



It takes

AVIVA



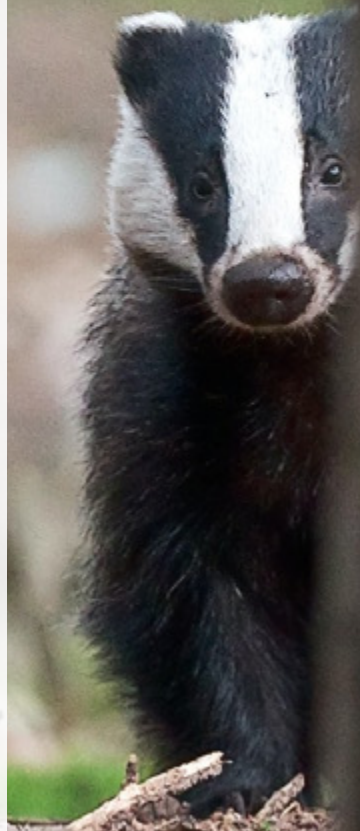
Biodiversity Report 2022



Aviva's biodiversity principles

Our biodiversity policy defines seven principles to guide our decision-making and action:

- 1 **Protect and restore biodiversity – not just minimise loss**
- 2 **Identify and manage biodiversity impacts, dependence on ecosystem services and risks**
- 3 **Collaborate with others to improve measurement, disclosure and action on biodiversity**
- 4 **Engage companies in the first instance and exercise our rights and responsibilities as stewards to support them to tackle biodiversity loss**
- 5 **Act for progress now, whilst recognising the challenges and evolving our approach in line with emerging best practice**
- 6 **Champion biodiversity through our own people and operations, through the businesses we invest in and underwrite, and through what we ask of governments**
- 7 **Prioritise areas where we can make the greatest impact**



69%

average decline in global wildlife populations since 1970. “The staggering rate of decline is a severe warning that the rich biodiversity that sustains all life on our planet is in crisis, putting every species at risk – including us”

WWF Living Planet Report¹

“The world urgently needs to protect its precious and increasingly threatened biodiversity and, as the U.K.’s leading insurer, Aviva has a responsibility to use our influence to help do just that.”

Amanda Blanc, Group CEO Aviva Plc

¹ Living Planet Report 2022 | WWF (panda.org)



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Introduction



Introduction

Protecting and restoring the planet's biodiversity is crucial in and of itself. It is also intimately connected to the world's response to the climate crisis. Rich ecosystems contribute to and enhance ways of mitigating or adapting to climate change. On the other hand, climate change is one of the main forces leading to biodiversity loss. Any chance of a sustainable future for us all depends on tackling both issues together.

Aviva published our Biodiversity Policy² in October 2021 as an integral part of our longstanding commitment to sustainability. It set out the case for action, introduced a set of principles to guide our decision-making, and details areas where we believe we can contribute to the global goal of reversing biodiversity loss by 2030. The policy also helped us structure our activities to deliver on our commitments as signatories to the **Finance for Biodiversity Pledge** and the **Terra Carta Initiative**.

When we set out our ambition to be a Net Zero company by 2040³, we were explicit that we didn't yet have all the answers and are dependent on new methodologies, data and technology to help us achieve our goal. The same is true for our biodiversity ambitions. If anything, the distance to travel is greater, as for too long biodiversity has been the poor relation when compared with the attention paid to carbon emissions. We understand we cannot achieve Net Zero without tackling the biodiversity crisis.

Much progress has been made on biodiversity measurement and disclosure for the corporate and financial sector within the past twelve months, such as updates to the Taskforce for Nature-related Financial Disclosure (TNFD) and the Global Biodiversity Framework (GBF), which we support.

Notwithstanding those challenges, this report sets out the progress we've made and the initiatives we've undertaken in the last 12 months. It also sets out what more we still need to do. By reporting transparently, we hope to demonstrate that we are taking the necessary actions to live up to our commitments. We also hope to encourage others to follow suit, so that coordinated action from government, business and civil society can protect the natural world upon which we all depend.

² Aviva published our Biodiversity Policy

³ Acting on climate change - Aviva plc

Aviva's potential to make a difference

Aviva is the UK's leading insurer, wealth and retirement business. As an insurer we cover both Life and General insurance risks, for individuals and businesses (referred to below as underwriting activities).

In order to meet our insurance and savings obligations to our customers, we also invest insurance premiums and client money across a range of investments. This is known as our investment portfolio. (For further explanation of different types of asset, see Appendix p48)

Our biodiversity policy covers both our underwriting and investment activities, as well as our operations of the business itself. Our interaction with biodiversity differs by each type of insurance and investment activity, resulting in a range of different impacts and dependencies on biodiversity that we need to understand.





Key achievements



Key achievements

Summary of commitments under the Biodiversity Policy and progress towards them.

Commitments	Status	Progress
Understanding Risks & Assessing Impacts		
Carry out a risk assessment of our investments, underwriting and operations to identify and prioritise key areas of biodiversity impact and dependency.	In progress	<ul style="list-style-type: none"> Developed classification system for biodiversity risk. Carried out an assessment of the deforestation risks in our different business areas. Shared our initial methodology for our deforestation risk assessment in this report. Published deforestation risk interim results in this report.
Carry out a formal assessment of our portfolios for deforestation risk and to prioritise direct commodity-driven deforestation.		
Develop enhanced safeguards and screening practices for high impact sectors including deforestation across our investment and underwriting activities.	Future action	<ul style="list-style-type: none"> We look forward to the full results of our risk assessments to inform the development of safeguards and screening practices.
Develop comprehensive policies to safeguard World Heritage Sites based on the recommendations set out in the joint guide from WWF, UNEPFI, PSI & UNESCO.	Future action	<ul style="list-style-type: none"> We look forward to the results of our risk assessments to inform the development of comprehensive policies.
Engagement & Support		
Continued engagement on priority themes of deforestation, sustainable protein, plastics, hazardous chemicals and the circular economy, with companies in the high impact sectors in addition to our extensive climate change engagement programme.	Continuous action	<ul style="list-style-type: none"> Engaged substantively 115 times with companies on biodiversity issues including deforestation, hazardous chemicals and sustainable protein. Mobilised a group of 47 investors worth \$8 trillion to write to 54 manufacturers of hazardous chemicals to ask for greater transparency on hazardous chemicals. Called on sovereign representatives from over 30 countries to play a constructive role in supporting the agreement and subsequent delivery of an ambitious post-2020 Global Biodiversity Framework, and for central banks to assess financial system dependencies and impacts on biodiversity.
Develop investment engagement programme with 40 companies on Biodiversity.	Implemented	<ul style="list-style-type: none"> Launched a Natural Capital Transition Fund in December 2022, with a strategy to engage with every holding on biodiversity issues over a three year period. All companies have had written engagement and we have held meetings with a third of the companies so far.
Vote in favour of proposals asking companies to abstain from operating in, or using materials extracted from, protected areas, key biodiversity areas or those deemed environmentally sensitive.	Continuous action	<ul style="list-style-type: none"> This year we voted in favour of 19 biodiversity-related shareholder resolutions, to encourage companies to take steps to address biodiversity impacts arising from their operations.



Key achievements continued

Summary of commitments under the Biodiversity Policy and progress towards them.

Commitments	Status	Progress
Engagement & Support		
Vote against targeted management resolutions at the worst performing forest risk commodity companies in the Global Canopy Forest 500 ranking.	Continuous action	<ul style="list-style-type: none"> Strengthened our voting policy on deforestation. Voted against management at 75 companies due to their poor deforestation policies.
Support shareholder resolutions asking management to assess, report on and reduce key impacts and dependencies on nature for high impact sectors.	Continuous action	<ul style="list-style-type: none"> Voted in favour of 19 biodiversity-related shareholder resolutions.
Restoration		
Explore the potential for insurance products that can contribute to biodiversity restoration.	Continuous action	<ul style="list-style-type: none"> Providing surety products in Canada and continuously exploring how insurance products can help biodiversity restoration.
Invest a minimum of £50m in afforestation and sustainably managed forest through our Climate Transition Real Assets strategies.	In progress	<ul style="list-style-type: none"> Made our first investment in natural capital acquiring 6,300 hectares of Scottish moorland in the Glen Dye area of West Aberdeenshire for afforestation and peatland restoration. On track to meet the minimum £50m threshold with further investments by year end 2022.
Undertake an assessment of species and habitats at our office site locations (and actions to preserve and restore).	In progress	<ul style="list-style-type: none"> By the end of 2022 we will have undertaken full biodiversity assessments of 4 offices across the UK with a further 2 planned for early 2023.
Influencing		
Continue to increase our activity making the case for biodiversity restoration and protection as well as a global financial system to serve this.	Continuous action	<ul style="list-style-type: none"> Played a leading role in the Finance for Biodiversity Foundation's delegation to COP15 negotiations to seek that the Global Biodiversity Framework properly includes financial flows. Our 2022 Chair's Letter to Chairs of companies we invest in called on over 1,600 global companies to develop a biodiversity action plan. Aviva and WWF are seeking that the UK government extend the net zero transition plan policy to include the transition to nature-positive business. Joined and steered priorities within the Finance Sector Deforestation Action working group – an investor collaboration on targeting deforestation risk within companies and financial institutions in which engagement is underway.



Key achievements continued

Summary of commitments under the Biodiversity Policy and progress towards them.

Commitments	Status	Progress
Influencing		
Promote the biodiversity policy within Aviva through ensuring that climate activities within Aviva which will impact Biodiversity are linked back to the policy.	Continuous action	<ul style="list-style-type: none"> This is a continual process, this year we have ensured our projects in partnership with WWF in the UK and Canada report biodiversity benefits. Our carbon capture partnerships will also link their biodiversity benefits through to the Policy.
Metrics, Targets and Reporting		
Review and comment on TNFD framework to ensure Aviva's views are represented and ensure Aviva's understanding of the application of the framework.	Continuous action	<ul style="list-style-type: none"> We have provided comments and feedback to the TNFD beta framework and will continue to do so during the development process.
Set and disclose targets to increase our positive and reduce negative impacts on biodiversity.	Future action	<ul style="list-style-type: none"> We look forward to setting our targets in 2024 once our biodiversity risk assessment provides our baseline (end of 2023).
Review our underwriting risk appetite and underwriting boundaries, focusing our attention on areas where we can make the biggest difference.	Future action	<ul style="list-style-type: none"> We will undertake review following our risk assessment results end of 2023.
Incorporate biodiversity impacts into procurement decision-making.	Future action	<ul style="list-style-type: none"> We will start this work when we understand our impacts and can prioritise any high impacts. Our supply chain will also be an area of work for 2023.
Update Aviva's Biodiversity Policy to reflect the targets determined.	Future action	<ul style="list-style-type: none"> As above.
Report annually against these targets including any positive or negative contribution to global biodiversity goals linked to our investment, underwriting and operational activities.	Future action	<ul style="list-style-type: none"> We look forward to providing annual reporting of our progress towards our targets and global biodiversity goals.

The World Benchmarking Alliance (WBA) said of Aviva

‘The financial institution [Aviva] is also one of the few that is committed to minimising its negative impacts on nature and biodiversity across its financing activities.’

WBA - Financial System Benchmark November 2022 covering 400 Financial Services companies globally



Biodiversity Risk Assessment

Sectoral Impact on Biodiversity

Deforestation Risk Assessment - Methodology

Deforestation Risk Assessment - Results

Finance Sector Deforestation Action Group



Risk Assessments

Biodiversity risk assessment

It all starts with understanding. We still do not have an accurate picture of the full interaction of our investments, underwriting and operations on biodiversity, a fundamental prerequisite to prioritising action and being able to set targets to measure our effectiveness.

Of the many commitments we set under the Biodiversity Policy, the most wide-reaching and comprehensive is, therefore, to carry out a risk assessment to identify key areas of biodiversity impact and dependency. The results will enable us to plan how we meet further commitments made under our Policy. We set ourselves a deadline to complete the assessment by the end of 2023.

Undertaking a biodiversity risk assessment delivers on our commitments under the [Finance for Biodiversity Pledge](#) and the [Terra Carta Initiative](#) we signed up to in May 2021. The value of a deforestation risk assessment was further underlined in October 2021 when we signed the [Financial Sector Commitment Letter on Eliminating Commodity-Driven Deforestation](#). This entails a commitment to use our best efforts via engagement and stewardship to eliminate forest-risk agricultural commodity-driven deforestation activities at the companies in our investment portfolio and in our financing activities by 2025.

Sectoral impact on biodiversity

The various biodiversity measurement, reporting and disclosure guidance for corporates and financial institutions have been developed further in 2022, providing the opportunity to incorporate the latest thinking and direction within the biodiversity measurement and disclosure space. Additionally, we have joined the [Partnership of Biodiversity Accounting Financials](#) (PBAF) which has supplemented our understanding on biodiversity assessment and disclosure on biodiversity. Reviewing the available guidance in 2022 has helped to inform our thinking on the most appropriate biodiversity tools to use for our biodiversity assessment. Our work so far creates a strong foundation for the continuation of our biodiversity assessment in 2023.

This year we worked to develop a classification system to identify which industries and sectors have a high, medium or low impact on biodiversity.

⁴ [ENCORE database](#)

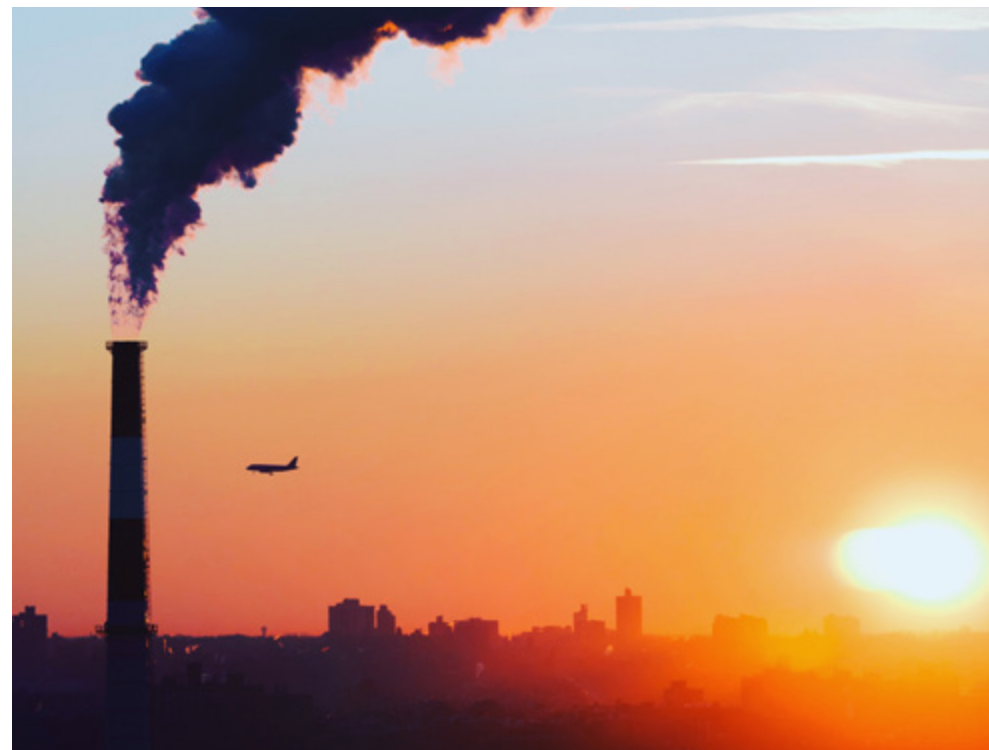
⁵ an independent international provider of environmental, social and governance (ESG) research and services for investors and public & private organisations

⁶ [World Benchmarking Alliance sectors](#)

⁷ [EU B@B Platform Priority Sectors](#)

⁸ [United Nations Environment Programme Finance Initiative \(UNEP FI\)](#)

We have based our approach on the United Nations Environment Programme World Conservation Monitoring Centre's (UNEP-WCMC) [ENCORE database](#)⁴ (Exploring Natural Capital Opportunities, Risks and Exposure). This provides a sector and sub-industry list of impacts and dependencies on aspects including freshwater ecosystem use, greenhouse gas emissions, marine ecosystem use, terrestrial ecosystem use, and soil pollution amongst others. Because Encore does not give each sub-sector an overall impact score, we have supplemented it with other datasets to arrive at our final classification. We used the Science Based Targets Network Sector Level Materiality Tool to identify impacts and dependencies upstream and downstream along a sector's supply chain. We also incorporated four other datasets to ensure we captured the most material sectors to biodiversity - Vigeo Eiris⁵ (Moody's) high biodiversity impact sectors, World Benchmarking Alliance⁶ sectors, the EU B@B Platform Priority Sectors⁷, and the High Priority Sectors identified by the United Nations Environment Programme Finance Initiative (UNEP FI)⁸. We are already using the resulting sector classification in our Natural Capital Transition Fund model, and it will provide an initial assessment for our Biodiversity Impact Assessment methodology in 2023. We will continue to improve the sector classification as new biodiversity risk data becomes available.





Deforestation Risk Assessment - Methodology

Our priority for 2022 has been to focus on a formal assessment of our investment and financial activities for deforestation risk, prioritising direct commodity-driven deforestation.

The first step in undertaking our deforestation risk assessment has been to carry out a review of data and tools available to help us assess our risk.

We have chosen the following deforestation datasets for our assessment. In the absence of accurate data reflecting actual deforestation linked to companies, we have chosen to use datasets which use proxy indicators on how strong a company's policy is on deforestation. Due to the lack of this deforestation performance data, we believe policy indicators provide an initial step towards understanding our exposure to companies with high deforestation risk and how to prioritise action on agricultural commodity-driven deforestation. We have combined these datasets to better understand our deforestation risk more comprehensively.

The following table below provides a summary of the datasets chosen, a description and the specific data which have been included:

Source	How is deforestation risk considered within this data set?	How has this data set been used for our deforestation risk assessment?	What scope does this data set cover for our deforestation risk assessment?
CDP Forests	Provides company information of policies, volumes, traceability and certification	Specific indicators have been used to identify whether a company is strong, medium or weak in regard to their deforestation policies	Corporate debt, equity, multi-assets
Forest 500	Provides information on 350 companies and 150 financial institutions on their zero deforestation commitments, commodity-specific policies, traceability and whether progress has been reported transparently		
SPOTT	Provides information on public disclosure of policies, operations and ESG commitments split by palm oil, pulp and paper and rubber		
Global Forest Watch	Provides satellite imagery to provide near-real time monitoring of deforestation across the globe	Provide country-level tree cover loss to identify greatest areas of loss and the dominant drivers	Real assets, annuities, sovereign debt, general insurance activities

Scope of assessment

Our deforestation risk assessment has been applied to Aviva's investments and underwriting activities. Under our investment side of the business we have assessed all corporate and sovereign holdings held by Aviva Investors, Aviva India and our other asset managers for our Aviva LIFE Insurance products. For the underwriting side of the business we have included general insurance activities in Aviva UK (UK and Ireland General Insurance) and Aviva Canada (Canada General Insurance).



Deforestation Risk Assessment Methodology continued

Site-based location data

We understand that to fully identify our deforestation risk we will require the use of site-specific data of our assets to map across deforestation risk. We have not been storing this data for internal use to date, this is an area which we aim to streamline and make available over time. In the absence of site-based location data within our investment and underwriting decision-making process, we are limited to country and sector level mapping to deforestation risk. Following this assessment, we will work to ensure that site-specific data obtained during the investment and underwriting decision-making process is integrated within the internal systems to fully understand our natural capital risks.

Scoring

As mentioned above, we have chosen to combine data from the following datasets – CDP Forests, Forest 500 and ZSL SPOTT (Rubber, Palm Oil and Timber and Pulp) - to identify companies with exposure to deforestation and provide a broad coverage of our investment universe. We gave an overall score for whether a company's deforestation policy is strong, medium or weak by using a number of indicators across all three datasets.

Companies that disclose adequate information on their deforestation risk have been included in our assessment. Companies that have not responded to the CDP Forests survey have been included in the assessment, and their non-disclosure results in a weaker deforestation management score compared to companies that have. As part of our work under the **Financial Sector Deforestation Action** (FSDA) working group, we are calling for companies to commit, assess, transform and disclose their deforestation policies and activities to provide greater transparency towards tackling deforestation.

We recognise that there will be other companies with exposure to deforestation outside these three datasets, but the companies identified by these three NGOs are those with the most significant exposure. We will expand the universe of companies exposed to deforestation when more data becomes available.



Deforestation Risk Assessment - Results

Corporate Holdings

The three deforestation datasets identify the companies and financial institutions which are most exposed to deforestation globally. We found that 26% of our corporate holdings by value are included in these datasets and therefore are considered by the NGO community to have exposure to deforestation. Over half this 26% are financial institutions, which have an exposure to deforestation via the companies they finance. The other half have exposure to deforestation via their supply chains, and the largest holdings we have with exposure here are in the pharmaceutical, household & personal products and retail sectors. Our assessment shows that the financial and retail sectors have weak deforestation management scores compared to other sectors (Figure 1). We recognise the critical role the financial sector has to play in addressing commodity-driven deforestation and will be engaging with a number of banks as part of the FSDA initiative.

Figure 1. Aviva's corporate holdings by proportion exposed to deforestation by sector and strength of deforestation management score

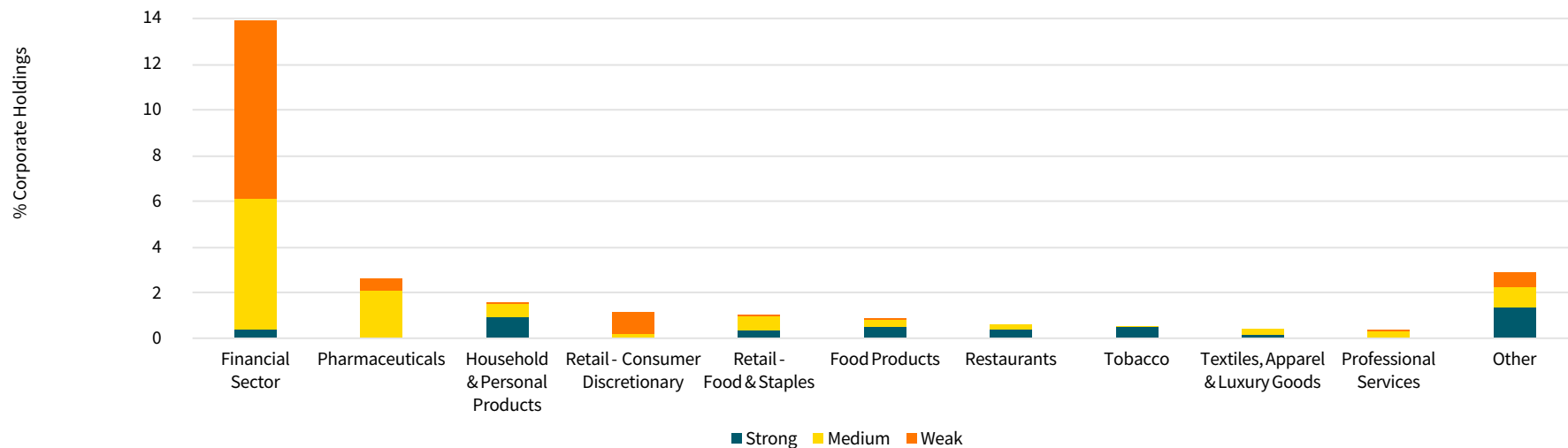


Figure 1. Proportion of Aviva's Corporate holdings exposed to deforestation split into strong, medium and weak deforestation management scores. Analysis of deforestation exposure across affiliated corporate entities was undertaken on a best-efforts basis. Accuracy of coverage will improve over time as a result of data quality enhancements.



Corporate Holdings continued

Initial results of our assessment show that overall, 38% of our holdings exposed to deforestation risk are judged to be weak on managing this risk, while 43% are medium, and 19% strong (Figure 2). We will draw on these conclusions to inform our engagement strategy. In 2023 we will further refine our model using additional indicators and updated datasets from CDP Forests, SPOTT and Forest 500. Additionally, we are looking at how Global Canopy's TRASE tools can be applied to our assessment as a next step to provide a more granular understanding of trade flows.

Figure 2. Proportion of Aviva's corporate holdings exposed to deforestation split into strong, medium and weak deforestation management scores, by value of holdings

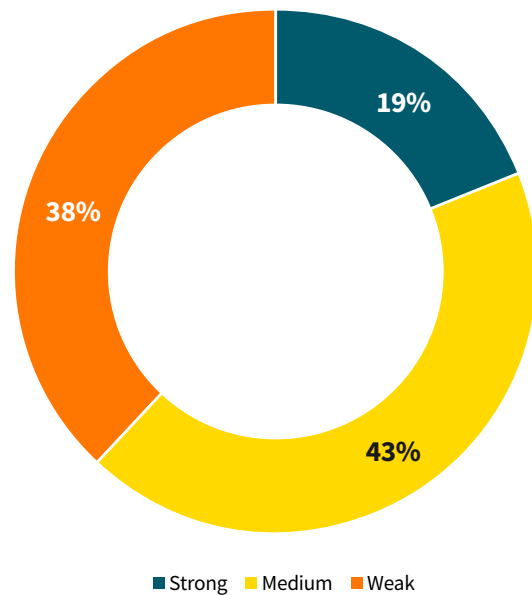


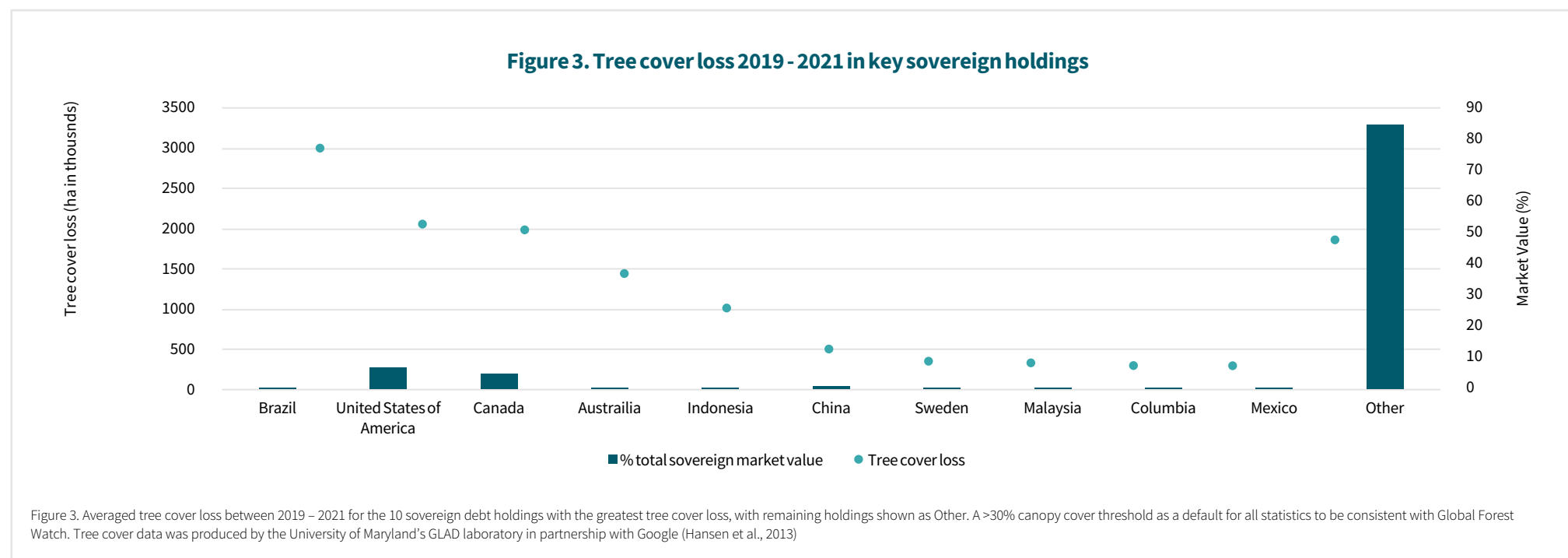
Figure 2. Proportion of Aviva's Corporate holdings exposed to deforestation split into strong, medium and weak deforestation management scores



Sovereign Holdings

We have reviewed the sovereign debt issuers we provide finance to, to identify the countries with the highest rates of deforestation (Figure 3). Using Global Forest Watch data we identified the sovereign debt issuers with the greatest average tree cover loss 2019-21 in our holdings - Brazil, the United States and Canada are the countries we invest in with the greatest loss in this period⁹. Brazil is our largest exposure to tree cover loss in our sovereign debt. As a member of the [Investor Policy Dialogue on Deforestation \(IPDD\)](#) we co-signed a letter calling on the Brazilian government to reduce deforestation rates, enforce Brazil's Forest Code tackling illegal logging, and improve public access to data to enable external monitoring.

The vast majority of our holdings are in countries with low tree cover loss, and we have relatively minimal exposure to countries with high deforestation rates. For example, Brazil accounts for just 0.3% of our sovereign debt holdings.



⁹ Tree cover is defined as all vegetation greater than 5 meters in height and may take the form of natural forests or plantations across a range of canopy densities. As a result any trees planted ≤ 5m in height will not be included in this dataset (e.g. as part of reforestation/restoration)

Sovereign Holdings continued

Looking at the drivers of tree cover loss in our holdings as per Figure 4, the largest driver is forestry. Our main exposure to commodity-driven deforestation is in Brazil, Indonesia and Malaysia, which account for 1.2% of our overall sovereign debt investment.

In 2014, the **New York Declaration on Forests (NYDF)** was adopted as a political declaration calling for the end of natural forest loss and the restoration of 350 million hectares of degraded landscapes and forestlands by 2030. It was endorsed by nearly 200 governments, multinational companies, Indigenous Peoples, and civil society organizations. We find that nearly 71% of our sovereign AUM is invested in countries that have signed up to the New York Declaration on Forests. A progress report published in October 2022¹⁰ found that despite modest progress in 2021, the world is not on track to meet its 2030 forest goals. But exceptional progress in some countries shows that solutions exist -and need to be scaled.

Based on our deforestation risk assessment we have identified that we have minimal exposure to the direct or indirect funding of commodity-driven deforestation through our purchase of sovereign debt. Though our exposure is low, we will continue to engage with countries on their deforestation risk through the IPDD.

Figure 4. Drivers of tree cover loss in sovereign holdings 2019 - 2021

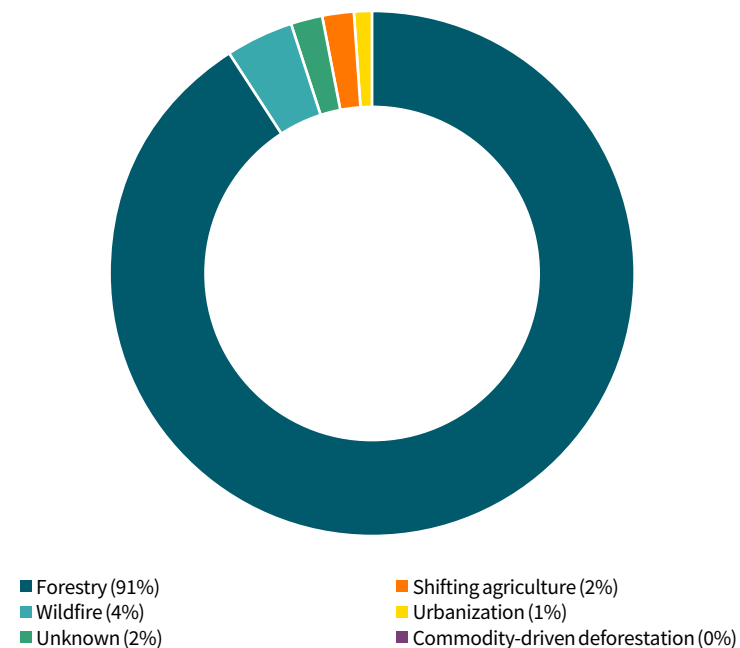
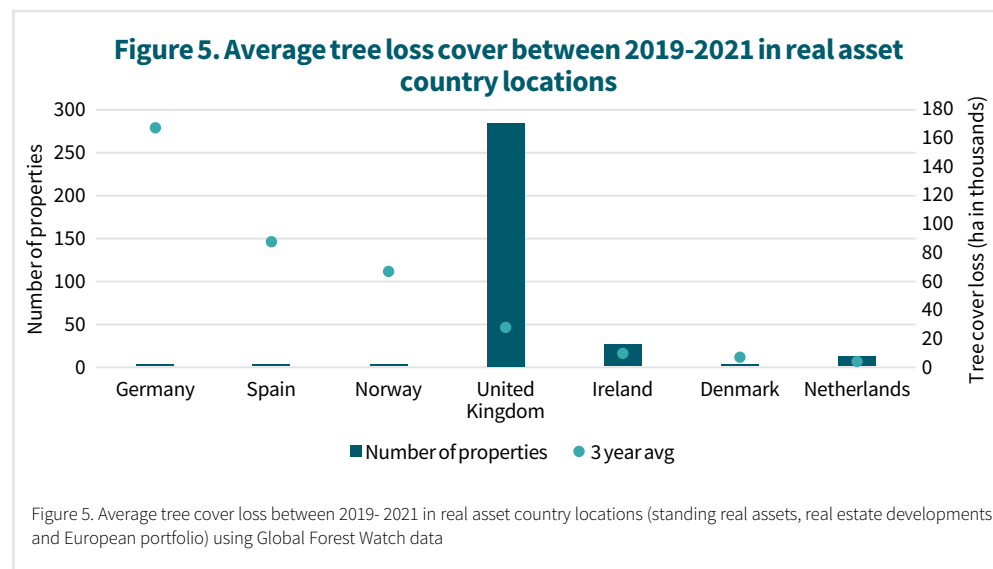


Figure 4. Total Sovereign Market Value % split by the dominant driver of tree loss cover 2019 – 2021. Tree loss cover by each driver was amalgamated for the countries we invest in and calculated as a proportion of our total sovereign debt investment. A >30% canopy cover threshold as a default for all statistics to be consistent with Global Forest Watch. Tree cover data was produced by the University of Maryland’s GLAD laboratory in partnership with Google (Hansen et al., 2013)

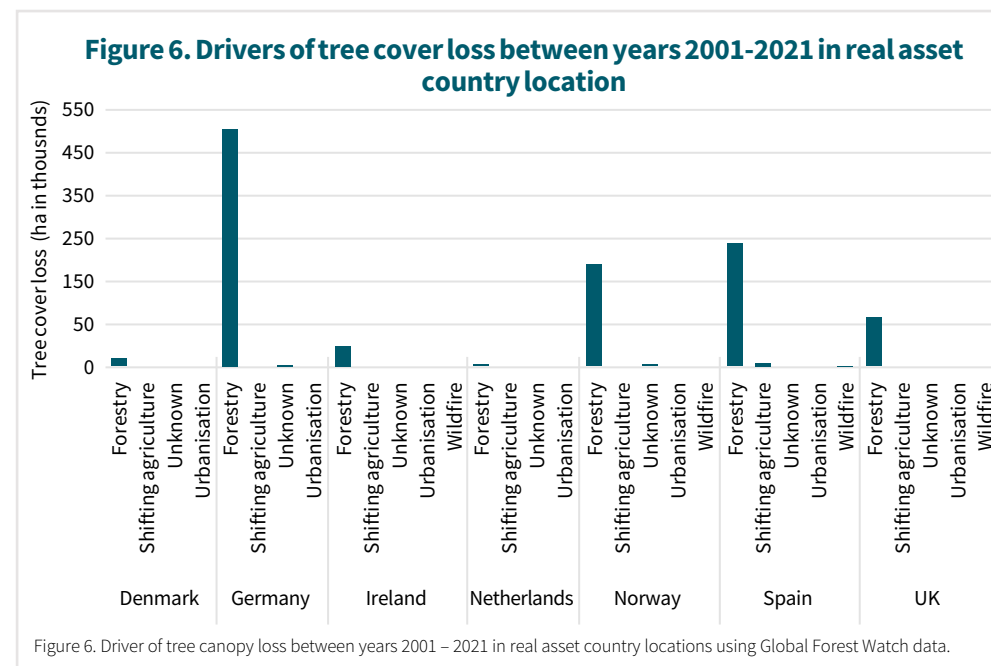
¹⁰ Forest Declaration Assessment Partners (2022). Forest Declaration Assessment: Are we on track for 2030?

RealAssets

In our real asset portfolio, we focussed our deforestation assessment on standing real estate assets, real estate developments and European assets in construction. As our assets are located in Europe and the United Kingdom (Figure 5), we found no exposure to commodity-driven tree loss in these asset locations according to Global Forest Watch data.



In these geographic locations, tree cover loss has increased in Germany and Spain over a three-year period, which can be attributed to the forestry industry (Figure 6).



Annuities

Direct real assets

In our direct real assets annuities portfolio, we found exposure to forest linked commodity-driven deforestation to be low. Assets were either located in the United Kingdom, Ireland and Netherlands - where all three countries have been found to have no commodity-driven deforestation according to Global Forest Watch.

Private Corporate Debt

Exposure to forest risk commodity-driven deforestation was conducted by a sector and country level basis as more granular data was not available. By taking a sector lens, our exposure to commodity-driven deforestation is in our Conglomerate (1 company), Chemicals (1 company) and Infrastructure (3 companies). However, given the geographical coverage of the Chemical and Infrastructure companies which we hold, we believe our exposure to forest risk commodities to be low. Through a country-level lens, the United States has the greatest amount of tree cover loss, with forestry being the main driver (77%) and commodity-driven deforestation accounting for 1% between years 2019-2021.

Figure 7. Total outstanding debt in annuities split by geography and sector

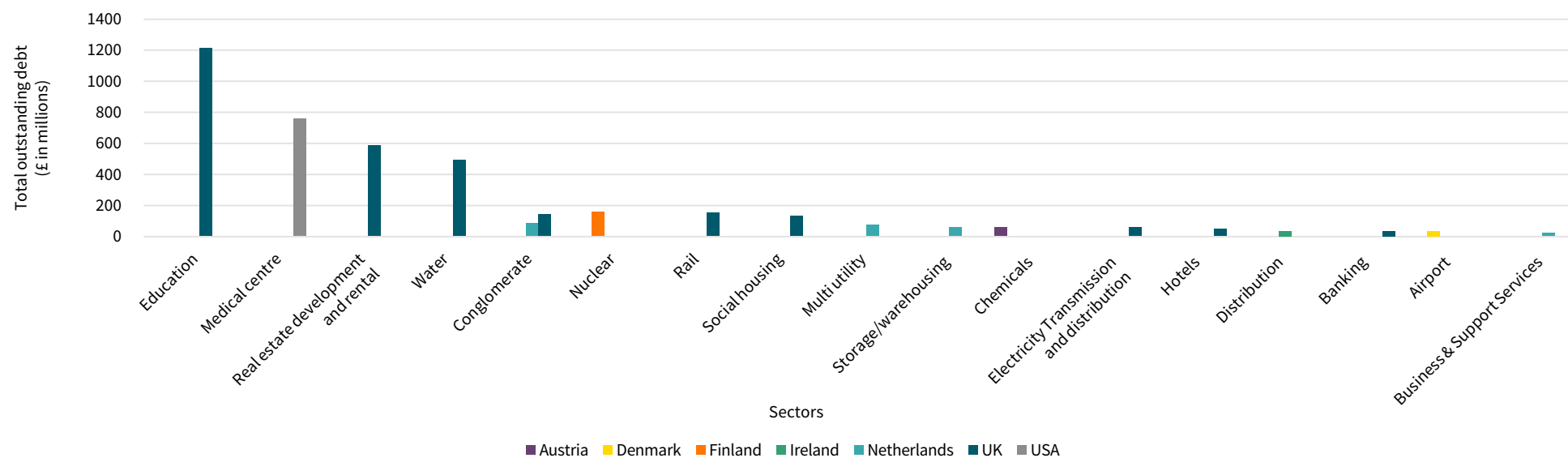


Figure 7. Sectors which have high risk associated with deforestation include agriculture, food and beverage, automobile, textiles, chemicals, personal care, retailers, forestry, print publishing, construction, energy, finance, fuel and pharma.

Structured Finance Loans

In our structured finance loans, we found our greatest exposure to tree cover loss to be in Tanzania, Germany and France. In France and Germany the dominant driver for tree cover loss is forestry with 94% and 98% respectively between 2019-2021. The dominant driver of tree cover loss in Tanzania is shifting agriculture, where it was responsible for 95% of tree cover loss between 2019-2021. Shifting agriculture is where an area of ground is cleared of vegetation and cultivated for a number of years then abandoned for a new cultivation area until its fertility has been naturally restored.

Figure 8. Tree cover loss between 2019-2021 in structured finance deal locations

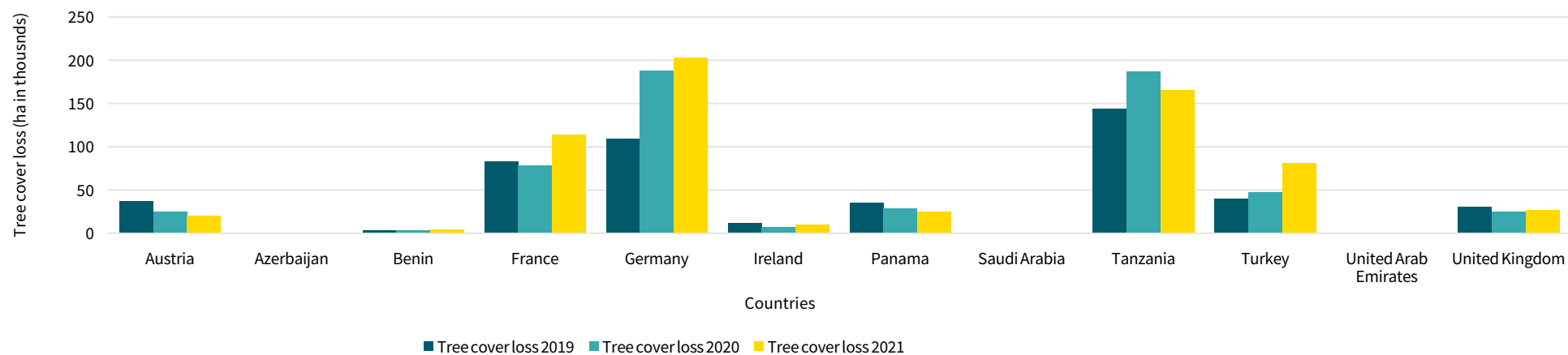


Figure 8. Forest loss in the countries where we hold private assets using Global Forest Watch data.



Biodiversity Risk
Assessment

Deforestation Risk
Assessment - Methodology

**Deforestation Risk
Assessment - Results**

Finance Sector
Deforestation Action Group

Underwriting

In our insurance business we focussed on underwriting activities associated with forest risk commodities in General Insurance in Aviva Canada and Aviva Ireland, due to our LIFE investments being covered in our investment deforestation risk assessment.

Aviva UK

As our agricultural portfolio in Aviva UK was $\leq 0.5\%$ of our Commercial Income and not associated in commodity-driven agriculture, we focussed the remaining assessment on activities linked to forest risk commodities in Aviva Canada and Aviva Ireland.

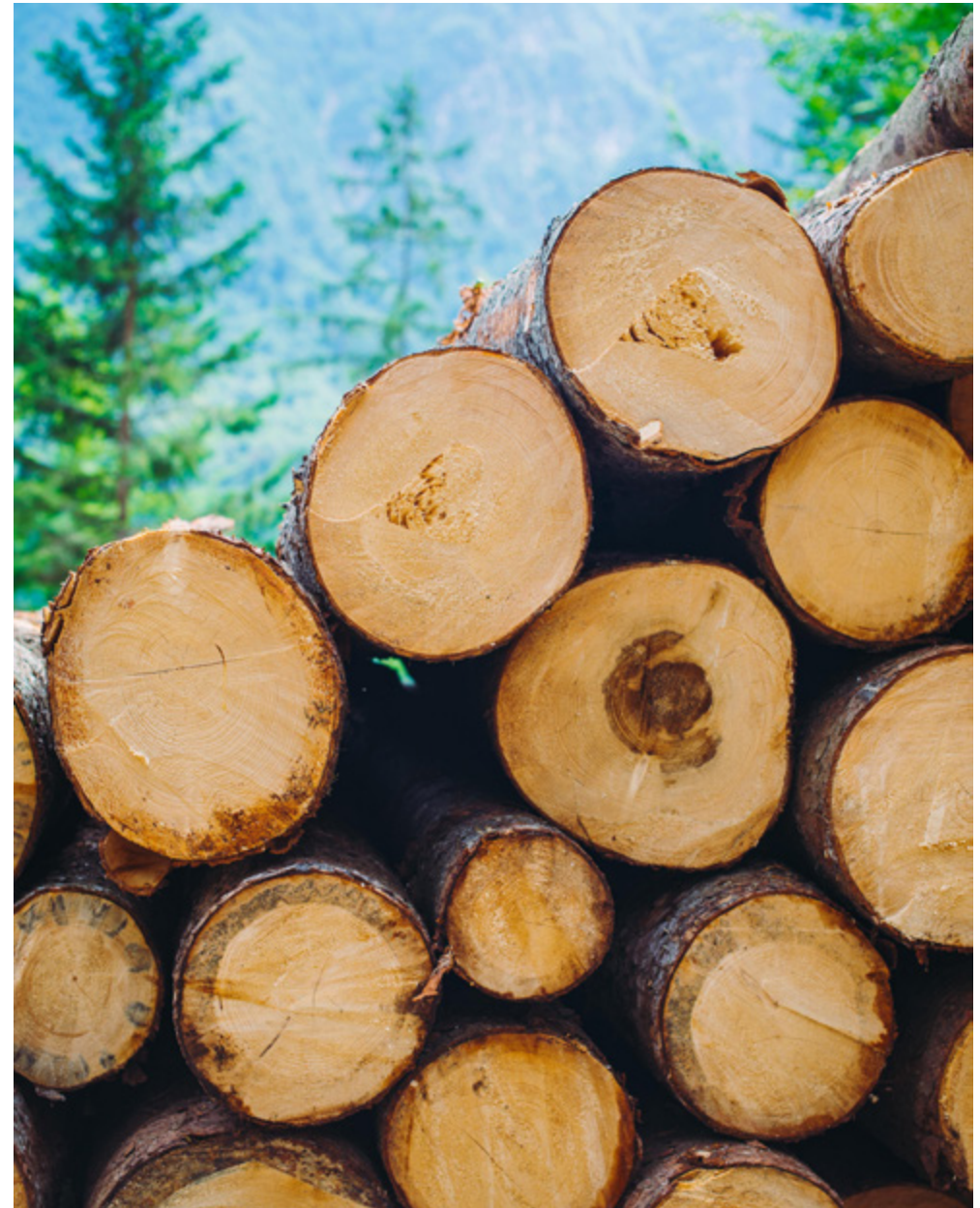
Aviva Ireland

We provide insurance to farmers in Ireland, where the main activities being covered are Dairy (17%), Beef (58%), Sheep (15%), Tillage (7%) and Other (3%). In this context these policies are 100% underwritten by Aviva and not co-insured with other insurers. According to Global Forest Watch, forestry is the main driver of tree cover loss between the years of 2001-2021 in Ireland. Therefore, our exposure to commodity-driven deforestation in Ireland is zero.

Total acreage of the farms which we insure is 1,284,992 acres, with approximately 35% attributed to Beef farmers. Note that this is an approximate figure due to the categorisation of internal data not distinguishing clearly between different farming activities.

Aviva Canada

We provide insurance to properties and business interruption for primary and secondary lumber manufacturing processes, where the final lumber product is predominately used nationally and in the United States for the residential construction industry. Annual direct written premium for forestry is less than 1% of commercial property premiums in 2022. All insurance policies which we provide to customers are co-insured, with a $\leq 40\%$ proportional share. In Canada, the main driver of tree cover loss between the years is forestry and wildfires. Between the years 2019 and 2021, forestry accounted for ~58% and wildfires accounted for ~41% of total tree cover loss between this three-year period (Global Forest Watch, 2022).




[Biodiversity Risk Assessment](#)
[Deforestation Risk Assessment - Methodology](#)
[Deforestation Risk Assessment - Results](#)
[Finance Sector Deforestation Action Group](#)

Finance Sector Deforestation Action Group

In November 2021, we were one of thirty investors globally to sign a commitment to use our best efforts to eliminate agricultural commodity-driven deforestation from our portfolios by 2025. This new investor working group focusses on the implementation of the [Financial Sector Commitment Letter on Eliminating Commodity-Driven Deforestation](#), known as the Financial Sector Deforestation Action (FSDA). The FSDA has identified priority companies and financial institutions to engage with on deforestation risk, using Global Canopy's Forest 500 list. We are leading engagements with 5 companies and 5 banks, as well as supporting additional engagements alongside other investors. Our expectations for these companies have been made public [here](#). Following the results of our deforestation risk assessment, which includes deforestation data on a broader scope of companies beyond the Forest 500, we hope to add more companies to our deforestation engagement strategy.

“We simply cannot achieve net zero without addressing deforestation. Financial institutions must engage to massively reduce deforestation-related emissions in their investment portfolios if they want to achieve net zero. Aviva is amongst the leaders who signed the Financial Sector Commitment Letter on Eliminating Commodity-Driven Deforestation alongside 30 other financial institutions. Aviva is showing what's possible and protecting itself against financial, regulatory and reputational risk in its portfolio.”

Nigel Topping,

UN Climate Change High-Level Champion





Biodiversity - Investments



Biodiversity - Investments

Contributing to biodiversity protection and restoration through our investment activities plays an important part in supporting our biodiversity policy and bringing about real-world change. Contributing to the reduction of human impact on biodiversity through our investment activities plays an important part in supporting our biodiversity policy and bringing about real-world change.

Voting

New voting policy on deforestation

In 2022 we strengthened our voting policy by making deforestation a more formal element.

We now vote against targeted management resolutions at companies with significant exposure to commodity-driven deforestation risk¹¹ over their lack of robust policies and targets on reducing deforestation. In particular, the poorest performers identified in Global Canopy's Forest 500 ranking of companies exposed to forest-risk commodities (beef and leather, soy, palm oil, timber and pulp and paper) in their supply chain. Agricultural conversion for these commodities drives over two-thirds of tropical deforestation.

As of August 2022 we have voted against 75 companies on this basis, and their progress will continue to be kept under review. These names may be the most exposed to tropical deforestation risk, but this also means they have the greatest influence in the forest-risk commodity supply chains they are involved in. If they act on deforestation and associated human rights abuses, they have the greatest potential to drive change.

Supporting biodiversity-related shareholder resolutions

This year we voted in favour of 19 biodiversity-related shareholder resolutions, to encourage companies to take steps to address biodiversity impacts arising from their operations. For example, at an American meat processing company, we supported a shareholder proposal to improve the company's metrics and targets on plastic packaging. We believe this is necessary to allow shareholders to better assess the company's management of associated financial, environmental, and reputational risks. Several of the company's peers had made commitments to reduce overall use of plastic and materials in product packaging. However, the company did not disclose the amount of plastic packaging it uses and had no quantitative target for reducing its use of plastic, and the company scored an F in As You Sow's 2020 Plastic Pollution ranking. While the resolution did not achieve a majority vote, the company has reduced the use of single-use plastics and increased the amount of post-consumer recycled content in its packaging to 38%.

¹¹ forest-risk commodities including beef and leather, soy, palm oil, timber and pulp and paper across operations and supply chain

Engagement

Chair letter

Every January we send a letter¹² to the chairs of companies we invest in (and some in whom we do not invest but still want to influence) to set out our stewardship priorities for the year. Our 2022 letter called on over 1,600 global companies to develop a biodiversity action plan. We suggested that this plan should include the following:

- An assessment of business impacts and dependencies upon nature, identifying key issue areas and locations.
- Setting interim SBTN-aligned targets where methodologies already exist and are relevant (e.g. land use, freshwater use, and ecosystem integrity).
- Setting more comprehensive targets aligned with the SBTN framework once guidance is finalised (this should include the full value chain within scope).
- Public reporting of performance against targets.

Sovereign engagement

In 2022, biodiversity was – for the first time – an annual sovereign engagement priority and was included in our CEO letter to finance ministers and central bank governors from over 30 countries. We called on sovereign representatives to play a constructive role in supporting the agreement and subsequent delivery of an ambitious post-2020 Global Biodiversity Framework, and for central banks to assess financial system dependencies and impacts on biodiversity. Responses indicated sovereign representatives welcomed the prioritisation of biodiversity and detailed how different countries were progressing relevant policy.

Beyond written exchanges, our ESG and investment teams followed up on relevant biodiversity issues at every opportunity, raising them at investor roadshows and through outreach with individual issuers. Against a difficult global backdrop for sovereign engagement, relevant examples included meetings with representatives from Singapore, Uruguay, and New Zealand, among others.

These engagements covered sustainability and green bond issuances (including biodiversity KPIs and related uses of proceeds), national biodiversity strategies and data/measurement approaches. Deforestation was also a recurring theme, particularly in follow-up calls with respective sovereign policy leads, where we were able to draw on expertise from Eugenie Mathieu (Earth Lead, Aviva Investors) to advocate for action on areas including agricultural traceability.

¹² See our letter here for further details

¹³ Substantive engagements are defined as those that typically take the form of targeted (i.e. tailored) communication; can cover a range of topics at varied levels of detail i.e. 1:1 meetings. Non-substantive engagements typically take the form of generic, broad (i.e. non-tailored) communications e.g. annual chair letter mail out.

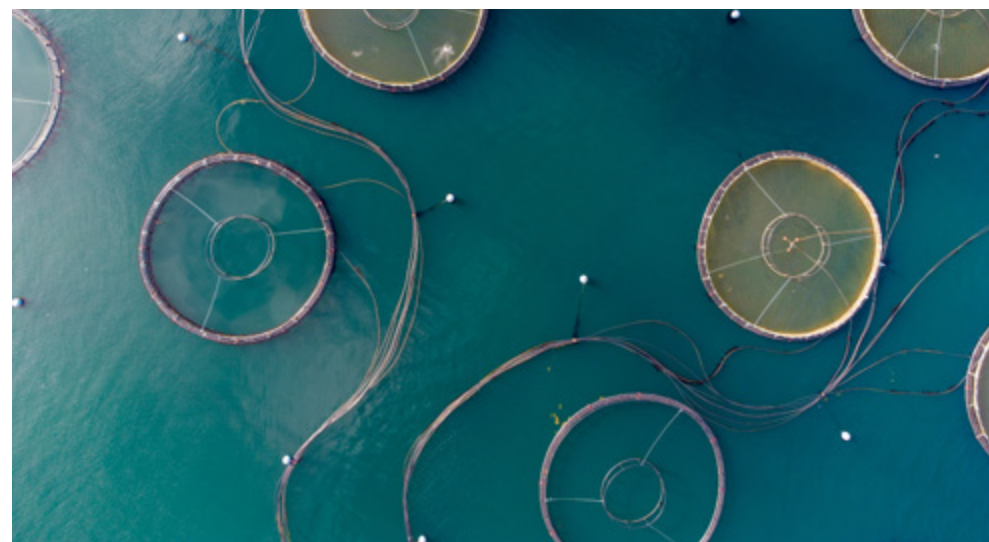
Substantive engagement on biodiversity

In addition to our Chair Letter, this year we engaged substantively 115 times on biodiversity issues, which can be broken down as follows.

Breakdown of biodiversity issues by number of companies engaged substantively¹³

Biodiversity Issue	Number of companies engaged
Exposure to hazardous chemicals	50
Deforestation	13
Sustainable consumption - Water treatment and conservation	12
Sustainable consumption – packaging and plastic	11
Water management	11
Waste management	11
Palm oil and biofuels	7

Note: Some companies have been engaged on multiple topics. October 2021 – August 2022 inclusive.





Natural Capital Transition Fund (NCTF)

In December 2021 we launched our first biodiversity-themed fund, the Aviva Investors Natural Capital Transition Global Equity Fund, as part of our Sustainable Transition range. The Fund has two equally important objectives - to support the transition towards a nature-positive economy, and long-term capital growth for our clients. The Fund invests in companies that are either providing products and services that can accelerate our transition to a nature-positive economy, or companies that are leading their sector in reducing their impacts on nature. Key investment themes are sustainable land, sustainable oceans, the circular economy and climate change.

The Fund aims to drive positive change in several ways. Firstly, by choosing which companies to invest in - we can support companies that are helping reduce human impacts on nature and enhance resilience. Secondly, we engage with every company in the Fund on biodiversity over a three year period (see below), and where we see no significant progress, the companies will be divested from the Fund. This active engagement extends beyond companies to include governments and policy makers, with our macro reform strategy, whereby we engage to try to correct the market failures that are currently leading to the destruction of biodiversity. The Fund also donates 5 basis points of its management fee to ecosystem restoration projects.

Natural Capital Engagement Programme (NCEP)

Under our biodiversity policy we committed to an investment engagement programme with 40 companies on Biodiversity. The Natural Capital Transition Engagement Programme (NCEP) launched in March 2022 when letters were sent communicating Aviva Investor's expectations to all 43 companies in the NCTF. The objective of the NCEP is to help the fund achieve its aim to reverse devastating trends fueling the degradation and loss of nature and to transition towards a "nature-positive" future. There are plans for phased expansion of company coverage as and when new names are added to the fund.

Companies are asked to carry out an assessment of biodiversity impacts and dependencies, and set quantified, time-bound targets to reduce their key biodiversity impacts. We have also made a tailored third ask for each company, dependent on what is most material to their business and key sector risks - for example we have asked one pharmaceutical company to measure and improve water quality at all manufacturing sites and set a clear standard for safe active pharmaceutical content in discharged water. These are all criteria that we view as key to setting businesses on the right pathway toward a nature-positive future, and are aligned with the latest guidance and suggested targets from the Science-Based Targets for Nature (SBTN)¹⁴.

To ensure maximum impact, NCEP has embedded a robust escalation process. Progress is monitored continuously, and a formal assessment is undertaken on an annual basis. Companies are scored and categorised across five levels (Laggard; Limited; Active; Progressive; Leader) to indicate the extent to which we believe they have made progress against our specific requests for change. The outcome of this assessment will determine candidacy for further escalation through engagement, voting, and – at the end of the programme, if significant progress has not been made – divestment.



¹⁴ [The SBTN's Initial Action Framework Guidance can be found here](#)



Hazardous chemicals transparency

In September 2022 Aviva Investors mobilised a group of 47 investors worth \$8 trillion to write to 54 manufacturers of hazardous chemicals to ask for greater transparency on hazardous chemicals. It is currently difficult for investors to gauge the regulatory, litigation and reputational risks faced by chemical manufacturers, as there is minimal up-to-date, global information in the public domain on which hazardous chemicals each manufactures, where, and in what quantities. As investors, we believe that companies' license to operate is dependent on the public understanding of risks and impacts.

Furthermore, chemical companies have in recent years been involved in a series of lawsuits and litigation, particularly concerning PFAS or persistent chemicals. As the understanding of the problems associated with persistent chemicals is becoming mainstream, legislation is starting to pick up around the world. The EU is implementing its Chemical Strategy for Sustainability, with a key focus on banning persistent chemicals, and in the US, the Environmental Protection Agency recently recommended drastically lowered safety levels for two PFAS in drinking water.

Therefore we are calling on these companies to:

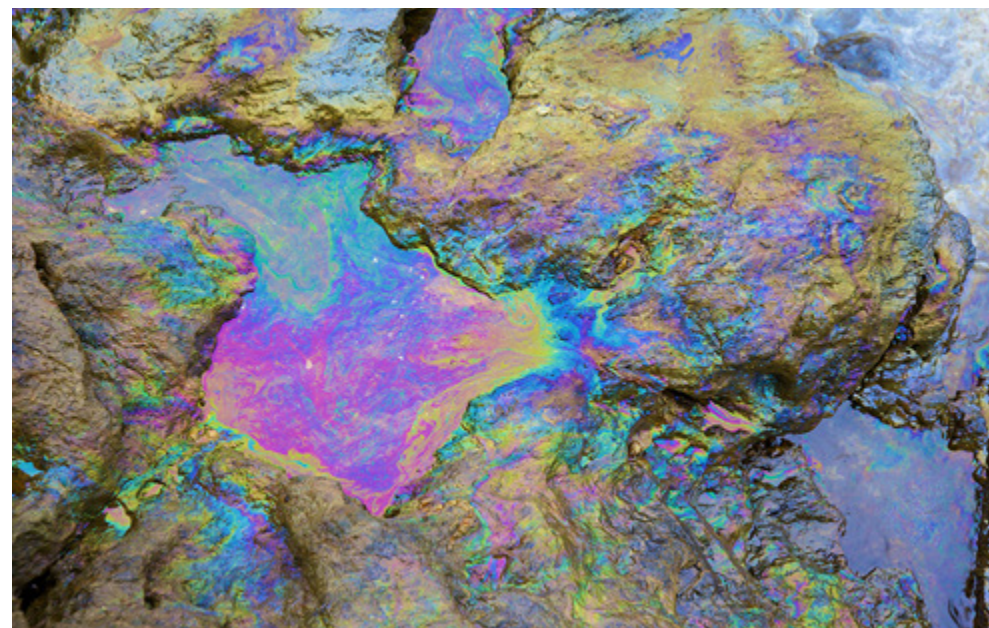
- 1 Increase transparency by publishing the names and volumes of hazardous chemicals manufactured globally.
- 2 Publish a time-bound phase-out plan of persistent chemicals from production.
- 3 Work to improve the company's ranking in the next annual ChemScore benchmark. (ChemScore ranks the world's largest chemical producers based on their efforts to reduce their chemical footprint.)

This letter followed on from a similar letter we sent in December 2021, signed by 23 investors with \$4 trillion in assets under management/advisement. During 2022, Aviva Investors subsequently coordinated engagement calls with the companies and investors to discuss these asks. We hope to see evidence of progress via improved scores in the next ChemScore ranking in December 2022.

Other investor collaborations

Aviva Investors is also participating in several investor initiatives on biodiversity themes including:

- Actiam-led engagement with consumer goods companies on deforestation using satellite imagery
- Farm Animal Investment Risk and Return's (FAIRR) work on sustainable proteins and aquaculture
- Storebrand-led work on leather and deforestation in the auto sector,
- World Benchmarking Alliance's work on regenerative agriculture.
- Asia Research and Engagement (ARE) engagement on sustainable protein
- Investor Policy Dialogue on Deforestation (IPDD) – engaging with National Governments on deforestation
- Ceres Valuing Water Finance Initiative – engaging companies on making water risk a priority
- Finance Sector Deforestation Action working to eliminate agricultural commodity driven deforestation from our portfolios by 2025 (see section above on page 22)





Engagement Case Studies

1. Meta Platforms - Deforestation

We engaged with Meta Platforms (formerly Facebook) during 2021 regarding a BBC investigation on adverts on Facebook Marketplace selling protected areas of the Amazon. We were alarmed by the role Meta could be playing in the Amazon deforestation, as the plots of land being advertised for sale were within conservation areas as well as land reserved for indigenous peoples. When using Marketplace, buyers and sellers are required to comply with laws and regulations. Whilst selling protected rainforest plots of land is illegal, Meta had limited controls to identify illegal content proactively, and lacked a policy specific to deforestation. We encouraged the company to strengthen their controls pre-listing and to develop a targeted approach regarding biodiversity loss.

Following our engagement, we are pleased to note progress. Meta have engaged with different stakeholders on this issue, including NGOs and environmental experts, to develop a targeted approach. Meta announced a specific policy prohibiting the buying and selling of land in ecological conservation areas, within the Amazon region, and are using the World Database on Protected Areas (WDPA) to review listings on Marketplace. While this progress is material and welcome, we have continued engaging on their enforcement system and the scope of the policy, particularly how they approach gaps in enforcement, and for the policy to include publicly owned forests which are subjected to illegal deforestation.





Engagement Case Studies

2. Engagement on Plastics

This year we continued to engage with companies with significant exposure to packaging waste, including Burberry, Britvic and Science in Sport. Overall, we asked 6 companies to commit to the three actions in the Ellen McArthur Foundation's New Plastics Economy Global Commitment.

These are to:

- 1 Eliminate all problematic and unnecessary plastic items
- 2 Innovate to ensure that the plastics we do need are reusable, recyclable, or compostable.
- 3 Circulate all the plastic items we use to keep them in the economy and out of the environment

Outcome

We maintain ongoing engagement with Burberry and Science in Sport on plastic packaging. We met with Burberry following its recent withdrawal from the Ellen MacArthur Foundation Global Plastics Commitment at the end of the 2021 reporting cycle to raise our concern at the departure. Burberry stated this was a shift toward a more industry specific approach through the Fashion Pact, which they believe has more stringent and specific targets on recycled content and elimination of single-use plastics. Whilst we support a more industry specific approach, we note it lacks a target to reduce their total weight of plastic packaging and/or virgin plastic in packaging in absolute terms, which is a mandatory target under the EMF Global Commitment as of 2021.

We also met with Science in Sport (SiS), who have demonstrated a commitment to transition product packaging to recyclable materials since 2020, with 100% of products now being packaged in recyclable plastic. Whilst SiS have an innovative internal sachet recycling scheme in partnership with ENVAL, we discussed the challenges they have experienced in the uptake of this scheme by consumers. The company shared plans to increase communication with customers to promote a greater uptake. We also outlined our concerns that 100% of SiS packaging is from virgin plastic, encouraging the company to work with suppliers to pursue alternative options.





Engagement Case Studies

3. Brazilian Beef Exporter - Deforestation

Cattle ranching is the biggest single driver of deforestation in Brazil. Cattle, on average, go through six farms during their lifecycle prior to slaughter, and these farms are driving the deforestation. In 2010, the major Brazilian meatpacking companies committed to end the purchase of cattle linked to Amazon deforestation, and to ensure fully transparent monitoring, verification and reporting of their entire supply chains (including indirect suppliers) within two years. However, 12 years later, these meatpacking companies have made minimal progress, and still cannot attest to the extent they are buying cattle raised on deforested land. Meanwhile, deforestation in the Amazon is reaching a 16-year high, with scientists warning that the rainforest is approaching a critical tipping point at which the damage is irreversible.

This year we continued the deforestation engagement with a Brazilian beef exporter that we started in 2020, including meeting in person with the CEO specifically on this issue. Initially we had been reassured by the company having the best results amongst major peers in Brazil's Public Prosecutor's Office cattle audit on illegal deforestation and modern slavery, and by the role it was playing developing Visipec, a supply chain monitoring tool. In our efforts to understand the company's position, we held meetings with four NGOs – the WWF, the National Wildlife Federation (NWF), Mighty Earth and Global Witness. We sought their opinions as NGOs with presence and expertise on the ground.

The company introduced a new set of sustainability targets during 2021, including a target for zero illegal deforestation throughout its supply chain in South America by 2030, supported by a programme to monitor indirect supply farms for all South American countries of operation.

However, we were disappointed the company maintains it is the role of the Brazilian government to introduce a tracing system for cattle, rather than that of the companies buying the cattle. The company has made no public statement against the Bolsonaro government's pro-deforestation stance nor provided evidence it has lobbied for change. Given the rapid acceleration of the rate of deforestation in the region, we decided in 2022 to escalate our engagement with the company, namely by requesting the company to bring forward and expand its deforestation target to include legal deforestation, and to issue a public call to the government to facilitate a full traceability programme through more transparency in public records of animal transit and land registries, and ideally, a RFID tagging programme. Again we were disappointed in the company's response.

Given the negative headwinds of changing customer demand, for example certain UK supermarkets ceasing to buy beef from Brazil, increasing regulation in Europe and US on supply chain deforestation, and our belief that the company is not moving fast enough to accommodate these changes, we have now sold our holding.





Integration and portfolio construction

It's not just our Sustainable Transition range of funds that have a focus on biodiversity, our other funds also monitor biodiversity-related principal adverse indicators. These identify companies involved in severe environmental controversies within or near biodiversity sensitive areas, water emissions, hazardous waste and air pollutants. Our fund reviews and sector roundtable provide analysts the opportunity to discuss any major risks should they arise.

All Aviva Investor funds are prevented from investing in companies that derive >10% of fossil fuels from tar sands and arctic oil production given potential biodiversity and climate risks.

Real Asset Transition Strategies

Under our biodiversity policy we committed to invest a minimum of £50m in afforestation and sustainably managed forest through the climate transition solutions created by the Real Assets team. The projects invested in by the real assets team are carbon focused and site selection and planting design reflects this. However, we expect to see resultant biodiversity benefits due to habitat creation as a result of afforestation and peatland restoration. To make a real impact on the climate agenda through our direct investments, solely purchasing carbon offsets is not at the core of our net zero strategy. First and foremost the priority for our portfolios is to reduce portfolio operational emissions and embodied carbon wherever possible. We achieve decarbonisation through active asset management (reduce), implementing sustainable design best practice (avoid), integration of on-site renewable energy (replace) and the use of low carbon alternatives in both construction and operation. Regardless of these actions residual carbon is inevitable so we must find direct investment opportunities in carbon removal solutions to achieve carbon neutrality.

The investment strategies created by the real assets team, and focused on the climate transition, allocate a percentage of capital to forestry investments. The carbon impact of every investment is measured, with the intention that nature-based assets will sequester sufficient carbon to ensure the real assets business as a whole reaches net zero by 2040.

In December 2021 the Real Assets team at Aviva Investors made its first investment in natural capital announcing plans to deliver a significant woodland creation and peatland restoration scheme across 6,300 hectares of Scottish moorland in the Glen Dye area of West Aberdeenshire. In partnership with Par Equity the Scottish-based forestry investment fund manager, and following detailed public and statutory consultation, applications will be made to undertake over 3,000 hectares of new tree planting, and 1,800 hectares of peatlands restoration. The restored peatland will first avoid more carbon being added to the atmosphere and then as it starts building further biomass will absorb carbon.

Over the lifetime of the project, an estimated 1.4 million tonnes of carbon will be locked up. Up to one third (1,000 hectares) of the replanted land will be productive conifer. The remaining 2,000 hectares of replanting will be native woodland, the design and management of which will be led by Scottish Woodlands Ltd.



Highlights

A photograph of a red squirrel climbing a tree trunk. The squirrel is in the foreground, looking towards the camera. The background is a blurred green forest. Overlaid on the left side of the image is a large, stylized yellow logo consisting of three interlocking 'W' shapes.

Biodiversity – underwriting



Highlights

Biodiversity – underwriting

Our underwriting activity is included in the scope of our deforestation and biodiversity risk assessments as we seek to understand and baseline the biodiversity impacts and dependencies of our business.

Our ESG baseline underwriting statement, released in December 2021, clearly defines our principle-based and pragmatic approach to our vision for a low carbon future. We are committed to acting on climate change and against biodiversity loss. Through our underwriting statement we support the transition to greener energy sources – enabling the reduction of negative impacts on the climate and biodiversity.

For the last six years, Aviva Canada’s Surety team has been working on an opportunity to provide TransAlta - a large Canadian electrical utility company - with a surety bond to support the reclamation of its Highvale Coal mine. Mine reclamation is the process of modifying land that has been mined to restore it to an ecologically functional state.

The most significant challenge to overcome was the provincial regulator who did not accept surety bonds as a form of financial assurance for reclamation obligations. Over the course of these six years, our Surety team partnered with industry and government stakeholders to encourage the use of surety bonds to guarantee reclamation obligations and to develop a bond wording acceptable to all parties. The use of surety bonds as a form of security provides financial flexibility to companies allowing them to invest capital in things like renewable energy.

In July 2022, our efforts were successful thanks to the surety bond wording that Aviva Canada was instrumental in developing. Through the efforts of Marsh Canada, commercial terms were reached and a reclamation bond was issued to the Alberta government. This is currently the largest mine reclamation project in the province of Alberta.

Highlights:

- Active coal mining ceased December 2021; The Highvale Mine is now a 100% reclamation project
- Thermal coal power generating stations have now been converted to natural gas or have been shut down permanently
- TransAlta is actively investing in wind and solar generation, and has signed up for Science-Based Targets

The post-reclamation landscape has been planned with consideration to the needs of local species of wildlife and will include a balance of agricultural land uses, forested and open grass areas, wildlands, wetlands, and end-pit lakes. TransAlta has also engaged local Indigenous communities to optimize the end-use planning. This includes the incorporation of identified species that are culturally important for Indigenous communities in its reforestation work.

Using reclamation bonds to restore land demonstrates the opportunity and potential for us to develop products to not only facilitate the transition to low-carbon, but to also positively impact biodiversity.

Learn more about how this project came to life [here](#).





UN Biodiversity Conference COP-15

Taskforce on Nature-related Financial Disclosures (TNFD)

Director disqualification

Water pollution in the UK

Transition Plan Taskforce

Championing biodiversity



Championing biodiversity

Championing biodiversity is established as one of our guiding Principles in our Biodiversity Policy, adding our voice to others to help bring about systemic change.

UN Biodiversity Conference COP-15, December 2022

In the past year a large part of our biodiversity influence and advocacy has occurred in the context of the United Nations Fifteenth Conference of the Parties on the Convention for Biological Diversity (COP-15). The principal outcome sought at COP-15 is the agreement of the Parties (i.e. the participating countries) to a Global Biodiversity Framework (GBF). The GBF will provide the policy pathway and relevant actions for the next ten years to address the biodiversity crisis. We believe a successful GBF outcome must include the role of the private sector, and in particular private financial flows. We are advocating for the GBF to have a clear policy aim and to place obligations on the Parties to create regulatory regimes to incorporate nature into financial services rules in the way that has been done with climate change.

Our direct engagement in COP-15 has occurred through our membership of the Finance for Biodiversity Foundation (FfB). Aviva is one of only three financial institutions globally that has been directly active throughout the COP-15 process.

FfB is the leading global organisation that brings together financial institutions to address biodiversity issues. Aviva joined the FfB in May 2021 after becoming a signatory to its Pledge under which financial institutions undertake to commit to action in relation to biodiversity.

Aviva is Chair of the FfB's Advisory Committee, which provides strategic guidance of FfB's activities. Aviva Investors also sits on the Assessment and Company Engagement working groups to facilitate knowledge exchange on biodiversity impact assessments and engagement on biodiversity with companies.

The FfB was granted Observer Status by the United Nations at COP-15 in 2021, meaning it can actively participate in the negotiations, but does not have a vote. Aviva has taken a leading role in representing the financial sector through the FfB as a participant in the COP-15 talks, including:

- Attending the Geneva and Nairobi working group negotiations – drafting position papers that advocate for the alignment of financial flows with the aims of the GBF, and participating in and contributing to the talks.
- Participating in the United Nations' Action Agenda panel - advocating for and discussing the role of financial institutions in biodiversity issues.
- Letter to Finance Ministers' Coalition for Climate Action - asking Finance Ministers from across the world to support our desired outcome on the GBF at the final talks in Montreal.
- Attendance at COP-15 in Montreal in December 2022 – to advocate that specific financial sector text be confirmed in the final negotiations of the GBF.
- In October 2022 Aviva Investors also signed the COP-15 Business Statement for Mandatory Assessment and Disclosure by Business for Nature, supporting the call for governments to adopt policies now to reverse nature loss in this decade.



Aviva's leading role at COP-15 has not gone unnoticed by a number of interested stakeholders, including many academic institutions. The latter have engaged with us to help develop the thinking behind the concrete mechanisms that will give practical effect to the policies we are seeking in the GBF. We have begun to partner with some of these institutions which have the potential to play an influential role in the implementation of the GBF globally.



Taskforce on Nature-related Financial Disclosures (TNFD)

The TNFD is undertaking important work developing and delivering a risk management and disclosure framework for organisations to report and act on evolving nature-related risks. The market-led, science-based TNFD framework will enable companies and financial institutions to integrate nature into decision making.

Under our biodiversity policy we committed to review and comment on the TNFD framework to ensure Aviva's views are represented and ensure we understand the application of the framework.

As members of the TNFD forum, we have provided comments and feedback to the TNFD beta framework and will continue to do so during the development process.

Director disqualification¹⁵

We are working to increase the deterrents for corporate pollution of the environment (see [this article](#) for background). We are lobbying UK and EU governments to increase penalties for directors, in particular to ensure there is personal jeopardy for directors presiding over environmental pollution deliberately or recklessly. If directors not only think their company is at risk, but they too could be banned from the boardroom, that sends out a powerful message to act with consideration for a raft of biodiversity related issues and beyond.

In the EU, the EU Commission has issued a proposal for a Directive on Sustainable Corporate Governance. The proposal builds on a consultation which included enhanced director duties (but not disqualification from future boards). It also included the proposed rules for enhanced environmental and human rights due diligence for large corporates. We responded to the Commission proposal, recommending the addition of director disqualification.

¹⁵ [Read more about director disqualification here](#)





Water pollution in the UK

In the UK the Storm Overflows Discharge Reduction Plan was opened for consultation. The plan is required under the Environment Act, and it should indicate how the government will progressively stop pollution from untreated sewage releases via ‘storm’ overflows. We provided feedback on the plan, noting our disappointment that the ambition was rather muted, specifically;

- The plan is too narrow in its scope, only giving targets for water companies;
- The timeline for action lacks ambition and is out of step with other proposed government environment targets on pollution reduction and nature’s recovery;
- Under the plan half of storm overflows would still be spilling untreated sewage in 2040;
- It lacks targets for the government to implement enabling legislation and regulations as recommended by MPs on the Environmental Audit Committee (EAC) and by the Department for Environment, Food and Rural Affairs (DEFRA) Taskforce on Storm Overflows.

Transition Plan Taskforce

Together, Aviva and WWF are a strong and active voice advocating for the value of nature-based solutions to protect and restore biodiversity and mitigate the impact of climate change. As a result of a successful Aviva/WWF campaign, the UK government committed in late 2021 to requiring UK corporates and financial institutions to develop mandatory net zero transition plans.

As recognition of the partnership’s central role in this commitment, Aviva and WWF were invited to join the Transition Plan Taskforce - a multi-stakeholder group set up to develop a ‘gold standard’ for transition plans. We have pivotal roles on the Taskforce - Amanda Blanc (Aviva CEO) as Chair, and Tanya Steele, Chief Executive of WWF-UK, representing the only civil society organisation on the Steering Group for the Taskforce – which we use to raise the standard of the transition plan guidance, and its consideration of nature.

In 2022 Aviva and WWF are seeking that the UK government extend policy to include the transition to nature-positive business.



Aviva-WWF partnership - UK

Aviva-WWF partnership - Canada

Carbon removal and sequestration projects



Partnerships and on-the-ground projects



Partnerships and on-the-ground projects

Aviva-WWF partnership - UK

In July 2021 Aviva and WWF launched a brand new, three-year strategic partnership. This partnership combines the world's leading environmental NGO, widely recognised for its work in tackling the climate and nature crisis, with the world's first major insurer to target Net Zero carbon by 2040 and committed to taking action on the climate and nature crisis for its customers, business, shareholders and future.

Similarly, Aviva and WWF also share the view we can't tackle the climate crisis and keep global warming within 1.5 degrees if we don't act now to ensure a resilient and thriving natural world. That is why we are working together to invest in projects across the UK and Canada that will deliver benefits for people, nature and climate. This involves working collectively on the ground with local delivery partners, landowners and communities, as well as developing thought leadership and advocacy to influence wider policy and regulatory change

Source to Sea natural restoration programme

The Source to Sea programme will take a systemic approach to address the interlinkages between biomes. The programme encompasses four exemplar conservation projects over land, river and seascapes across the UK. These projects are set up to deliver inclusive, community-led, nature restoration initiatives that use nature-based solutions, including Natural Flood Management (NFM). Partnering to deliver on-the-ground projects like Source to Sea is a practical and effective approach to delivering real world solutions. Through this project we are able to bring together Aviva's broader sustainability objectives to build resilience and stronger communities - as we work together to restore important ecosystems and biodiversity, sequester carbon, and increase the resilience of communities from climate related risks such as flooding.

LANDSCAPES: Wild Ingleborough – a landscape scale restoration project, delivered by Yorkshire Wildlife Trust, developed in response to the ongoing decline in UK wildlife and biodiversity and the risks this poses to society.

RIVERSCAPES: East Anglia and Soar river catchments. The Riverscape East Anglia project is led by delivery partner Norfolk Rivers Trust and aims to reduce flooding within river catchments through NFM systems, building natural, physical and community flood resilience and restoring nature. The Soar river catchment project is led by delivery partner the Trent Rivers Trust, the project will demonstrate the benefits of coordinated investment in NFM interventions alongside community development.

SEASCAPES: Restoration Forth - coastal communities in Scotland and project partners will co-design a blueprint to restore and sustainably manage seagrass and oyster habitats for a thriving Firth of Forth

The early stages of our Source to Sea programme has focused on project selection and set up, including baseline measurements, site research/mapping, and outreach to key stakeholders. While it is too early to be able to show significant impact across all areas of the projects above, we have laid strong foundations that are crucial to enabling us to achieve our ambition to deliver real, sustainable impact. We look forward to providing future progress updates from the exciting Source to Sea natural restoration programme.



Acting on climate
change to build
a better tomorrow





Aviva-WWF partnership - Canada

Aviva has committed to invest over \$2 million, across three years in WWF-Canada's Nature and Climate Grant Program, to help communities and Indigenous organisations restore degraded lands and shorelines in order to improve habitats and capture carbon. The program aims to restore 1,000 hectares of land and help 500,000 Canadians become more climate resilient over three years.

Already, we have supported seven organizations with nearly \$500,000 invested for the 2021 field season. This has resulted in over 160 hectares of wetland, grassland, shoreline, agricultural and former industrial sites restored, 89,000+ trees and shrubs planted and over 70 species at risk populations benefiting from restoration.

Our partnership in Canada is also focuses on raising awareness and educating businesses and people about nature and climate change.

“Restoring ecosystems is absolutely essential to reversing wildlife loss and slowing climate change. We are so pleased to support crucial work being done across the country by local groups and Indigenous communities for ecosystems that also benefits the climate. Thank you to our grantees for their dedication to conservation, and to Aviva Canada, whose support enables this impactful work and whose leadership sets an example for how business can take meaningful action for nature.”

Megan Leslie,
president and CEO, WWF-Canada

Carbon removal and sequestration projects

As part of our plan to become a Net Zero carbon emissions company by 2040 we committed to investing £100 million in nature-based carbon removals by 2030. This commitment will see Aviva partner with several leading conservation groups and charities in the UK, Ireland and Canada to focus on carbon removal and the delivery of significant biodiversity and habitat benefits.

In October 2022 we signed off our first project, the Natural Capital Partnership agreement with The Nature Trust in Ireland, with the following biodiversity aims:

- Project will respond to the global climate and biodiversity crises and the low levels of native woodland cover in Ireland by planting 400 hectares of bare land with native Irish tree saplings
- The Nature Trust's wildwoods will be new native woodlands, managed on a non-commercial basis with minimal interventions.
- Any portions of sites we acquire that are not suitable for tree planting will be restored or re-wilded in order to maximise their biodiversity benefit.
- Over time, the woodlands will develop into important habitats for a range of species, providing food, nesting, and networks for a variety of birds, insects, mammals, plants and fungi.
- Estimate of biodiversity uplift from bare land to native woodland will be made using the UN System of Environmental Economic Accounting (SSEA) Framework or equivalent framework.

None of the project sites will be on agricultural land, meaning that they will be accessible to the public wherever possible and will benefit local communities through access to natural spaces - helping to improve mental health and wellbeing, reduce stress, encouraging physical activity and binding communities together. Aviva employees will also have the opportunity to volunteer their time to support projects directly. These projects will ultimately contribute to the wider scientific understanding of the impact of nature-based solutions.



Our people and communities



Our people and communities

Canada

Bees at Aviva Offices

Expanding our knowledge and connecting with nature are great ways to start learning how to integrate sustainability into our everyday lives. Some of our Canadian colleagues in Montreal and Oakville have been involved in a beehive project where close to 100,000 bees have been hosted across two Aviva office sites. Our office in Oakville, Ontario welcomed new hives in spring of 2022 – these hives join the two existing beehives at our Montreal office site. Partnering with Alvéole, the honeybees are beneficial pollinators and allow Aviva employees to see and experience the benefits of nature in action.



Native plants and wildflowers

Native plant gardens are key for restoring biodiversity. They provide food and shelter for wildlife, they support pollinators, they are more resistant to extreme weather and require less maintenance. Native plants are adapted to local conditions and help attract pollinators, restore the wildlife habitat, and build healthy natural landscapes.

In 2022, Aviva Canada partnered with 18 of our brokers, suppliers and landlords across the country to plant native plant gardens at their offices. In 2022, we offered a \$50 subsidy to our employees to purchase native plants including seeds, seedlings, flowers, trees and shrubs. We also gave away one free native plant seedling to any interested employee to get them started. In May 2022, Aviva and WWF-Canada hosted a Webinar for employees to learn more about native plants and ask any questions they had to a native plant expert.



Ireland

Aviva stadium, Dublin, Ireland

Aviva are proud to be title sponsor of Aviva Stadium, the ancestral and spiritual home of Irish rugby and soccer fans. Both Aviva and Aviva Stadium share an ambition; to be Net Zero by 2040. As part of this shared journey the following biodiversity initiatives have been put in place to support our local environment.

- Aviva Stadium is also home to otters who live in the Dodder River along the Stadium perimeter. To help the otters live in harmony, otter holts have been constructed along the river to house our neighbours. In the Dodder, an artificial holt has been constructed from recycled plastic units, and locally sourced logs to provide a safe home for our local otters.
- Bats are another friendly neighbour of Aviva Stadium. They are nocturnal animals, and lights can affect their living spaces, foraging behaviour and even cause them to abandon their roosts. Special lighting has been installed along the Dodder Walk to ensure bats are not disturbed by lights on big match nights. Low level pavement lighting has also been used to minimise impact. In addition to this, suitable trees were identified and provided with bat boxes and bird boxes to attract both species to this habitat.
- Aviva's Home Turf garden, adjacent to the stadium, contains specially selected flora to support birds and pollinators in the area. Aviva also worked with experts to develop a biodiversity curriculum for primary schools across the country.





Making a home for wildlife in our offices

We have installed bee and bug hotels as well as planting native wildflowers around our office locations and properties that we manage to help ensure we help support local wildlife as well as supporting our own native Irish honeybees. We have five hives installed across two of our locations which brings our total Aviva bee population in Ireland to around 250,000 native Irish honeybees.

Our people have also contributed their time through several volunteer days at a site in Co Wicklow where we had planted five acres of mustard seed, supporting the local fauna in that area and where we have planted shrubbery, trees and also installed more bug hotels, bee hotels and sand pits to support the solitary bee populations.



UK

Wild Aviva

Our colleagues know the importance of preserving habitats and promoting native species. Wild Aviva is a colleague led project that aims to promote biodiversity in our offices. It's a platform to engage people and a community who share a common interest in the natural world.

By the end of 2022 we will have undertaken full biodiversity assessments of 4 offices across the UK with a further 2 planned for early 2023. The surveys will give us a valuable insight into the habitats present on our sites and their condition. We will also gain a view of the species that are present on our sites. From this we will be able to determine what management strategies can be implemented to improve biodiversity.

Looking ahead, with the help of our volunteer colleagues, we will implement initiatives to support and improve these habitats across our offices and track our progress as we go.

BioBlitz 2022

Aviva colleagues from across the UK took part in a BioBlitz pilot project during Volunteering Week 2022. The primary goal of a BioBlitz is to get an overall count of the plants, animals, fungi and other organisms that live in an area by drawing on the resources of citizen scientists. Taking part in a BioBlitz is an effective way of supporting biological research, while helping individuals gain knowledge and skills, and develop a stronger connection to their local environment. We plan to utilise BioBlitz events to engage Aviva colleagues in biodiversity projects related to our properties and facilities.





Aviva Community Fund (ACF)

The Aviva Community Fund (ACF) supports innovative charities by helping them raise funds for today and build sustainability for tomorrow. Over £9 million has been invested in over 6,000 good causes since 2015.

In the last 12 months over 3,500 Aviva employees have helped 32 biodiversity focused charitable projects raise funds through the Aviva Community Fund platform. All of the projects raised the full amount of funding they targeted to complete their projects - that's over £141k donated by Aviva and Aviva employees to these great biodiversity focused community causes.



“We are so grateful to all those who have supported our appeal for Sweet Briar Marshes, including our exceptionally generous project partners Aviva who have matched pound for pound every donation up to £300,000”

**Eliot Lyne, Chief Executive Officer,
Norfolk Wildlife Trust**

Sweet Briar Marshes - Norwich, Norfolk

For over 200 years, Norwich has been Aviva's historic home, and today over 5,000 staff still work in the city and live in local communities.

In February 2022, as long-term supporters of conservation charity Norfolk Wildlife Trust (NWT) Aviva helped to successfully raise £600,000 to secure the purchase of Sweet Briar Marshes - 90 acres of fen, rough meadow, grazing marsh, old hedgerows and young woodland close to the heart of Norwich. Sweet Briar Marshes is a mosaic of habitats that provide a treasure trove of nature and wildlife. It is a uniquely wild place and its sensitive ecology - including a Site of Special Scientific Interest (SSSI) - was in danger of being lost forever when the land came up for sale.

NWT's vision to secure the land, restore its biodiversity, and enhance it for people and wildlife alike is a perfect fit for Aviva's own sustainability ambitions. We pledged up to £300,000 in match funding, helping to complete the public appeal for funds just four months after it was launched, making this the fastest appeal success in NWT history.

During 2022 and 2023 NWT will undertake a 'discovery phase' including monitoring the site's wildlife, establishing a team of staff and building community partnerships to help achieve their vision of opening the new nature reserve to the public. Aviva will continue to support through volunteering opportunities for staff at Sweet Briar Marshes, where our people will be able to contribute to the restoration of this incredible space.



Next steps



Next steps

While we feel we are off to a good start 12 months into our Biodiversity Policy, we recognise that there is still more required from Aviva, our financial services sector and our governments to achieve the global ambition to reverse nature loss in this decade. Next year, 2023, will be another busy year for Biodiversity with the launch of the Task force for Nature-related Financial Disclosure (TNFD) framework and hopefully progress and successful outcomes from COP-15.

We will be building on our deforestation risk assessment and completing our biodiversity risk assessment in 2023, in order to understand our impacts and dependencies. This gives us our baseline which will enable us to set targets and measure and report our progress.

Biodiversity loss is happening across all the planet's ecosystems. The biodiversity impact assessment we will complete in 2023 will identify our impacts and dependencies on terrestrial, marine and freshwater environments. As a result of this assessment our ambition is to explore how we can do more to help reverse biodiversity loss in marine environments.

We look forward to giving future updates on the detail of our risk assessments and the progress of our partnerships and projects on our website and through our annual disclosures. We will also continue our strong advocacy work and engagement with companies on biodiversity issues to bring about much needed change.





8. Appendix



Financial terms

Appendix

Financial terms

Corporate debt

Debt is borrowed money, either between people, businesses, or banks, as well as a financial instrument used as leverage by corporations to borrow or purchase

Equity

money that is invested in a company by purchasing shares of that company in the stock market.

Multi-assets

combines different types of assets, such as stocks, bonds, real estate or cash to create a more nimble and broadly diversified portfolio

Real assets

the value of these investments comes from the physical nature of the underlying asset, for example infrastructure, commodities, real estate, land and natural resources.

Annuities

a long-term investment that is issued by an insurance company and is designed to provide investors with a steady income stream in retirement

Sovereign debt

debt that is issued by a country's government to borrow money

General insurance activities

motor and home insurance policies. Typically includes insurance that is not Life insurance



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