

Accounting for Sustainability

Aviva plc

Benefits and challenges

There were significant benefits for Aviva in utilising the Connected Reporting Framework. As a company we have always striven to adopt best practice and be at the forefront of developments in external reporting, whether governance, financial or non-financial.

We include the Connected Reporting Framework in our Annual Report as part of our Business Review, to demonstrate that our sustainability performance is integrally connected to our strategy, business and financial performance, and can not be viewed in isolation. We also included it in our annual CSR Report – One Aviva, One World.

We were in a strong position to prepare the report as we had all the environmental data as part of our CSR reporting for a number of years. Ironically the biggest challenge has been to collect and match the financial data with the environmental metrics. However, one of the resulting benefits is that the group CSR and finance sections have forged tighter working relationships.

While sustainability may have historically informed our strategic planning and assessment of financial performance, it has never been connected as such in either external or internal reporting. This year for the first time we include a CSR section in the strategy plan to highlight its growing importance. Some of the measures outlined in the Annual Report have been added to objectives for our most senior executives.

A significant benefit of reporting costs has been that we have been able to identify not just carbon emissions as a large cost, but water too. As such water has been identified as our next focus for substantial reductions. Reporting costs of carbon offsetting raises awareness in decision makers minds that there is a double cost saving from decreasing energy use – that of payment for energy and payment for carbon offsetting.

The report is aimed at all stakeholders but we would expect those users with a specialised interest in CSR and sustainability to read our CSR report rather than just the Annual Report.

Our original selection of key performance indicators may in future years be extended to cover other CSR KPIs we collect, societal indicators in particular. Our challenge again will be match costs to impacts or outputs (in terms of community work).

Influence on investors decision making

There is an increasing awareness of the importance of managing our environmental impact and long term non-financial sustainability. The CRF model has been favourably received by our investment community as it's seen as adding to the transparency of our reporting. Indeed our investment arm, Aviva Investors, has called for all companies to clearly evaluate the responsibility and sustainability of their business and to present a forward looking sustainability strategy.

Looking to the future we would like to evolve the model to include legislative costs associated to the Carbon Reduction Commitment and for reporting on people/diversity measures. With government bringing in new regulation for mandatory reporting of carbon emissions the connected reporting model could greatly help organisations fulfil this objective.