Money Talks: How Finance Can Further the Sustainable Development Goals

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AVIVA

"sustainable development"

Noun: development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland, 1987, p43).

"goal"

Pronunciation: /gəʊl/

Noun: The object of a person's ambition or effort; an aim or desired result; The destination of a journey; A point marking the end of a race.

"benchmark"

Pronunciation: /bɛn(t)ʃmɑːk/

Noun: A point of reference against which things may be compared; A surveyor's mark cut in a wall, pillar, or building and used as a reference point in measuring altitudes.

"league table"

Noun: A comparison of achievement or merit in a competitive area.

Foreword

In his great work of 1776, 'The Wealth of Nations', Adam Smith identified three elements necessary to bring about universal prosperity.

The first of these was enlightened self-interest – and it is enlightened self-interest that determines why business will act sustainably. If business isn't sustainable then society is at risk. And if society isn't sustainable then business is at risk.

That is why one of our values at Aviva is to create legacy, or, as I call it, being a good ancestor. We invest to create a financial and a social return.

The Sustainable Development Goals represent a unique historic moment and historic opportunity to create a legacy of our own.

But we will only deliver them if business and government work in partnership. That means unlocking the power of the capital markets so they act sustainably. It also means delivering the recommendations set out in this short report from Aviva, which itself draws upon important reports from the Brookings Institution and the United Nations Environment Programme.

We see a clear role for government in creating the right environment and the right incentives so that business acts sustainably. So we advocate:

- Creating corporate sustainability benchmarks, closely aligned to the SDGs which create a clear reputational and commercial interest in climbing up the rankings;
- Establishing a Responsible Investment Standard – something we see in other industries. I see this as like "Fairtrade for Finance";
- Aiming to create a UN Resolution on Sustainable Finance, which can act to crystallise work in this critical area, especially in improving financial literacy.

In our view, these three measures can help make capital markets act sustainably.

'The Wealth of Nations' represented a defining moment in the development of modern capitalism. Creating the right environment for sustainable finance to thrive might just represent a moment just as significant. It is up to us to seize this opportunity.

Mark Wilson
Group Chief Executive Officer, Aviva plc

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Introduction

Aviva is one of the world's largest insurance and asset management companies, tracing its history back more than three hundred years to 1696. We are a long-term business and must also create long-term returns for our customers and shareholders.

We believe the United Nations Sustainable Development Goals (SDGs) represent a unique opportunity to make sustainable development a reality and create a lasting legacy. We have therefore been an active contributor to the debates about sustainable development. This short paper sets out practical ways in which we can harness business and finance to support sustainable growth. It follows a series of other policy papers and Aviva think-pieces on sustainability and climate change.

In June 2014 we published our Roadmap for Sustainable Capital Markets to set out how we can use "capital markets that finance development that meets the need of the present, without compromising the ability of future generations to meet their own needs".

We followed this Roadmap in 2015 with "Mobilising Finance to Support the Global Goals for Sustainable Development; Aviva's Calls to Action" to coincide with the adoption of the SDGs by the UN. This focussed on transparency and communication; benchmarking companies' sustainability performance; and building capacity on sustainable finance.

In this report, we go into more detail about our proposal for ranking companies on their sustainability behaviour through a combination of best practice benchmarks and the subsequent publication of performance league table ranking companies against these benchmarks (a process also known as benchmarking). We also explore how a responsible investment standard or 'seal of approval' could work in practice and we consider how levels of financial literacy could be increased globally. In particular we have drawn upon two reports, also published in 2016: The Brookings Institution Report entitled Responsible Finance: Accelerating Private Investments for the SDGs, including Climate Action, by Homi Kharas and John McArthur; and second, the seminal UN Environment Programme (UNEP) Inquiry Report (forthcoming) – The Financial System We Need – From Momentum to Transformation. We have also been inspired by working with the UN Global Compact as well as other investors involved in the Inclusive Capitalism movement, the Focussing Capital on the Long-term projects and the Business and Sustainable Development Commission.

"We are a long-term business and must also create long-term returns"

"We have an historic opportunity to put finance onto a more sustainable footing"

We are also delighted that the political impetus in this area has been fortified by the G20. It has included the recommendations of the Green Finance Study Group in its 2016 Beijing communique, and we congratulate the UNEP for its role in securing the G20 endorsement. The G20 stated that:

"We recognise that, in order to support environmentally sustainable growth globally, it is necessary to scale up green financing. The development of green finance faces a number of challenges, including, among others,difficulties in internalising environmental externalities, maturity mismatch, lack of clarity in green definitions, information asymmetry and inadequate analytical capacity, but many of these challenges can be addressed by options developed in collaboration with the private sector. We welcome the G20 Green Finance Synthesis Report submitted by the Green Finance Study Group (GFSG) and the voluntary options developed by the GFSG to enhance the ability of the financial system to mobilise private capital for green investment. We believe efforts could be made to provide clear strategic policy signals and frameworks, promote voluntary principles for green finance, expand learning networks for capacity building, support the development of local green bond markets, promote international collaboration to facilitate cross-border investment in green bonds, encourage and facilitate knowledge sharing on environmental and financial risks, and improve the measurement of green finance activities and their impacts."

We welcome the G20 member states' recognition of the need for clear strategic policy signals and frameworks for sustainable finance. We also agree that many of these challenges can be addressed in collaboration with the private sector.

The reports by the Brookings Institution and UNEP, as well as the G20 recommendations, represent significant steps forward. As the UNEP report highlights, we have an historic opportunity to put finance onto a more sustainable footing. Our collective task is to seize this opportunity.

The role of capital markets

The SDGs and the Paris Agreement on Climate Change represent triumphs of multilateral diplomacy – and delivering them would represent defining achievements.

But delivering them is the shared responsibility of government, business and civil society alike. For example, governments and inter-governmental institutions can act as catalysts for change, enabling and incentivising business and civil society to correct the market failures which stand in the way of long-term and sustainable behaviour.

The capital markets are arguably the most important global markets shaping the daily lives of billions of people through their money and influence. They also shape the well-being of future generations. Both in the way the capital is deployed, as well as in how the influence of ownership is exercised, capital markets should be promoting sustainable development. But the markets are currently failing the very people they are intended to serve. We must incentivise capital markets to act sustainably if we are to deliver the SDGs.

"We must incentivise capital markets to act sustainably if we are to deliver the SDGs"

What do we mean by market failure?

Unsustainable investments harm the prospects of future generations. Conversely, sustainable investments help. But the importance and impact of financial markets on our lives is rarely taught and little understood[1]. This is wrong.

- For individuals, it leads to a lack of understanding of finance, an inability to hold it to account and creates a lack of trust. Even in elevated policy circles, experience suggests that only a few individuals understand how the capital market institutions fit together to deploy an individual's pension, savings or other investments to economic activity that shapes their future – sustainable or otherwise.
- For institutions, it leads to a culture in which the long term concerns and interests of clients are overlooked and establishes companies that are motivated to look short-term and ignore issues which will harm their ability to do business in the long-term.
- For economies, it leads to under-investment in research and development, innovation, and infrastructure, which harms productivity. It is likely that this lack of financial market understanding may even have played a role in the financial crisis of 2007-2009, which led to an unprecedented increase in global sovereign debt.

In the economic jargon, we face a market failure due to an asymmetry of information. This means the seller knows a great deal about the product, but the buyer knows very little and partly explains why there is so much regulation protecting consumers of financial services. But very little of this regulation is focused on sustainability, people's personal ethics or the long-term health of corporations and economies.

We therefore recommend that sustainable finance literacy is included in national curricula. This would be an effective long-term strategy to increase the quantity and quality of sustainable finance and may also help the global economy avoid a further financial crises from unsustainable economic activity. The UN could play an effective role as a catalyst on a global level and promote member state action on sustainable finance literacy in national curricula, perhaps through some form of UN Resolution. We add more on this recommendation on page 17.

[1] Very few of the non-professional market participants have anything even approaching a modest understanding of how the market works. This is largely because the system is hardly ever taught. As far as we are aware, it is not in national curricula anywhere. It is rarely included in under graduate or even post graduate qualifications. Indeed, it is possible to do an MBA and not understand how capital originates with individuals, or know which institutions it flows through before being put to work in the real economy.

Re-designing capital markets

Nobody designed the capital markets that we have today. They have evolved over time from the creativity and innovation of millions of entrepreneurs.

Now our task is to design capital markets which align institutional business models and strategies with long-termism and sustainability. We strongly agree with the upcoming UNEP report that effective financing of sustainable development will require a transformation in global finance itself.

We recognise the quiet revolution on sustainability across the financial system that UNEP identifies – for instance the increase in central banks and regulators reinterpreting their mandates to take sustainable development into account. However, as the report identifies,while there is positive momentum, it is insufficient. Sustainability indicators are at an all time low. We believe that we must all take urgent action to harness the roughly $300tn traded on the global capital markets to support, rather than undermine, sustainable development.

Consequently, Aviva has given thought to how capital markets could be re-designed to correct market failures and support the delivery of the SDGs. An important part of this systems change will be the end investor understanding how their money shapes their future and demanding good practice. How could this work?

Our Vision

In our vision of a sustainable future, individuals will be aware of what corporate activity they are funding; and how these companies are performing on sustainability issues. They will know that their influence over the companies they own has been used positively. And they understand how to hold their fund manager to account and ensure they are aware of how sustainably and responsibly the fund manager is managing their money.

We therefore strongly endorse the analysis in the Brookings report, which notes that there has been a lack of ambition on finance for sustainable development.

We also recognise the need for the creation of Corporate SDG performance benchmarks and the need to encourage the International Standards Organisation (ISO) to establish SDG-consistent minimum certification standards for institutional investors wishing to demonstrate that sustainable finance is a priority. Both benchmarks and standards would be two significant steps towards the vision we set out above.

We explore these in more detail in the following sections.

Systemic Solutions: changing the way we think about the entire financial system

The Brookings Institution and UNEP reports include important recommendations on how we can make progress on restructuring capital markets.

Aviva wholly supports the direction of travel and we would like to focus on three concepts here:

1. Free league tables benchmarking corporate performance on the SDGs. This would move us one step closer to our above vision where individuals would be aware of what corporate activity they are funding; how these companies are performing on sustainability issues.
2. Standards for sustainable investment. This moves us a second step towards our vision as the standard can assure individuals that their influence over the companies they own has been used positively.
3. Sustainable finance literacy in national curricula around the world. A third large incremental step which would help individuals understand how to hold their fund managers to account and ensure they are aware of how sustainably and responsibly the fund manager is managing their money.

1. Best Practice Benchmarks and League Tables Ranking Corporate Performance on the SDGs

The institutional investment industry has taken part in a quiet revolution in the area of environmental, social and corporate governance (ESG) data disclosure by companies, as a result of corporate leadership and government policy. This greater transparency is welcome, but it is not yet having the impact on the scale we need to see trillions in the capital markets invested sustainably.

There are several reasons for this. The data, on its own, is hard to digest and understand. As it does not adhere to clear standards it's difficult to compare. It also takes a great deal of time for investors and other stakeholders to compare companies across time and with other similar companies. Consequently, a cottage industry of research providers analysing corporate performance has emerged. While this is to be welcomed, almost all of the analysis that does exist is privately held, costs money to access and is not widely accessible, even to the few who know it exists.

In addition, on the few occasions when civil society does get access to the analysis, they tend not to trust it or understand the analytical framework. This is because the ranking methodology is typically private and proprietary. Consequently, they do not use it. This means there is insufficient pressure on companies, either from investors or from civil society, to improve their long-term corporate sustainability performance.

But this ESG analysis should be seen as a public good. **We recommend the development of a new institution that will produce publicly available, corporate best practice sustainability benchmarks. This institution will then use these benchmarks to rank companies and publish simple league tables. These league tables will compare companies on their performance across a range of indicators such as climate change, gender, labour standards, access to healthcare and other indicators aligned to the SDGs.**

"We recommend the development of a new institution that will produce publicly available, corporate best practice sustainability benchmarks"

Building these benchmarks will be a significant undertaking. It will need to be collaborative, with input on the methodology provided by leading companies, civil society, investors and independent rating providers. In addition, it is particularly important that the expertise from the institutions leading the corporate sustainability reporting debate be closely involved from the outset. This should include, but not be limited to, the UN Global Compact, the Global Reporting Initiative, the Carbon Disclosure Project, the Carbon Disclosure Standards Board, the International Integrated Reporting Committee, the World Business Council on Sustainable Development and the Sustainability Accounting Standards Board.

These benchmarks would harness the ESG data that companies increasingly disclose and for the first time enable companies, policymakers, civil society and retail investors quickly and easily to compare the relative performance of companies within a sector, over time, on a range of indicators. These benchmarks could be summarised in a dashboard ranking corporate performance across the SDG benchmarks, so enhancing comparability further.

Competition can be a powerful force for change. Few chief executives will want to find their company in the lower half of any ranking. The degree of competitive pressure and the increased transparency would provide a powerful incentive to companies to improve their performance. As members of the Principles for Responsible Investment, Aviva would help build a collaborative engagement initiative working with other investors to promote lagging companies improve their performance. In this case, money really would be talking, and it would be encouraging companies to improve their performance in relation to the SDGs. This benefits the companies themselves, their investors, as well as the wider economy.

As a major investor, our own experience tells us that companies that consider long-term sustainability are ultimately more successful. This is becoming much more broadly recognised among asset owners and asset managers, many of whom would be keen to lend their support – if it can be done in an efficient and effective manner. As well as providing a framework for collective engagement, benchmarks would also be useful in other ways. Relevant uses include in investment analysis assessing sustainability risks, and the integration of the benchmark into their voting decisions at company AGMs. For example, if the gender equality benchmark demonstrates that a company has done poorly on promoting gender diversity, then the fund manager may wish to vote against the bonus of the director in charge of the board nominations committee. Or, if this is an ongoing situation, then the fund manager may wish to vote against their re-election.

"Competition can be a powerful force for change"

The UK and Dutch governments have already taken important first steps. In 2014, Aviva partnered with other investors, research agencies and civil society organisations to develop the Corporate Human Rights Benchmark (CHRB). This will publicly rank the top 500 globally listed companies on their human rights policy, process and performance, using the UN Guiding Principles on Business and Human Rights as a framework. The UK and Dutch Governments have made financial contributions in support of the Benchmark. Publishing the results will harness the competitive nature of the market to drive better human rights performance. And as evidence that investors will support our SDG benchmarks, we have already built a $7 trillion group of investors backing the CHRB.

This benchmarking mechanism is replicated across sectors and issues. It is a market-led, non-legislative solution that will focus the engagement of long-term investors and help stimulate flows of capital towards more sustainable companies. At the same time, there is also a clear role for policy-makers to provide the right enabling environment. By working together we can ensure that the markets support the delivery of the SDGs.

The funding model will be central to success as the results will be given away for free. The costs of research and analysts will need to be covered, and this will be a significant challenge. We believe the benchmarks will ultimately cost in the order of $25-30mn per annum to produce. As the results are a public good and free at the point of use, we would hope that governments, foundations and capitalists will come together to fund the work. Experience with the CHRB to date demonstrates that this is a realistic ambition. We believe the next step should be a global multi-stakeholder consultation on the concept itself, leading then to the creation of a multi-stakeholder initiative that establishes the benchmarks. With board support, the criteria could be built and running within three years.

Benchmarking in action: An exchange success story

We warmly welcome the UN's leadership of the Sustainable Stock Exchange Initiative, which demonstrates that it is possible for sustainability issues to be embedded in finance.

It has led to a significant number of Stock Exchanges publicly committing to do more to integrate sustainability issues within their own listing environment. Their September 2016 Report on Progress (**http://www.sseinitiative.org/wp-content/uploads/2012/03/SSE-Report-on-Progress-2016.pdf**) highlights that with 58 partners, the SSE now represents over 70% of listed equity markets, with 12 exchanges currently incorporating reporting on environmental, social, and governance (ESG) information into their listing rules. This is astonishing success, and goes well beyond our wildest ambitions when we first backed the idea in 2008 following the Global Compact's own exploration of this area some years before.

The United Nations Conference on Trade and Development (UNCTAD), and the United Nations Global Compact have done particularly impressive work in this area. However, the UN does not have the global regulatory mandate that we believe is required to solve the market failure.

Working with Corporate Knights, we annually benchmark the progress of stock exchanges in encouraging companies to disclose sustainability metrics. We track the extent to which the world's publicly traded companies are disclosing seven basic or "first generation" sustainability indicators, namely: employee turnover, energy, greenhouse gas emissions (GHGs), injury rate, payroll, waste and water. These indicators are meant to be a proxy for disclosure levels rather than a mandated list of indicators, and do not capture all material sustainability metrics.

"The UN does not have the mandate required to solve the market failure"

The key takeaways from our 2016 fifth report in the annual series, include:

1. Mandatory disclosure is a powerful instrument: All but one of the top 10 stock exchanges has at least one mandatory, prescriptive and broad policy instrument designed to regulate sustainability disclosure that is in force in the jurisdiction where they operate.
2. Slow uptake in disclosure: Over a five-year period (2010–14), the number of large companies that disclosed GHGs increased by just 40%. In the case of energy, waste and water, the increases over the same period were 22%, 23% and 26%, respectively.
3. Weak disclosure social metrics: Injury rate was timidly disclosed by all 10 sectors in general. With the exception of the materials sector, of which 40% reported injury rate in 2014, the corresponding figures for the other sectors are in the range of only 10–30%. For instance, only 23% of companies in the GICS industrials sector reported their injury rate for 2014; for the energy sector, the reporting rate stood at 30%. Equally low reporting rates for the employee turnover indicator were noted; it appears that large companies are prioritising the disclosure of environmental metrics at the expense of social or employee-related performance metrics.

We've seen excellent work by the UN, but the body that is best-placed strategically to overcome this lack of globally available and comparable data is IOSCO – the International Organisation of Securities Commissions – which is the influential global hub for all securities regulators. IOSCO should now work with the UN to take this work to the next stage.

Aviva has been calling for some time for IOSCO to develop a consistent and comparable international approach to corporate disclosure of sustainability performance. Given the momentum gained on the UN SSE Initiative we believe Governments should continue to provide the right momentum globally by ensuring that globally consistent listing rules on Environmental, Social and Corporate Governance issues are prioritised by IOSCO in its work programme.

2. Sustainable Fund Management System Standard

There are currently no standards (also known as 'kite-marks' or 'seals of approval') to which institutional investors can be accredited. We would like to be able to certify that our funds take sustainability seriously, so that we can assure our clients that our investment approach is both long term and responsible.

Voluntary standards in other industries are commonplace – such as Fairtrade in the retail sector – but there is no equivalent for the finance industry. **A kitemark should be developed to accredit standards in responsible investment – a Fairtrade for Finance – so that fund managers can demonstrate their credentials as responsible investors. Such standards would assess how well fund managers integrate ESG issues into their investment analysis, engagement and AGM voting. Investors using the SDG benchmarks above, would also find it much easier to get certified to the standards, demonstrating how these two ideas reinforce each other.** We believe Secretary General Ban Ki-moon had this in mind when he challenged the insurance and investment industry to "develop auditable standards… that incorporate the Sustainable Development Goals[2]" earlier this year.

How can we build this standard?

The International Organisation for Standardisation (ISO) and its national equivalents such as the British Standards Institute could work with stakeholders such as the World Resources Institute, the Carbon Disclosure Standards Board, and the Fairtrade Foundation to lead the development of auditable voluntary standards on sustainable investment. The International Corporate Governance Network and the UN-supported Principles for Responsible Investment should be invited to support the technical aspects of the creation of such a Standard. A number of leading fund managers should also be invited alongside a range of stakeholders on to the technical working committee. The Standard should be voluntary and can be included in asset owners' due diligence reviews. It was partly from the action of asset owners embedding the UN supported Principles for Responsible Investment in their tender documents, that the PRI grew from $6tn to $60tn in the space of ten years.

To make progress with the kite-mark, this initiative would require a degree of political and financial support – as well as the support of a standard setter. We estimate that the work would require approximately £350,000 and take up to two years to complete.

"A kitemark should be developed to accredit standards in responsible investment – a Fairtrade for Finance"

3. Sustainable Finance Literacy

Investor stewardship is vital to the long-term success of companies and the economy as a whole. However, a lack of financial literacy amongst end-investors about how financial markets work and how they impact people's pensions and the wider world means that demand for good stewardship is low. As fund managers, for example, our retail customers rarely ask how we incorporate ESG data into our investment decisions. While institutional investor demand has grown considerably (due, in part, to the Principles for Responsible Investment) many pension trustees often lack the skills to consider such information.

While the establishment of a standard on sustainable finance and a series of corporate sustainability benchmarks would help improve demand for good stewardship, the gap in understanding how finance works is a profound problem for sustainable development. This allows short-termism to permeate throughout the financial markets and directs capital away from longer term and more sustainable investments.

One of the solutions to improving financial literacy would be for governments to make it a core component of the school curriculum. This should go beyond basic money management and bank accounts, and include an understanding of how capital markets work and the impact they have upon people's lives and shape the world around us. This would be an effective long-term strategy to increase the quantity and quality of sustainable finance and may also help the global economy avoid further financial crises from unsustainable economic activity. As mentioned at the outset of this document, we think it would be appropriate for the UN to promote member state action on sustainable finance literacy in national curricula, perhaps through some form of UN Resolution. The OECD's review of financial literacy in 2018 may also be a good opportunity to promote greater understanding in schools.

[2] http://www.un.org/press/en/2016/sgsm17665.doc.htm

More to be done

We believe we have offered three clear and practical ideas that respond to the G20 call for sustainable finance options to be developed in collaboration with the private sector.

The primary failure of the capital markets in relation to sustainable development is one of misallocation of capital. This, in turn, is a result of global governments' failure to embed environmental and social costs into companies' profit and loss statements. As a consequence, the capital markets do not incorporate companies' full social and environmental costs. Until these market failures are corrected – including through government intervention of some kind – investors will not incorporate such costs since they do not affect financial figures and appear on the balance sheet and therefore affect companies' profitability. This means that corporate cost of capital does not reflect the sustainability of the firm. The consequences of this are that unsustainable companies have a lower cost of capital than they should and so are more likely to be financed than sustainable companies.

Ensuring that the price mechanism works properly and, for example, properly values environmental and social goods and services is primarily the role of governments, not investors. If the economy is to be moved onto a truly sustainable basis, then governments must take action to correct distortions in the pricing systems on fisheries, freshwater, climate change and natural resource depletion. This is how sustainability becomes relevant to our work on corporate valuation, and this is how our capital is put to work in the right places. This requires, for example, setting regulatory performance standards, creating fiscal measures such as carbon taxes, or setting up market mechanisms such as carbon trading schemes that price the externalities and ensure that the negative ones are corrected.

In a sustainable capitalist system we will then know how to hold our fund managers to account and are aware of what they are doing with our money. This report has provided three suggestions for what we hope are large incremental steps towards a vision of how to effectively re-structure capital markets:

- Benchmarks will help us know whether we agree with what corporate activity we are funding and how they are behaving.
- Sustainable finance standards will inform our awareness of how our influence over the companies we own has been promoting sustainable business.
- Sustainable finance education and its inclusion in national curricula will help current and future generations understand how insurance, savings and investment products work.

This combination of all three will enable clients to ensure they invest in a more responsible way. But, by themselves, it won't sufficiently embed the social and environmental impacts of companies into their balance sheets. This requires further action by governments.

Why do we care?

For our part, Aviva is one of the world's largest insurance companies, which can trace its history back more than three hundred years to 1696. There is an important societal role of insurance: it gives us piece of mind and support at times of great need. The subsequent investment of insurance premiums, pensions and other investments also provides the capital for the real economy which helps it grow and improve quality of life and wellbeing. As owners of companies, insurers should be good stewards. We have gone to considerable lengths to promote good corporate governance and corporate responsibility among the companies we own as this drives both long-term profitability as well as real world improvements for people and for sustainable development.

As a business, we understand how important it is that our clients understand what we do and trust that we think carefully about our social contribution.

As both an insurance company and an asset manager, we take a broad view of the capital markets and their impact on society. They are large and complex and poorly understood. This means that the financial supply chain is not working to deliver the ambition enshrined in the SDGs. But, if the markets can be brought onto a more sustainable footing, we can mobilise private sector finance to support their delivery. Sustainability is a collective action problem. This system change proposal would deliver this collective action.

We believe that not delivering the UN SDGs would be the world's most significant market failure. And the growth and resilience of the economy will be lower as a result. This is why we think it is important to ensure this debate continues to have positive momentum. **We recommend that the UN convene the leaders of each of the intermediaries within the investment chain at an annual Sustainable Finance Summit, at the UNHQ in New York, to discuss best practice in the evolution of a sustainable finance network and to brief them on what Governments and other actors in their space are doing to make the SDGs a reality. Market participants can also set out what support they can offer governments, and what requests they have for policy support that would enable them to go further in deploying capital to fund solutions to the SDGs. In this way, we can continue to work together to deliver the SDGs and make sustainable development a reality.**

Authors

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Aviva's alignment to the Sustainable Development Goals

1 NO POVERTY

ACTIONS

- **Access to Microinsurance** in India – one of the largest micro-life insurers on the Indian subcontinent. 2014-15 alone covered over 633,000 amongst rural poor.
- Making home contents insurance affordable – In UK our **affordable 'no excess' contents insurance** for people in social housing also helps them stay out of debt.
- Our approach to carbon offsetting has directly **improved the lives of over 800,000 people since 2011** through health, sanitation, women's empowerment, and livelihoods.

4 QUALITY EDUCATION

COMMITMENTS

- Working with charities, governments and the UN we've helped catalyse cross sector action supporting the **Committee on the Rights of the Child** to advance their General Comment to provide authoritative guidance to States on street child issues.

7 AFFORDABLE AND CLEAN ENERGY

ACTIONS

- **Investment in residential solar energy** – invested in portfolios of 24,000 domestic solar installations across England and Wales.
- Working with Green Investment Bank to help fund **an energy-efficient NHS**. In December we invested £15.4m with the Green Investment Bank into Tayside Primary Healthcare Trust providing efficient energy centres.

8 DECENT WORK AND ECONOMIC GROWTH

COMMITMENTS

- We have partnered with others to launch the **Corporate Human Rights Benchmark**. This Benchmark will be used to rank the top 500 globally listed companies on their policy, process and performance.
- Representation on the steering group of the **Insurance Development Forum.**

ACTIONS

- Access to insurance examples as above (Goal 1).
- **A Living Wage Employer** – Everyone who works in a UK Aviva office location, whether employed directly or sub-contracted, earns at least the UK Living Wage. We also support the campaign to get other employers on board, and engage with UK companies we invest in on the subject of the Living Wage.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

COMMITMENTS

- **Low Carbon Infrastructure** – Investing £2.5 billion in low carbon infrastructure over five years (carbon savings target of 100,000 tonnes of CO_2 annually) we invested £346 million in renewable /low carbon infrastructure in 2015.

ACTIONS

- The 2015 **Global Real Estate Sustainability Benchmark** (GRESB) assessed the sustainability credentials of over 700 property companies and direct equity funds, representing 61,000 assets and USD 2.3 trillion in value. Of the 17 funds Aviva Investors submitted, 10 were awarded the coveted 'Green Star' and were in the top half or better of their respective peer groups. In 2016 we are submitting 15 funds to the benchmarking process.

11 SUSTAINABLE CITIES AND COMMUNITIES

COMMITMENTS

- Aviva signed the UN Principles for Sustainable Development "**United for Disaster Resilience**" statement in March 2015.

ACTIONS

- In 2015 Aviva Canada was the first-to-market in the provision of an Overland Water Coverage Option for home insurance, to provide water damage coverage for certain categories of claims not previously covered by the Canadian Insurance industry.
- Aviva is part of the Flood Re scheme providing affordable insurance cover to customers with properties most exposed to flooding in the UK. On average, we've seen savings of around £500 for new customers, with one customer saving over £1,000 on their premium and with a much lower excess.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

COMMITMENTS

- We signed the **Montreal Pledge** to measure the carbon footprint of our investment funds.
- We signed the Friends of **Fossil Fuel Subsidy Reform Communiqué** in November 2015.
- We have endorsed a Civil Society Organisation statement for securing **G20 Commitment to the removal of fossil subsidies** by 2020.

ACTIONS

- Responsible consumption – Reviewing and amending out house insurance claims process, including carpet restoration and waste recycling. **We achieved our zero landfill target for UK operations** by the end of 2015,and are working towards our group wide by 2020.
- We are seeking to ensure that people everywhere have the **relevant information and awareness for sustainable development** through our thought leadership talking about how capital markets currently work and how they can provide a more sustainable future.

13 CLIMATE ACTION

COMMITMENTS

- Commitment via **RE100** to purchase 100% electricity from renewable sources by 2025. At the end of 2015 we had achieve 62%.
- New carbon strategy (responsible investment) including; supporting strong policy action on climate change (e.g. negotiations in Paris in December 2015); Actively engaging with companies to achieve climate-resilient business strategies; Divesting where necessary where consider insufficient progress.
- The first insurance company to declare Climate Neutrality through the UNFCCC's Climate Neutral Now campaign.

ACTIONS

- Ambitious emissions reduction and commitment to neutrality – **delivered 39% reduction since 2010**, our long-term target is 40% by 2020 and 50% by 2030.
- Low carbon infrastructure as above.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

ACTIONS

- Promoting good practice on Business and Human Rights – had a human rights policy for over 10 years and has just launched a refreshed company policy based on the UN Guiding Principles on Business and Human Rights. Influences how we manage business and supply chain.
- One of the partners in the Corporate Human Rights benchmark for business, now being used to rank top 500 globally listed companies on human rights, process and performance.

17 PARTNERSHIPS FOR THE GOALS

ACTIONS

- **Local Communities** – Overall (including work on community resilience and development, sharing our skills through volunteering and the Aviva Community Fund) we will improve the lives of over 2m people in our communities by 2020.

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