FORUM POUR L'INVESTISSEMENT RESPONSABLE

RÉPUBLIQUE FRANÇAISE
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ADEME
AGENCY FOR ECOLOGICAL TRANSITION

SAY ON CLIMATE assessment

UK

AVIVA

2024

Transparency rating	ACCELERATE CLIMATE TRANSITION		
40% alignment with FIR recommendations	PERFORMANCE SCORING 6.7 / 20	NARRATIVE SCORING A **B** C D E	TREND SCORING =

Despite the company's Net Zero commitment by 2040 for its operations and part of its investments, Aviva's climate transition plan is not considered compatible with a 1.5°C target according to the ACT tool. The company does not provide sufficiently clear information on the scenarios on which its targets are based, nor does it demonstrate sufficient actions to reduce its emissions. In particular, the company's goal of carbon neutrality by 2040 does not include emissions on the scope 3 operations of invested companies. In addition, the company has not set an absolute reduction target on the emissions that result from its financing. Finally, although it has adopted certain restrictions, it has no plans to completely halt new investments in fossil fuels.

Since 2021, the **French Forum for Responsible Investment (FIR)** has called for the widespread adoption of stringent Say on Climate (SOC). In March 2023, the FIR signed again an agreement with 48 French and European signatories, encouraging the development of SOCs. Meanwhile, in 2022, FIR began analyzing the climate plans of French companies that submit them to shareholder vote. After joining forces last year, **FIR and ADEME** are extending their partnership by joining forces this year with **Ethos and the World Benchmarking Alliance**, to analyze the climate plans of European companies submitted to a consultative shareholder vote at their annual general meetings in 2024.

In 2022, FIR had published analysis reports assessing the extent to which French companies' climate strategies were in line with its recommendations. In 2023, as part of the partnership with ADEME, these analysis reports has been enriched with the ACT assessment tool, to measure the contribution of corporate strategies and actions to the mitigation objectives of the Paris Agreement.

In 2024, the scope of our analysis has been extended to include European companies which have submitted a SOC. Assessments will be published progressively ahead of their annual general meetings.

As in 2022 and 2023, the FIR wishes to salute the efforts of companies that contribute to improving shareholder dialogue, and encourages them to reiterate the Say on Climate exercise annually.

TABLE OF CONTENTS

- Assessment according to the FIR analysis grid
- ACT's assessment
- FIR's recommandations grid
- ACT's assessment methodology
- ACT finance methodology

In partnership with :

ethos

World Benchmarking Alliance

With the contribution of the European Union LIFE program

AVIVA

40%

alignment with FIR recommendations

Ambition Net Zero 2050

Net Zero commitment on operations and part of investments by 2040

▷The nature and levels of compensation are not explicit by 2040

▷ All of the scopes 1 & 2 operational emissions were offset in 2023 (17,386 tCO2eq) every year since 2006, but the operational emissions increased in 2023: this raises questions about the priority given to reducing emissions.

▷ Scope of investments covered by the Net Zero 2040 commitment to be specified

Reference scenario(s) used

1. Operational emissions

Commitment to a warming trajectory limited to 1.5°C for Scopes 1 and 2 targets, validated by SBTi up to 2030

▷No validated 1.5°C commitment on scope 3 operations

*2. Financed emissions** (in millions of euros)*

Participation in GFANZ, NZAOA, NZAM, NZIA initiatives; objectives in reference to NZAOA but no details on the scenarios used*

Current GHG emissions (2023)

Total emissions: 17.7 MtCO2eq

*1. Operational emissions : 1% of total emissions **17,386 tCO2eq** (market-based)*

Scope 1: 7,503 tCO2eq *Scope 2: 429 tCO2eq* *Scope 3: 9,454 tCO2eq*

❍ The company excludes part of scope 3 from its operations

Total leased emissions: 24,830 tCO2e - Scope 2: 7,873 tCO2eq

*2. Financed emissions: 99% of total emissions **17.7** MtCO2eq*

Scope 3 operations : business travel and fleet, vehicle fleet, waste and water, electricity transmission and distribution excluding home office energy consumption

NB : Hike in emissions from operations in 2023 due to increase in business travel

*- Equities, bonds, direct real estate, infra debt, mortgages (scopes 1 and 2 of the entities): **8.8 MtCO2eq** of attributed emissions (credits and equities account for 82% of these emissions)*

*-Sovereign bonds: **8.9M tCO2eq** of allocated emissions*

Efforts by the company to be transparent: scope covered, sources, methods, etc. disclosed for each asset class and emissions from operations, but difficulties in cross-checking climate metrics and AUMs.

*❍ 31% of the assets recorded in the Group's financial balance sheet are not included in the measures of financed emissions**: issues by local authorities and external funds that are not covered, for example*

*❍ No data on scope 3 of companies invested in***

Short-term GHG emissions reduction target

1. Operational emissions :

▷No quantified target communicated for all emission scopes for short-term operations

*2. Financed emissions** :*

*By 2025 vs. 2019, target of a **25%** reduction in the carbon intensity of investments in property, equities and corporate bonds for scopes 1 and 2 (target defined in the NZAOA)*

▷Objective in terms of intensity (and not in absolute terms) which covers only part of investments and does not include companies' scope 3.

Medium-term GHG emissions reduction target

1. Operational emissions :

***90%** reduction by 2030 vs 2019, in absolute terms, for scopes 1 and 2 (target on the 1.5°C trajectory validated by SBTi)*

▷No quantified decarbonisation target communicated for scope 3 emissions from medium-term operations

*2. Financed emissions** :*

*Intensity reduction of **60%** by 2030 vs. 2019 on equities, bonds (corporate and sovereign) and real estate (target reduction of **57%** (tCO2eq/m2) for the latter asset class)*

*▷ The exact coverage of investment amounts by objectives is unclear***.*

▷ Absence of medium-term absolute value targets for scopes 1 and 2 investments

▷Scope 3, which is not taken into account in the emissions financed, is not the subject of medium-term objectives, either in intensity or in absolute value.

Long-term GHG emissions reduction target

Ambition of carbon neutrality by 2040 for emissions from operations and part of the emissions financed

▷Lack of information on the scope of the carbon neutrality ambition

▷ No information on the share of emissions reduction to 2040 vs. the share of offsetting on emissions financed

**Net Zero Asset Owner Alliance (NZAOA)*

***The company does not take into account Scope 3 of its financed emissions due to concerns about double counting, data quality and the level of estimation.*

In addition, the company does not include 31% of the assets recorded in the financial balance sheet in its measurements of financed emissions. These include assets managed under discretionary mandates (dedicated mandates), local authorities and cash.

****50% of total investments and loans in 2019 according to SBTi*

Legend:

▷ Failure to obtain all points

40%

alignment with FIR recommendations

AVIVA

Action plan measures

*Financed emissions: 99% of emissions **.*

Influencing, decarbonising portfolios, ensuring the transition

-Financing the transition: providing finance to support the development of new technologies and processes to ensure the transition to a low carbon future. Financing of electricity generation projects based solely on renewable energies until 2030.

-Engage the companies Aviva invests in, divest where necessary and apply portfolio constraints for high carbon sectors and individual names:

In 2023, 37% of its portfolio of equities, bonds and loans was invested with targets validated by the SBTi, exceeding its target set for the end of 2025 (33% of the amount invested).

▷The target for SBTi objectives has not been readjusted in 2023 for 2025

▷Actions that lack overall quantification

▷Horizon on the action plan stops at 2030

Operational emissions :

-Reducing emissions from its operations & influencing its value chain. This involves: sourcing renewable energy, a new head office by the end of 2023 that will consume 700 tC02eq/year less than the old head office, and a car fleet that focuses on electric and hybrid vehicles.

On scope 3: a target of 70% of its suppliers setting targets validated by SBTi by the end of 2025.

▷No details on the contribution of the actions set to the reduction targets

CAPEX / OPEX investment alignment

*Financed emissions** :*

Only 2% of assets under management will be dedicated to climate and transition investments in 2023 (£7.3 billion vs. £306.9 billion of assets under management recorded in the Group's balance sheet).

▷ Low amounts dedicated specifically to climate compared to overall assets: £5.4bn in Green Bonds and £1.9bn in climate and transition funds (out of £10.6bn in assets dedicated to sustainability)

▷No information on the financing of the overall action plan

▷ No reporting yet on taxonomic alignment

Remuneration

Variable annual remuneration for the CEO and CFO:

▷No criteria related to climate strategy

Investment teams :

Long-term remuneration :

New 2024 criteria: sustainable development objectives

▷Lack of precision

Long-term remuneration of CEO and CFO :

Criterion of 7.5% of remuneration on the reduction in the carbon intensity of shareholders' assets and open-end credit and equity funds over the 3-year performance period.

The achievement of this objective is « delivery underpinned by the embedding of carbon intensity into our investment strategy, including the implementation of our coal exclusions policy and divestments, stewardship actions and ongoing emission reduction activities».

▷ Weighting of the criterion too low

Annual consultative vote on implementation

No annual vote on strategy

Consultative vote on strategy every three years

No vote on strategy every three years

***The company does not take into account Scope 3 of its financed emissions due to concerns about double counting, data quality and the level of estimation.*

In addition, the company does not include 31% of the assets recorded in the balance sheet in its measurements of financed emissions. These include assets managed under discretionary mandates (dedicated mandates) for local authorities and cash.

AVIVA

PERFORMANCE SCORING	NARRATIVE SCORING	TREND SCORING
6.7 / 20	A **B** C D E	=

Module	Score	%
Targets	3/20	20%
Intangible investment	8/20	2%
Portfolio climate performance	3/20	25%
Management	12/20	15%
Investees engagement	5/20	23%
Policy engagement	17/20	10%
Business model	7/20	5%

Assessment's elements

- Aviva's target to be net zero by 2040 is not considered ambitious enough as scope 3 emissions from investee companies are not included in the scope of the targets.
- As Aviva has not set a fully aligned scope 3 category 15 target, the company is not considered to be aligned with a 1.5°C benchmark under the ACT tool.
- It is not possible to assess Aviva's progress towards its intensity reduction targets, as the company does not disclose the baseline intensity of its net zero target, in particular regarding its real estate investments.
- Aviva does not clearly state that it has not made any new investments in coal or fossil fuel in the last 4 years.
- However, on the positive side, the company employs a metric based on degrees Celsius to assess the alignment of its portfolio with the Paris Agreement target. This metric is employed to monitor risk and to guide investment decisions.
- Overall standard oversight, expertise, strategy and transition plan, management incentives and climate scenario testing are in place for a low-carbon transition.
- 7.5% of the executives' long-term incentives are based on the company's progress towards its intensity reduction targets, but not enough information is provided to assess the scopes included.
- Aviva has not implemented a significant strategy and actions to influence investees to reduce their GHG emissions.
- Aviva's Climate Engagement Escalation Programme to influence portfolio companies to reduce their GHG emissions only covers 30 significant carbon emitters.
- Aviva reports engaging with asset managers regarding its delegated investments but not much details is provided.
- Aviva's policy regarding investments in coal and unconventional fossil fuels is considered to be insufficient, as it may still invest in companies under certain restrictions.
- Aviva has not changed, or does not plan to change, its business model significantly.
- The most significant action taken by the company to facilitate climate-friendly investments is the development of climate funds.

Consistency of the plan:
Aviva's climate transition plan is not considered consistent with a 1.5 °C benchmark according to the ACT tool. The company lacks ambitious sectoral targets and does not demonstrate sufficient action to reduce its emissions. In particular, the company's target to be net zero by 2040 does not include scope 3 emissions from investees. Aviva is also not planning a complete halt to new investments in fossil fuel companies as it has only adopted some restrictions with loopholes.

Identified areas for improvement:
Aviva should first disclose its baseline intensity related to its targets in order to measure its progress against them. Aviva should also set a science-based and comprehensive net-zero target also covering scope 3 emissions of investees. The company is also expected to end all new investments in fossil fuels and communicate this clearly. In addition, to make its commitment to net zero more credible, the company should encourage investee companies to stop developing new fossil fuel projects and reduce their production. It would also be welcome to see the company set a new and more ambitious target for sustainable assets investments, as its 2025 target of investing £6 billion has already been achieved.

Change in rating compared with analysis of FIR *Say On Climate* 2023

Increase | Stagnation | Drop

SAY ON CLIMATE 2023 evaluation grid

based on follow-up to FIR recommendations

Ambition net zero 2050	If the ambition of contributing to carbon neutrality by 2050 is declared and clear explanations are given on how to achieve this neutrality The level of negative emissions is limited	The ambition to contribute to carbon neutrality by 2050 is declared and the explanations on how to achieve this neutrality are clear. The level of negative emissions is high	A declared ambition, but very little clarity on how the company intends to achieve carbon neutrality (no long-term reduction targets, targets set are not very credible, heavy reliance on offsetting, etc.) or no declared ambition to be carbon neutral by 2050
Reference scenarios used	The company positions its climate strategy in relation to a 1.5°C warming scenario for all scopes	The company uses a reference scenario limiting warming to between 2°C and 1.5°C, or 1.5°C for only part of its scope.	No reference scenario explicitly mentioned or scenario(s) not used to define the strategy
Current GHG emissions	Disclosure of greenhouse gas emissions in absolute terms; breakdown by scope	Insufficiently detailed publication	No public data
Short-term GHG emissions reduction target	If the quantified emission reduction targets before 2030, expressed at least in absolute terms, cover the 3 scopes and are set in relation to the company's 1.5°C alignment trajectory. This trajectory has been scientifically validated.	If the quantified emission reduction targets before 2030 do not cover the majority of the company's activities, or if these targets cover all activities but are on a trajectory of between 2°C and 1.5°C	No quantified target for reducing emissions in the short term, or targets that are not very ambitious in the short term (reference year too far in the past, no absolute reduction, not scientifically validated, etc.)
Medium-term GHG emissions reduction target	If the quantified emission reduction targets for 2030, expressed at least in absolute terms, cover the 3 scopes and respect the alignment with a 1.5°C scenario. This trajectory has been scientifically validated	If the quantified emissions reduction targets for 2030 do not cover the majority of the company's activities, or if these targets cover all activities but are on a trajectory of between 2°C and 1.5°C	No quantified target for reducing emissions in the medium term, or targets that are not very ambitious in the medium term (reference year too far in the past, no absolute reduction, not scientifically validated, etc.)
Long-term GHG emissions reduction target	If the quantified emission reduction targets in 2050 or earlier, expressed at least in absolute terms, cover the 3 scopes and are set in relation to the company's 1.5°C alignment trajectory. This trajectory has been scientifically validated	If the quantified emission reduction targets for 2050 or earlier do not cover the majority of the company's activities, or if these targets cover all activities but are on a trajectory of between 2°C and 1.5°C	No quantified target for reducing emissions in the long term, or targets that are not very ambitious in the long term (reference year too far in the past, no absolute reduction, not scientifically validated, etc.)
Action plan measures	Detailed measures for each scope of the company with a sufficient level of detail, including short- and medium-term figures, to enable the alignment of this plan with the objectives set to be assessed.	Detailed measures for each scope of the company, but insufficient detail to assess the level of alignment with the objectives set (lack of quantified measures in particular)	Measures with little or no detail
Investment alignment (OPEX / CAPEX)	Details the proportion of investments (OPEX and CAPEX) that contribute to meeting short- and medium-term targets, and explains how these investments enable the targets to be met	The information provided on the contribution of investments to the achievement of objectives does not allow an understanding of how the company achieves the objectives set	No investments contributing to the achievement of explicit objectives
Remuneration	All variable parts of the remuneration of corporate officers include at least one criterion that assesses the achievement of greenhouse gas emission reduction targets. The % of remuneration determined by this criterion is published; it represents a significant proportion (10% or more)	At least part of the variable part of the remuneration of corporate officers is covered by a non-diluted criterion for reducing greenhouse gas emissions in line with the reduction trajectory defined by the company	The criterion included in the remuneration of corporate officers relating to the reduction in greenhouse gas emissions is diluted, or does not follow the reduction trajectory defined by the company. or No criteria relating to the reduction of greenhouse gas emissions are included in executive remuneration
Annual consultation on implementation	The company undertakes to consult shareholders annually on the implementation of its climate change strategy	The company is committed to consult shareholders on the implementation of its climate strategy over the coming years	The company does not undertake to consult shareholders on the implementation of its climate strategy
Consultation on strategy every three years	The company undertakes to consult shareholders on its climate strategy at least every three years	The company undertakes to consult shareholders on its climate strategy over the coming years	The company makes no commitment to consult shareholders on its climate strategy

Weighting: the two final criteria correlated with the vote are given a weighting of 0.5 each, while the other nine retain a weighting of 1.

ACT's methodology

CDP DRIVING SUSTAINABLE ECONOMIES

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IT'S TIME TO ACT

WHAT IS ACT ?

A joint voluntary initiative of the UNFCCC secretariat Global Climate Agenda.

WHY ACT ?

Drive climate action by companies and align their strategies with low-carbon pathways.

HOW DOES ACT WORK ?

ACT provides sectoral methodologies as an accountability framework to assess how companies' strategies and actions contribute to the Paris mitigation goals.

FRAMEWORK

1 What is the company planning to do?

2 How is the company planning to get there?

3 What is the company doing at present?

4 What has the company done in the recent past?

5 How do all of these plans and actions fit together?

COMMITMENT
TRANSITION PLAN
PRESENT
LEGACY
CONSISTENCY

INNOVATIVE : ACT is an integrated, long-term approach.

QUANTITATIVE : it measures past, present and future performance

TARGETED: on the main sources of emissions in the value chain

SECTORAL: addressing issues specific to the transition of each sector

TRANSPARENT: through third-party evaluation

ACT ASSESSMENT

For what purpose?
Credibly measure the contribution to the net-zero objective in relation to sectoral low-carbon trajectories.

For whom?
Companies with science-based objectives and/or a transition plan ready for assessment

20	A	+
PERFORMANCE SCORE	**NARRATIVE SCORE**	**TREND SCORE**
Transition alignment metrics	Analysis of overall consistency	Forecast of future changes
1 - 20	A - E	+ = -

AC T methodology
Finance

The full ACT methodology for the Investors Finance sector can be found on our website. The detailed assessment is summarized in a score based on three criteria: performance, overall consistency and trend. It takes the following form:
- **Performance**: number between 1 and 20
- **Evaluation (consistency)**: letter between A and E
- **Trend**: + (improvement), - (deterioration), = (stable)

Performance scoring

Module	Indicator
1. Targets	1.1 Alignment of scope 3 reduction targets
	1.2 Targets time horizon
	1.3 Achievement of past and current targets
	1.4 Engagement targets
	1.5 Financing targets
3. Intangible investment	3.1 Investments in human capital- training
4. Portfolio climate performance	4.1 Financial flows trend
	4.2 Portfolio alignment management
5. Management	5.1 Oversight of climate change issues
	5.2 Climate change oversight capability
	5.3 Low carbon transition plan
	5.4 Incentives to manage climate change
	5.5 Risk management
	5.6 Climate change scenario testing
6. investors engagement	6.1 Strategy to influence suppliers to reduce their GHG emissions
	6.2 Activities to influence suppliers to reduce their GHG emissions
7. investees engagement	7.1 Strategy ton influence investees/ asset managers
	7.2 Activities to influence investees/ asset managers
	7.3 Activities to influence investees/ asset managers with fossil fuel and/ or deforestation link
8. Policy engagement	8.1 Financial institution policy on engagement with associations, alliances, coalitions or think thanks.
	8.2 Associations alliances coalitions or think thank do not have climate-negative activities or positions
	8.3 Positions on significant climate policies & lobbying
	8.4 Collaboration with public authorities
9. Business model	9.1 Transformative measures facilitating climate investment reorientation & impact

Narrative scoring

1. Business model and strategy
2. Consistency and credibility
3. Reputation
4. Risks

Trend scoring

1. Probability of emissions' evolution
2. Evolution of business model and strategy

Disclaimer:

The information and assessments disclosed here do not constitute investment or voting advice. Each organisation individually determines the most appropriate way to use this information.
In addition, the information and assessments contained in this document reflect a judgement at the time these assessments were made and do not guarantee that the most recent information on the company has been taken into account, as this information may have been published between the assessment and the publication of this document.

In collaboration with: