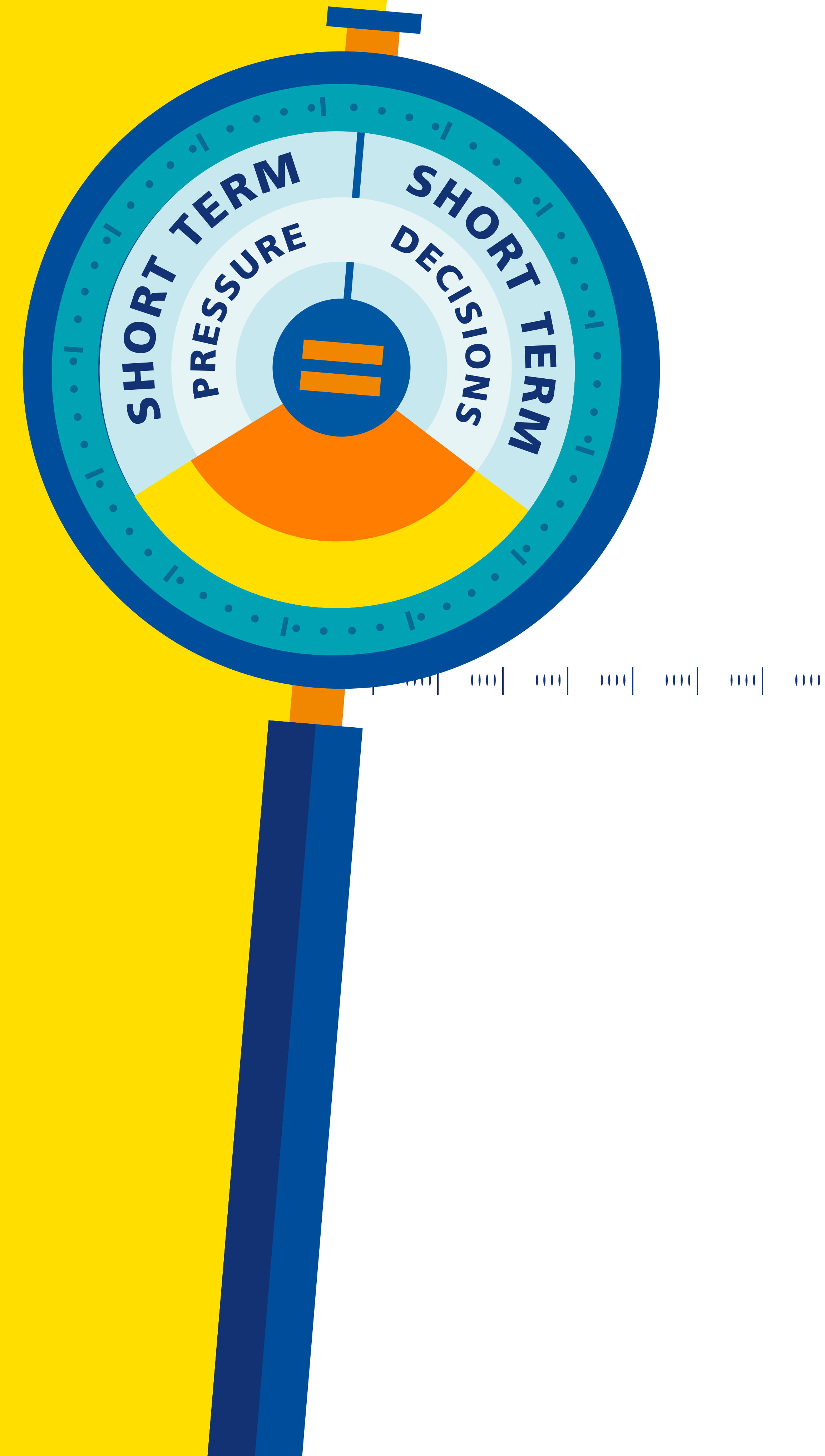
CREATING SUSTAINABLE CAPITAL MARKETS

AVIVA
Good thinking

THE PROBLEM TODAY



The money that savers pay into their pension is managed by fund managers, who choose how to invest it. But the performance of those managers is under constant scrutiny and they face pressure to show immediate returns, meaning their investments are guided by short-term decision-making.

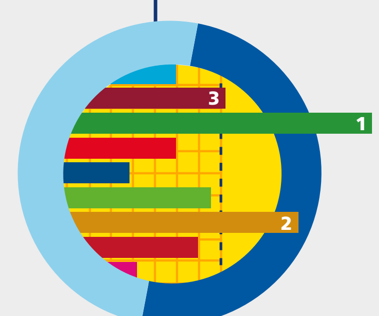
As a result, longer-term risks such as climate change and longer-term opportunities, such as investing in innovation, workforce skills and the efficient use of natural resources are not integrated into financial decision-making and are sliding down the priority list. Projects that will build a better future aren't getting the investment they need.

THE CHANGE FOR TOMORROW

OUR FIVE RECOMMENDATIONS

Government and the private sector need to build on current momentum to catalyse and scale global sustainable capital markets. Moving from "billions to trillions" to finance the UN Sustainable Development Goals will only be met by leveraging ODA and increasing private sector participation.

To achieve this, policy-makers have a critical role in providing investors and businesses with the tools, incentives and frameworks to act sustainably. To redirect capital at scale, policy action should be prioritised around these five concepts:



CORPORATE BENCHMARKS (LEAGUE TABLES)

Endorse the creation of publically available corporate sustainability benchmarks, closely aligned to the SDGs, to create a race to the top in sustainability performance.

REPORTING AND FIDUCIARY DUTY

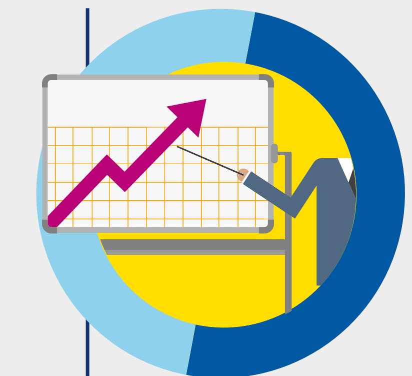
Ensure companies report on more than just their profits and include the impact on people and the planet too. Clarify rules around fiduciary duty so that investors factor in ESG considerations in their investment processes and decision-making.

FAIR TRADE FOR FINANCE

Establish a 'kite-mark' to accredit standards in sustainable finance and assess how well fund managers integrate environmental, social and governance issues into their investment analysis, engagement and AGM voting.

FINANCIAL LITERACY

Ensure sustainable finance is taught in school so that everyone can understand how money moves through the markets and ask the right questions about where their pension investments are making an impact.



CAPITAL REQUIREMENTS

Introduce lower capital charges for sustainable investments, to encourage investment in long-term, sustainable infrastructure projects.

A BRIGHTER FUTURE

Aviva believes that if business isn't sustainable, then society is at risk. Sustainable capital markets will be key to achieving and funding the SDGs and will lead to a brighter future for us all.

To support Aviva's recommendations or find out more on how to switch the priorities of capital markets from short-term to long-term thinking:

contact Pauliina.Murphy@Aviva.com

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Aviva is a company that can trace its history back more than three hundred years. As an insurer and an investor, we are well-accustomed to thinking in the long-term. We are signatories of the UNPRI, UK Stewardship Code, ClimateWise, Accounting for Sustainability Project, UNGC and UNEP-FI Positive Impact initiative, among others.