

# Sustainable Blue Economy Finance Principles

## Aviva Investors

Progress Report for 2022

## **Our contribution to the Sustainable Blue Economy Finance Principles**

As a signatory of the Sustainable Blue Economy Finance (SBE) Principles, we are required to report annually on implementation of the Principles. The reporting framework by UNEP FI does not require signatories to produce an additional report but allows them to reference or link to the required information in the public domain. This report follows this format, summarising our progress and citing other public policies and reports where more information can be found.

### **Investment integration**

#### **Aviva Investors Natural Capital Transition Global Equities Fund**

Sustainable oceans is one of four investment themes in our Natural Capital Transition Global Equity Fund. The fund invests in companies providing solutions to marine pollution, including water treatment and precision agriculture. The fund has a three-year engagement programme to encourage investee companies to reduce their impacts on nature (See p.112 of our 2022 [Responsible Investment Annual Review](#) for more information).<sup>1</sup>

### **Assessment of impacts and dependencies on nature**

As part of our signatory status to the Finance for Biodiversity Pledge, we conduct biodiversity risk assessments across our investment and underwriting portfolios to identify and prioritise key areas of impact and dependency. Following the completion of our assessment later in 2023, we will prioritise engagement with companies and themes that are material to our business.

### **Macro stewardship**

#### **COP15**

We attended the Kunming-Montreal COP15 event on biodiversity in December 2022, a vitally important conference for the future of our natural world and health of our oceans. Aviva plc CEO Amanda Blanc chaired the Finance Ministers breakfast, and we supported the “30 by 30” call for effective conservation of at least 30 per cent of the world’s land, water and oceans by 2030.

As co-chairs of the Finance for Biodiversity delegation, we lobbied for the aligning of private and public financial flows with the goals and targets of the Global Biodiversity Framework. We believe this is a critical step towards governments providing an enabling policy environment to support action by financial institutions. This was finalised in Target 14 at COP15. We also supported Target 15, requiring businesses and financial institutions to assess and disclose their impact and dependencies on nature, which has implications for reporting on water and oceans.

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<sup>1</sup> [Aviva Investors Responsible Investment Annual Review 2022](#)

## **Collaboration with other investors**

### **Global call for a treaty on plastic pollution**

In early 2022, we supported the call for a global treaty on plastic pollution.<sup>2</sup> Here, 151 investors representing c.\$5.5 trillion in assets, called on United Nations member states to lay the groundwork for a global treaty to eradicate plastic pollution at the UN Environment Assembly meeting in February-March 2022. We were encouraged to see member states agree on a mandate to negotiate a legally binding global instrument to end plastic pollution in March 2023.

### **FAIRR engagement**

In 2022, we supported FAIRR's sustainable aquaculture engagement to encourage the world's largest salmon companies to diversify feed ingredient sources to better manage the environmental, social and governance risks associated with sourcing wild fish and soy.

### **Aviva plc and WWF partnership**

Our parent Aviva plc has a three-year partnership with WWF built around three pillars:

- Building climate resilient communities and restoring nature
- Encouraging action by engaging people
- Transforming the finance sector by advocating for change.

With respect to the first pillar, we have undertaken projects in several areas in the UK. WWF and the RSPB will support local communities taking action for nature, funded by £1 million from Aviva. The Save Our Wild Isles Community Fund will give £2 for every £1 raised for each project. Matching applies to each individual donation up to £250, with a total match available of £5,000 per project. The projects include:

#### **East Anglia**

Restoring the natural flow of rivers in East Anglia to reduce flooding within several catchments through natural flood management, building physical and community resilience in this unique, largely agricultural landscape.

#### **River Soar**

Restoring the natural flow of rivers in the East Midlands through funding natural flood-management initiatives. These will create multiple benefits for nature and build greater climate resilience within the community.

#### **Firth of Forth**

Restoring seagrass meadows and native oyster beds in the Firth of Forth in Scotland, raising awareness of the benefits of marine restoration and reinvigorating the heritage of coastal communities.

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<sup>2</sup> [As You Sow Investor Call for a Global Treaty on Plastic Pollution — As You Sow](#)

## **Company engagement on plastic pollution**

The rapid growth in global plastic production from fossil-fuel feedstock, single-use plastic products and packaging, and mismanagement of post-consumer plastic waste disposal have resulted in a global crisis. Businesses should play a critical role in tackling this by shifting to a circular rather than linear business model. A transition to more sustainable packaging would respond to shifting consumer preferences and reduce exposure to regulatory risk stemming from reliance on virgin plastic.

As a result of this issue, we have and will continue to engage on plastic pollution with UK consumer companies with exposure to packaging waste. Our main engagement asks include disclosure of the volume of plastic packaging used, increasing the level of recycled content and trialling of circular or alternative packaging solutions. This is aligned to the Ellen McArthur Foundation's New Plastics Economy Global Commitment.

There is significant room for improvement on the ambition of plastic-related targets and disclosures across all consumer names we engaged with. However, we recognise the challenges involved with meeting these targets, including the availability of food-grade-quality recycled plastic – exacerbated by the new plastic tax – and the ability of companies to implement circular models due to ill-equipped national recycling systems and low uptake from consumers. We support companies in developing long-term strategies to transition to more sustainable and circular packaging models.

## **Transparency on our activities**

Our Responsible Investment Annual Review demonstrates how we turned talk into action in 2022. We are advocates of the Financial Reporting Council's (FRC) UK Stewardship Code, and the annual review details the impact our approach is having on our clients and wider society. The review includes details of our macro stewardship activities, including our participation at COP27 in Egypt, engagement achievements and our voting activity.

Delivering a sustainable future will only happen if we all take action to create positive change. The [responsible investment section](#) of our website illustrates where we have delivered for clients and other stakeholders by making active sustainable choices in how we invest and seek to drive positive change.

Ahead of COP15, Aviva published its [Biodiversity Report](#), which we heavily fed into. This highlighted what we did in 2022 regarding our biodiversity policy.

## **Thought leadership**

In partnership with the University of Exeter Medical School and British Society for Antimicrobial Chemotherapy, we published a white paper in November 2022, [Confronting a Permacrisis: the intersection between Antimicrobial Resistance \(AMR\), biodiversity loss and climate change](#).

These are linked in complex ways and this report discusses the intersection of planetary crises. Our aim is to trigger more debate about what that response could look like, including the oceanic impacts on healthcare-associated pharmaceutical pollution.

It seems extraordinary there have been no major studies on the extent of marine chemical pollution, including persistent chemicals that linger, and their biodiversity impacts. We were pleased to contribute to *The Economist* report, [The Invisible Wave](#), on marine chemical pollution. The aim of the report was to bring the issue of marine chemical pollution to a wider audience.

Our own content hub [AIQ](#) has published a series of articles on the marine environment, including:

- [Deep water: Ten threats to marine ecosystems](#)
- [Hot water: The threat of warming oceans](#)
- [Shifting tides: Can we clean up forever chemicals?](#)
- [Back to nature: Why we must act now on the biodiversity crisis](#)

Further information about our climate and biodiversity strategies and commitments, including reporting following the recommendations of the TCFD and TNFD, can be found on our [website](#).

## **Updates in 2023**

### **Deep-sea mining**

We have signed the Finance for Biodiversity (FfB) Foundation's investor statement on deep-sea mining, urging governments to protect oceans and not proceed with deep-sea mining until the environmental, social and economic risks are comprehensively understood, and alternatives have been fully explored.

### **Plastic packaging**

In May 2023, we signed the Investor Statement calling for urgent action to reduce plastics from intensive users of plastic packaging (FMCG and grocery retail companies). We will incorporate these asks into our engagement with companies in these sectors – including an absolute reduction of single-use plastic packaging.