

## Aviva policy on cluster munitions & anti-personnel mines

### Aviva's commitment to human rights

Aviva has committed to respect and uphold fundamental principles in the areas of human rights, labour standards, the environment and anti-corruption. As a sign of this commitment Aviva is a signatory to the United Nations Global Compact and supports human rights principles as outlined in the United Nations Universal Declaration of Human Rights (UNUDHR) and the International Labour Organisation (ILO) core labour standards.

### Aviva's position on cluster munitions & anti-personal landmines

In 2008 the Aviva board determined that the manufacture of cluster munitions and anti-personnel mines undermined fundamental human rights and as such decided that Aviva Group should avoid holding securities linked to companies involved in the manufacture of cluster munitions or anti-personnel mines on its own account, specifically in shareholder funds<sup>1</sup>.

In 2011, the Aviva board also determined that this exclusion should also be applied, wherever possible, to Aviva policyholder funds<sup>2</sup>. It should be highlighted that the phrase 'policyholder funds' refers to the money that we invest which comes from the insurance policies that we write. However, this does not include 'execution only' mandates where the underlying policyholder retains full investment discretion. It also does not refer to the retail investment funds that we offer, which are operated according to their prospectuses and other fund related documents and are out of scope of this policy. The scope of our exclusion is detailed below. This outlines where we can and cannot apply this exclusion. Further details are available in the 'update statement' on our website.

We should therefore highlight that from time to time we may appear on company shareholder registers as nominees for shares held on behalf of clients who may not share this position and for passive funds.

### Our investment policy

Aviva fully supports the Convention on Cluster Munitions, also referred to as the Oslo Convention, and the Ottawa Convention, commonly referred to as the 'Mine Ban Treaty'. Therefore our definition of 'manufacture of cluster munitions or anti-personnel mines' encompasses all activities covered by these conventions.

The Convention on Cluster Munitions prohibits the use, development, acquirement, retention, stockpiling and any form of transfer of cluster munitions. The Ottawa Convention prohibits the use, stockpiling, production and transfer of antipersonnel mines and demands their destruction. This also includes any dedicated delivery systems and any specifically developed key components.

The definition encompasses ownership of securities where the company has 50% or more in a company involved in cluster munitions or anti-personnel mines. However, we do not exclude subsidiaries of companies involved unless they themselves are involved in manufacture.

For clarity, we have applied this exclusion to our own direct investments in the manufacturers of cluster munitions or anti-personnel mines and their wholly owned subsidiaries only and may continue to invest in banks, investment companies, sovereign wealth funds and other financial institutions which may themselves invest in or offer services to these companies. Nor do we exclude investment in companies which through their corporate occupational pension schemes are invested in these companies.

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<sup>1</sup> **Shareholder funds** – capital invested in an entity by shareholders, including share capital and retained profits.

<sup>2</sup> **Policyholder funds** – funds derived mainly from Life and Pension business, and where profits/ losses from the business written in the fund flow back to the underlying policyholder

## Scope of the exclusion

Aviva commits to:

- Comply with all applicable laws in the relevant jurisdictions
- Exclude from our beneficial<sup>3</sup> holdings (both shareholder and policyholder) all active equity and fixed income holdings linked to securities identified as involved in the 'manufacture of cluster munitions or anti-personnel mines'. This includes convertibles and single stock derivatives linked to the securities identified.

Due to legal and practical reasons we are unable to apply this exclusion to the following:

- Exclusion does not apply to non-beneficial<sup>4</sup> holdings (e.g. third party funds & external mandates). Unless explicitly stated in Investment Management Agreements, we may hold these companies on behalf of clients and will therefore appear on company shareholder registers from time to time as nominees for shares held on behalf of clients who may not share our position.
- Exclusion does not apply to all beneficial holdings in passive funds (such as equity index, fixed income index, or index-linked funds), ETFs or derivatives or in the case of 'execution only' mandates where the underlying policyholder retains full investment discretion
- Exclusion does not apply where Aviva is offering investments in external funds or unit trusts (including multi-manager products) as we do not have the management control to implement our policy.

## Process

We engage an independent third party provider to identify companies involved in the manufacture of cluster munitions and anti-personnel mines. We then write to these companies asking them to either reassure us that they are no longer involved in cluster munitions or anti-personnel mine manufacture or face being placed on our STOP LIST. We engage with the companies in scope to ask them to cease their involvement in cluster munitions. This list of companies is reviewed annually and where new companies are identified, we will seek to divest any holdings within 90 business days.

We monitor compliance in respect of this policy. However, due to the complexity of the issue, the changing nature of corporate involvement, and the scale of our different exposures to related securities there may also be occasions when related securities appear in portfolios in error. If and when such instances come to light, we will seek to divest any holdings within 90 business days. In addition to our own internal oversight which is conducted on a best efforts basis, we also welcome oversight from our stakeholders in relation to this policy.

## Further information

If you have any questions regarding this policy and what it means for your investment, please contact [cr.team@aviva.com](mailto:cr.team@aviva.com)

**Policy owner: Tom Stoddard, Chief Financial Officer, Aviva Plc**

**Date: March 2015**

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<sup>3</sup> **Beneficial** – Group funds, such as business derived from Life & Pensions, General Insurance (Property & Casualty), Re-insurance and healthcare. Profits gained from investments by these funds return to the Group.

<sup>4</sup> **Non-beneficial** – Third Party funds, external mandates, retail funds (including mutual funds, SICAVs, UCITS, OPCVMs, Unit Trust & OEICs), staff pension funds and joint venture funds where Aviva does not own the controlling stake. Profits gained from the investments of these funds return back to the investors rather than the Group.