AVIVA INVESTORS
RESPONSIBLE INVESTMENT

Finance for Innovation

Mirza Baig, Head of Investment Stewardship

AVIVA
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ESG & Capital Markets – State of play

Key trends and initiatives

- **USD 21 Trillion assets managed against ESG criteria, equal to 30% of professionally managed assets. Europe is the largest market at 64% of assets. (Global Sustainable Investment Association)**

- **10 years since launch of UN's Principles for Responsible Investment which now boasts over 1,400 signatories, managing USD 60 Trillion in combined assets.**

- **2017 Green Bond issuance projected to be USD 90-120 Billion leaving total outstanding Bonds of approx. USD 250 Billion at year end (HSBC)**

- **Article 173 of the French Energy Transition for Green Growth Law catalyses changes in behaviour and reporting amongst French investment managers**

- **FSB Task Force on Climate-related Financial Disclosure (TCFD) publishes voluntary disclosure framework for companies to enable investors and stakeholders to understand concentrations of carbon-related assets and price the associated risk.**

Climate risk – thought leadership and research

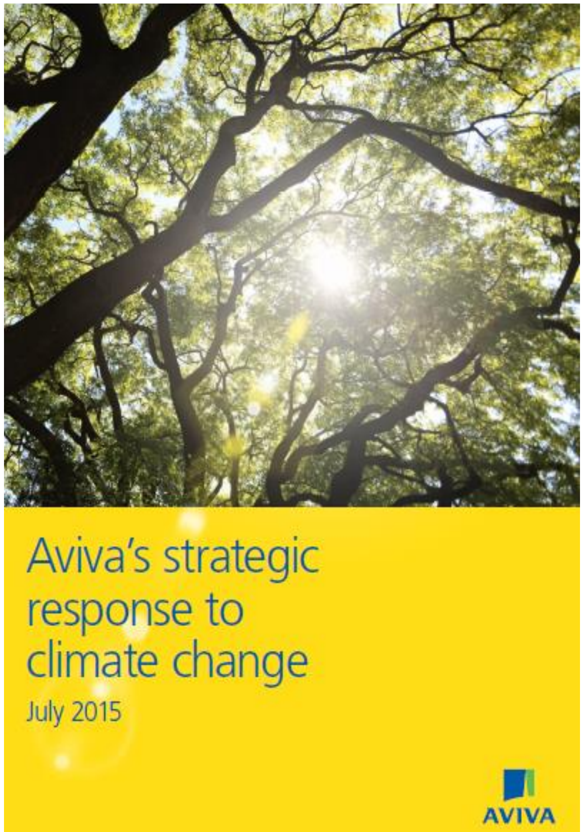
Understanding the economic impacts of climate change

Key Findings

- The value at risk to manageable assets from climate change calculated in this report is US$4.2trn, in present value terms.
- The tail risks are more extreme; 6°C of warming could lead to a present value loss worth US$13.8trn, using private-sector discount rates.
- From the public-sector perspective, 6°C of warming represents present value losses worth US$43trn—30% of the entire stock of the world's manageable assets.
- Impacts on future assets will come not merely through direct, physical harms but also from weaker growth and lower asset returns across the board. The interconnected nature of the problem will reduce returns, even on investments unharmed by physical damage.

Aviva's strategic response to Climate Change

Five Pillar Action Plan



Five carbon pillars – Summary

1. Integrating climate risk into investment considerations – we will continue to explore ways to integrate carbon risk, alongside other material environmental, social and governance issues (ESG) , and actively seek to collaborate to publish new research and insights. We remain deeply committed to ensuring ESG issues are included in our investment analysis and decision making.

2. Investment in lower carbon infrastructure – we will target a £500 million annual investment in low-carbon infrastructure for the next five years. This means more money invested into renewable energy and energy efficiency. We will also target 'carbon returns' alongside financial returns on our investment and are setting an associated carbon savings target for this investment of 100,000 tonnes of CO_2 annually. The transition to a low-carbon economy requires capital. A large proportion of this will need to be directed towards infrastructure.

3. Supporting strong policy action on climate change – we will support policymakers in negotiating a credible long-term greenhouse gas reduction goal at the upcoming UNFCCC negotiations in Paris in December 2015 and beyond that at a national and regional level. It is in all our interests to see a smooth transition to a lower carbon economy. Climate change is a market failure that requires government action to correct.

4. Active stewardship on climate risk – we will actively engage with companies to achieve climate-resilient business strategies. We have a fiduciary duty to protect and enhance the value of client assets. Acting as responsible stewards – engaging and voting with the companies where we are shareholders – is central to delivering this.

5. Divesting where necessary – we will divest highly carbon-intensive fossil fuel companies where we consider they are not making sufficient progress towards the engagement goals set. This decision will not be taken lightly and only where we believe that divestment is a balanced and proportionate response.

Focus on capital allocation & responsible ownership

Source: Aviva Investors

Mirza Baig

Head of Investment Stewardship

Main Responsibilities

Mirza is involved across the full spectrum of Aviva Investors' responsible investment activities including oversight of the integration of ESG considerations into the investment process for liquid and illiquid assets, corporate engagement and voting, public policy advocacy, and external reporting and communication.

Experience & Qualifications

Mirza has over 15 years experience in developing and executing sustainable investment strategies. Prior to joining Aviva Investors, Mirza was the European head of Governance at State Street Global Advisors (SSGA) after having previously served as a Director of F&C Asset Management's Governance & Sustainable Investment Team. Mirza also founded a boutique corporate governance and sustainability consultancy in India providing strategic advice to European Institutions investing in Asian markets.

Mirza holds a BSc in Economics and Finance and in 2013 was a recipient of the Rising Star of Corporate Governance award from Columbia Law School.