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Aviva Outlines Stewardship Priorities for 2023

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In its [annual letter](#) to company board chairs, Aviva Chief Executive Mark Versey set out stewardship priorities for the coming year. The global asset manager, which has £232 billion (\$279 billion) under management, states that it is “committed to help create a more sustainable, prosperous and inclusive future for our clients and wider society, while supporting our own ambition to become a net-zero company by 2040.” Aviva’s three key priorities “that will shape [its] stewardship activities as shareholders and bondholders in 2023” are: (i) tackling the cost-of-living crisis; (ii) transitioning to a low-carbon economy; and (iii) reversing nature loss.

Aviva expects all companies to prepare and publish “robust and financially viable climate transition plans that will support the decarbonisation of economies in a socially just and inclusive manner.” The asset manager explains that they are “strong supporters” of the [UK’s Transition Plan Taskforce \(TPT\) Disclosure Framework](#) and expect its recommendations to be integrated into the International Sustainability Standards Board guidance. Aviva will “encourage” companies to “pay particular attention” to several components of the TPT Disclosure Framework, including: describing the key impacts of the transition plan; estimating the impact of the plan on the financial position of the company; ensuring the transition plan is fully costed; integrating climate targets and metrics into variable incentive arrangements for executives and senior management; developing strategies to engage with customers, suppliers and partners to “collectively drive the decarbonisation of the entire value chain;” establishing Scope 3 emission reduction targets and report on the success of any initiatives; and engaging with governments, regulators and civil society to create an effective transition pathway.

Aviva references the [Global Biodiversity Outlook](#) and offers its expectation that companies “demonstrate how they are aligning their internal policies and practices with a nature-positive ambition and quantify[ing] the financial risks and opportunities associated with their dependencies and impact on nature.” Furthermore, Aviva requests that companies begin reporting “within a reasonable timeframe” against the Taskforce on Nature-related Financial Disclosures framework, which is due to be finalized later this year. In advance of the completion

of this framework, Aviva expects companies to carry out a business model assessment process.

Taking the Temperature: Aviva's stewardship priorities are another example of investors taking a more active role in seeking to influence the management and direction of companies in which they are shareholders. As would be expected from a large institutional asset manager, Aviva's approach is less aggressive than that taken by **NGOs** that have submitted resolutions requesting that financial institutions disclose their climate transition plans or have commenced litigation against companies and their boards for allegedly mishandling climate transition as reflected in **published climate transition plans**. As a result of these suits, some companies may be reluctant to prepare climate transition plans, but based on a **recent report** published by CDP, there seems to be a clear, albeit slow-moving, direction of travel of companies disclosing some form of climate transition plan. Another noteworthy aspect of Aviva's letter is its focus on biodiversity and the related recognition that impacts on nature can have material effects on companies, **concerns** raised by BlackRock and other asset managers amid overall increasing attention being paid to the issue of **nature-related climate impacts**.