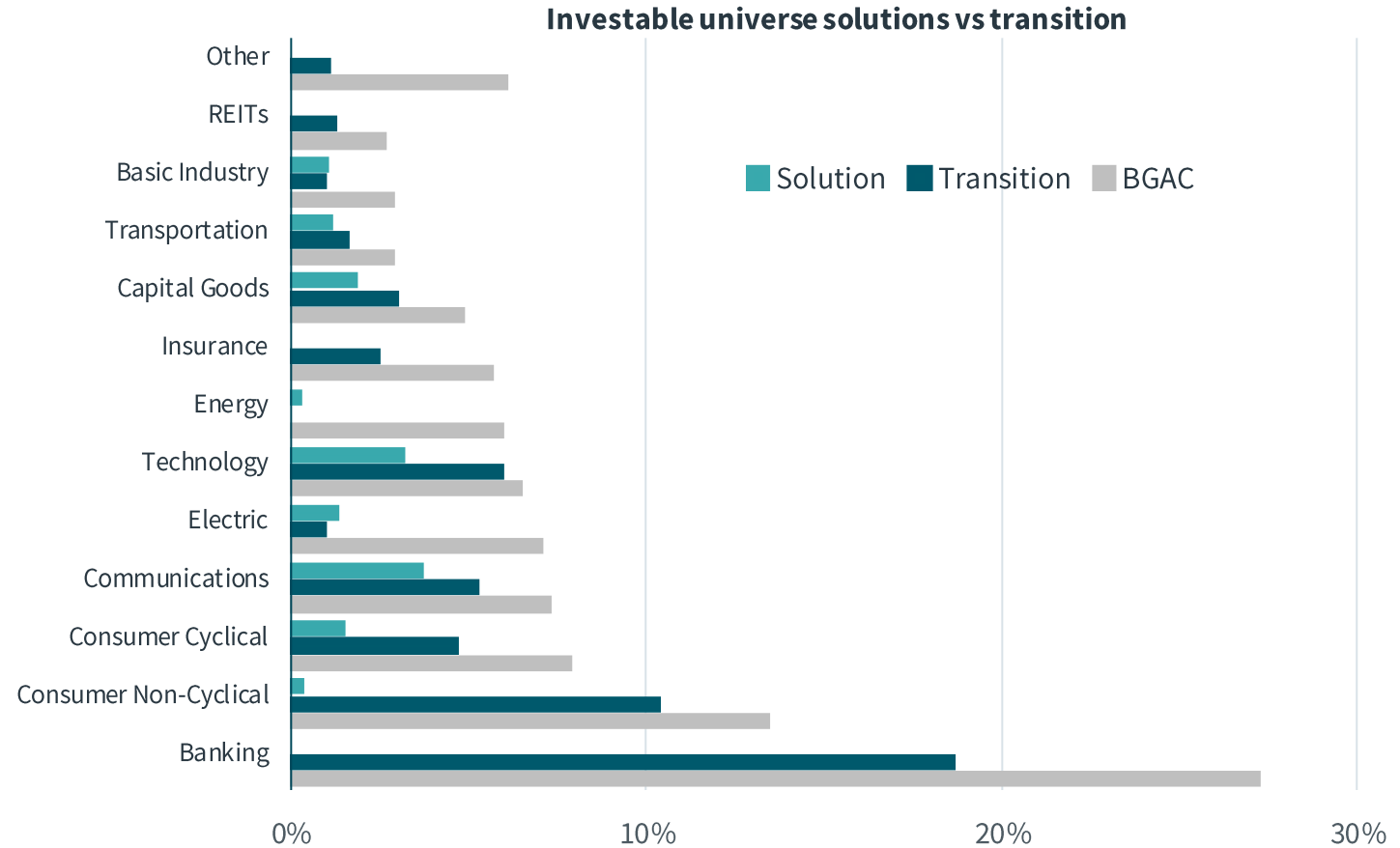
Expanded opportunity set



Greater diversification

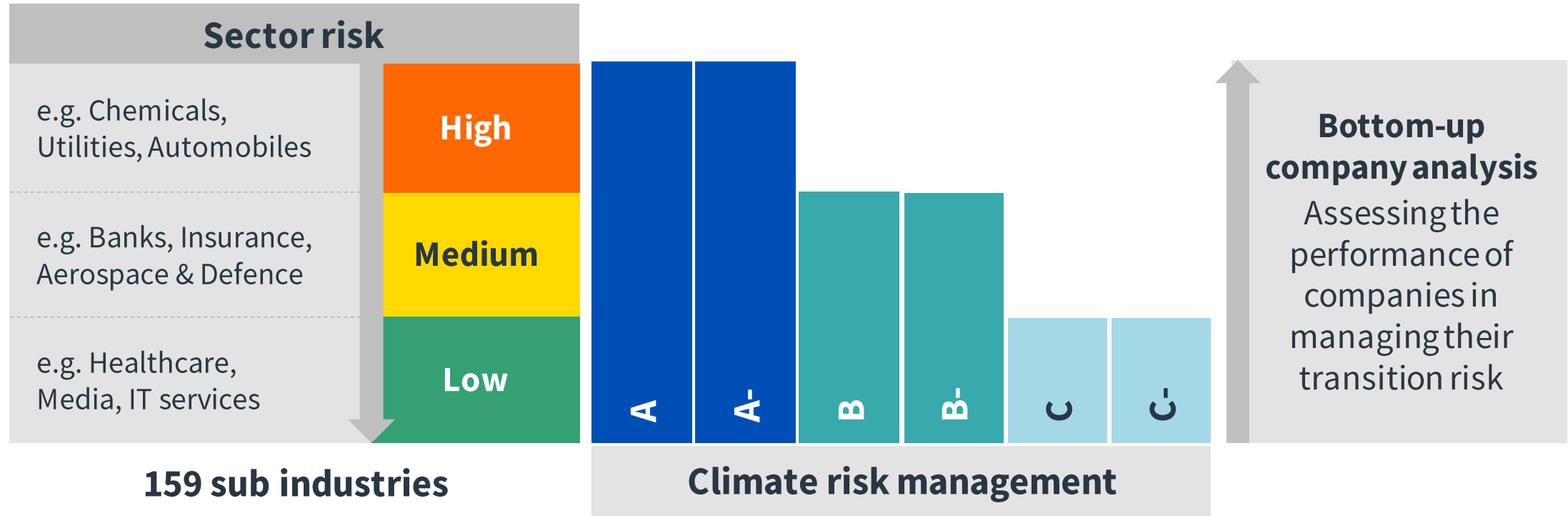


Stronger fundamentals



Source: Aviva Investors, as at 31 March 2024. Based on the Aviva Investors Climate Transition T-Risk Model. BGAC represents the Bloomberg Global Aggregate Corporates index.

Defining “transition” companies requires some degree of quantitative analysis



Identifying companies orientating business models for a warmer, low-carbon world

Source: Aviva Investors. Proprietary top-down sub-industry Transition risk model uses a variety of data sources including, but not limited to, Cambridge Institute for Sustainable Leadership, Carbon Delta, CDP, Four Twenty Seven, Kepler Chevreux, Mercer and Moody's.

BNP Paribas



Transition Leader in Climate and Biodiversity Commitments

Climate	Biodiversity
Covering 12 high impact sectors with portfolio decarbonisation commitment	€4 billion+ in financing of terrestrial and marine biodiversity in 2023 ¹
Largest underwriter of green bonds in 2024	Transition leader in biodiversity policies and targets
90% low-carbon financing for group energy production by 2028	Real Estate business obtained Environmental Certification

Credentials	BNP
ShareAction Biodiversity	1st / 25
Forest 500 Deforestation ²	22 / 150
Science-based Target	Committed
CDP Climate Score	A
Poseidon principles	Signed
TNFD	Member since inception
Net Zero Banking Alliance	Member
ESBR 2022 Ratio	1:4
PCAF	Member

Source: Aviva Investors, as at September 2024. Please note, this is for illustrative purposes only. The information about specific securities should not be construed as a recommendation to buy or sell any securities. Climate and Biodiversity credentials from Aviva investors Deep Dive. Share Action Biodiversity rating valid as at December 2023; report is produced on an annual basis. Forest 500 Deforestation rating, SBT, CDP Score and Poseidon Principles signatories valid as at September 2024. Poseidon Principles address responsible shipping finance. 1. Full details can be found in [BNP-2023 Integrated Report](#). 2. Full Forest 500 Rankings can be found here: [Forest 500 - Rankings](#).



National Grid



Promoting practices for a lower-carbon and nature positive economy	
Climate	Biodiversity
<p>CS30: Long term and interim science-based targets aligned with Paris Agreement</p>	<p>Reversing trends fuelling the degradation and loss of nature</p>
<p>Decarbonisation planning, emissions disclosure, and capital allocation</p>	<p>Alignment with UN’s Convention on Biological Diversity process</p>
<p>Regular robust disclosure to the CDP’s Climate Change questionnaire</p>	<p>Time-bound science-based target setting</p>



Credentials	National Grid
Powering Past Coal Alliance	Member
Science-based Target	Approved
CDP Climate Score	A
NextGrid Alliance	Founder
TNFD	Member

Source: Aviva Investors, as at September 2024. Please note, this is for illustrative purposes only. The information about specific securities should not be construed as a recommendation to buy or sell any securities. ShareAction Biodiversity rating valid as at December 2023; report is produced on an annual basis. Forest 500 Deforestation rating, SBT, CDP Score and Poseidon Principles signatories valid as at September 2024. Engagement activities and priorities are with respect to internal engagement programmes.



Beyond capital allocation, engaging to support a real-world transition

Climate Transition Engagement Programme (CTEP)

- ✓ Focused on portfolio holdings of Climate Transition Credit and Equity funds

Key expectations:

- ✓ Set near-term SBTs validated by the SBTi, consistent with a 1.5°C pathway
- ✓ Provide annual public disclosure to the CDP's climate change questionnaire and strive to continuously improve performance

Key features:

- ✓ Annual assessment against scorecard
- ✓ Companies scored Laggard to Leader
- ✓ Max three years programme for each company
- ✓ Escalation pathway leading to divestment

Natural Capital Transition Engagement Programme (NCEP)

- ✓ Focused on portfolio holdings of Natural Capital Transition Equity fund

Key expectations:

- ✓ Identify and disclose the most material impacts and dependencies on biodiversity in their value chain
- ✓ Set ambitious SMART targets covering their most material biodiversity impacts, in line with emerging guidance from the Science-Based Targets for Nature (SBTN)
- ✓ Demonstrate progress against one company-specific ask most material to business model and key sector risks

Key features:

- ✓ Annual assessment against scorecard
- ✓ Companies scored Laggard to Leader
- ✓ Max three years programme for each company
- ✓ Escalation pathway leading to divestment

Climate Engagement Escalation Programme (CEEP)*

- ✓ Focused on 30 of the most systemically important carbon emitters (2021-2024)

Key expectations:

- ✓ **Climate targets:** 2050 net-zero Scope 3 targets for entire business operations, validated by SBTi
- ✓ **Transition plans:** Integration of decarbonisation roadmaps into corporate strategies, including near term targets
- ✓ **Climate disclosures:** High-quality TCFD disclosures, including scenario analysis
- ✓ **Climate governance:** Explicit and effective board oversight with climate targets meaningfully embedded in variable pay plans for senior leadership and wider business
- ✓ **Climate lobbying:** Transparency over and Paris-alignment for all lobbying activities

Source: Aviva Investors. *CEEP ran from 2021 – 2024 and is no longer active.

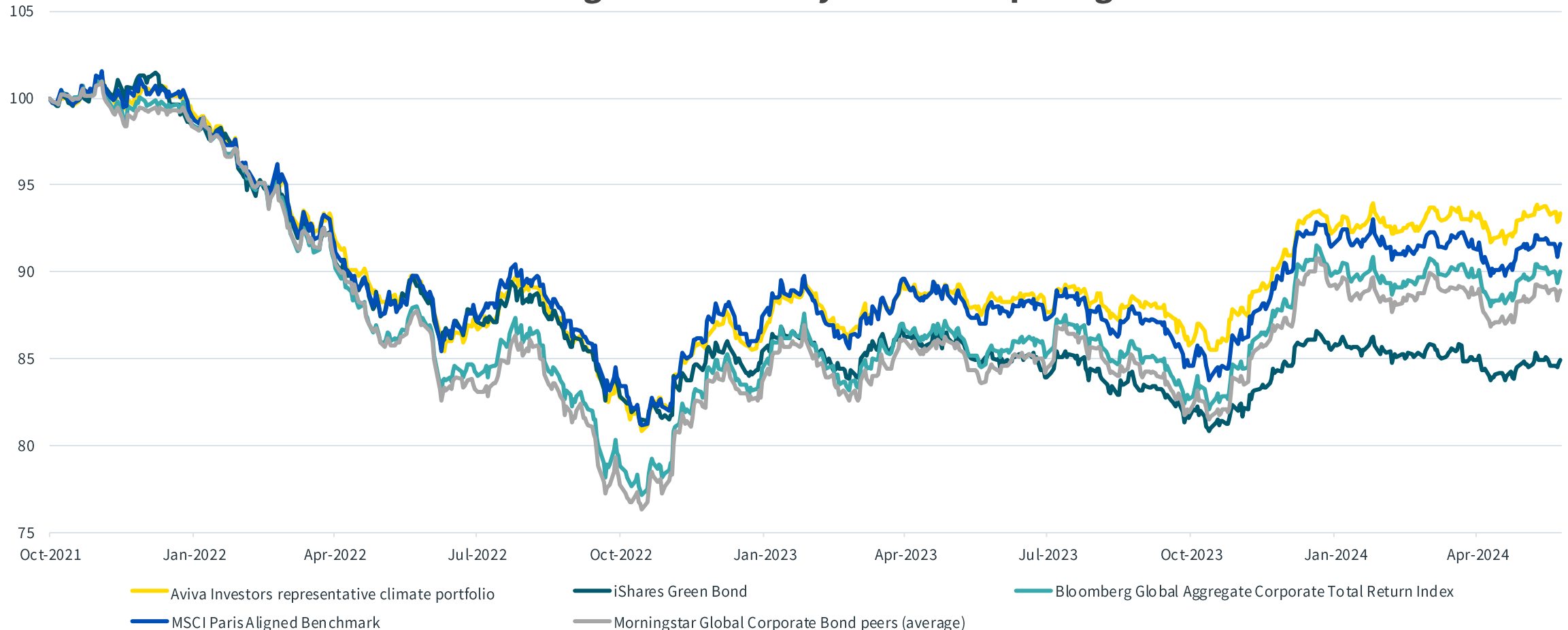
A comparison of climate approaches

	Global Credit Index	Climate Transition Global Credit Representative Portfolio	Paris Aligned Index	Green Bonds Index
Number of constituents	16,545	143	11,625	777
Universe Market Cap	\$12,889bn	\$503m / Universe ~ 60% Global IG	\$9,376bn	\$522bn
Yield To Worst	4.74%	4.99%	4.26%	3.81%
Duration	6.02	6.06	5.68	4.66
Weighted ave. carbon intensity (metric tons of CO2e/\$M revenue)	197	73	55	302
Targets		60% SBTs by 2030 / 90% by 2040 Nuanced approach supporting a real-world decarbonisation	50% minimum carbon intensity reduction at start / 7% rate of annual decarbonisation	
Sector biases		Active capital allocation with optimised portfolio construction	Exclusion of high emitters (like power generators) and rebalancing to low impact sectors (Banks, Consumers, Telecoms)	Large weights of Banks and Utilities
Issuer selection		Quantitative and Qualitative climate assessment. FVT Fundamental, Valuation, Technical analysis of issuers.	Purely backward-looking data-driven and exclusionary. No climate analysis. Passive	Passive
Engagement		Targeted engagement programme	No	No

Source: Aviva Investors, as of 26 September 2024. Bloomberg Global Aggregate Corporate Index Hedged USD, Aviva Investors Climate Transition Global Credit representative portfolio, Bloomberg Global Corporate Paris-Aligned Bond Index Hedged USD, Bloomberg MSCI Global Green Bond Index Corporate Hedged USD

Simply comparing returns can be complex

We believe it is possible to deliver climate outcomes alongside financial performance, however understanding the universe you are comparing is critical



Past performance is not a reliable indicator of future results.

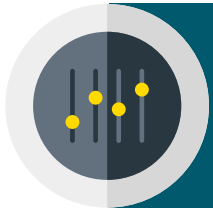
Source: Aviva Investors, as at 31 May 2024. Common inception date [7/10/2021] used to enable full coverage of data for all bonds/indexes.



In summary



Analysing climate change and biodiversity loss creates **opportunities** and helps mitigate **risks**



A **transition**-based approach can prioritise firms best positioned to achieve **climate** and **financial** objectives



Having a seat at the table can help to deliver **positive real-world change**

Outcomes may not be achieved.



Appendix

Why is engagement important in credit?

1

Bond issuance four times higher than equity in 2021

2

Sole source of finance for private companies

3

Bond issuance high in carbon intensive sectors

4

Frequency of issuance versus equity

Important information

THIS IS A MARKETING COMMUNICATION

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