

AiteNovarica

SEPTEMBER 2022

THE 2022 IMPACT AWARDS IN DIGITAL WEALTH MANAGEMENT

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IMPACT REPORT

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INTRODUCTION

Customer needs and expectations continue to evolve, and financial institutions must strive to stay one step ahead. The capabilities and breadth of their product portfolios must go beyond what has traditionally been offered to address new market challenges and capture new opportunities. Aite-Novarica Group's Impact Awards are designed to recognize and celebrate innovation achieved by financial institutions leveraging technology to surpass the status quo. Award recipients are leading the industry by identifying and implementing new products, capabilities, and/or levels of automation and effectiveness that are bringing our industry one step closer to next-generation banking. They are the financial institutions, regardless of size, that others will follow.

QUALIFICATION AND EVALUATION METHODOLOGY

Aite-Novarica Group solicited nominations for its 2022 Impact Awards in Digital Wealth Management during the first quarter of 2022. All nominated initiatives were required to be in production within financial institutions.

Aite-Novarica Group analysts reviewed all nominations and narrowed the field to the top three to four submissions in each of the categories.

A panel of external judges representing leading financial institutions, industry thought leaders, and consultants/implementers, along with Aite-Novarica Group analysts, determined the winners. Each nomination was evaluated based on eight attributes (Figure 1).

FIGURE 1: EVALUATION CRITERIA FOR IMPACT AWARDS

Impact Award Evaluation Criteria			
Level of innovation and competitive advantage	Ability to meet market needs	Impact on customer experience	Impact on customer operational efficiency
Level of new revenue opportunity for the wealth manager	Impact on customer retention/new customer attraction	Level of scalability across customer base	Future roadmap

Source: Aite-Novarica Group

AVIVA PLC

Aviva plc is the U.K.'s leading insurance, wealth, and retirement business and operates in the U.K., Ireland, and Canada. It has 18.5 million customers in these markets. Aviva also has international investments in Singapore, China, and India.

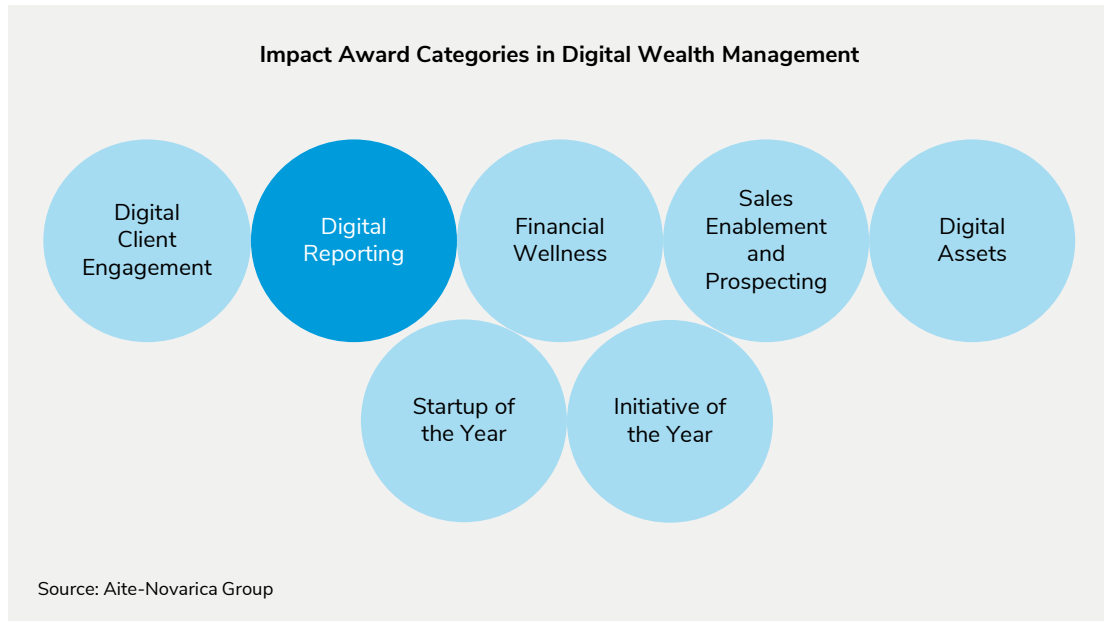
Aviva is a market leader in sustainability. In 2021, Aviva announced its plan to become a net-zero carbon emissions company by 2040—the first major insurance company in the world to do so. This plan means net-zero carbon emissions from investments by 2040, setting a clear pathway to get there with a cut of 25% in the carbon intensity of investments by 2025, 60% by 2030, and net-zero carbon emissions from Aviva's own operations and supply chain by 2030.

Since 2015, Aviva has partnered with FNZ, the global end-to-end wealth management platform. FNZ is the global platform provider in the wealth management sector, partnering with over 650 of the world's leading financial institutions and over 8,000 wealth management firms. It has over US\$1.5 trillion in assets under administration. FNZ combines technology, infrastructure, and investment operations in a single state-of-the-art platform that frees its customers to create personalized and innovative products and services that are seamlessly aligned with the needs of their clients.

As partners, the two businesses have developed a number of multichannel digital propositions. The first of these was Aviva's direct-to-consumer proposition for U.K. customers. In 2018, Aviva launched its market-leading platform for advisors, powered by FNZ. Today, the Aviva platforms are some of the fastest growing in the U.K. market. Together, they launched the ESG profiler tool in 2022, using FNZ Impact, an ESG solution integrated into FNZ's wider global wealth management platform.

Aviva plc is the recipient of the Impact Award for Digital Reporting for its sustainable and impact investing for Europe (Figure 2).

FIGURE 2: IMPACT AWARD FOR DIGITAL REPORTING—AVIVA PLC



MARKET CHALLENGES AND NEED

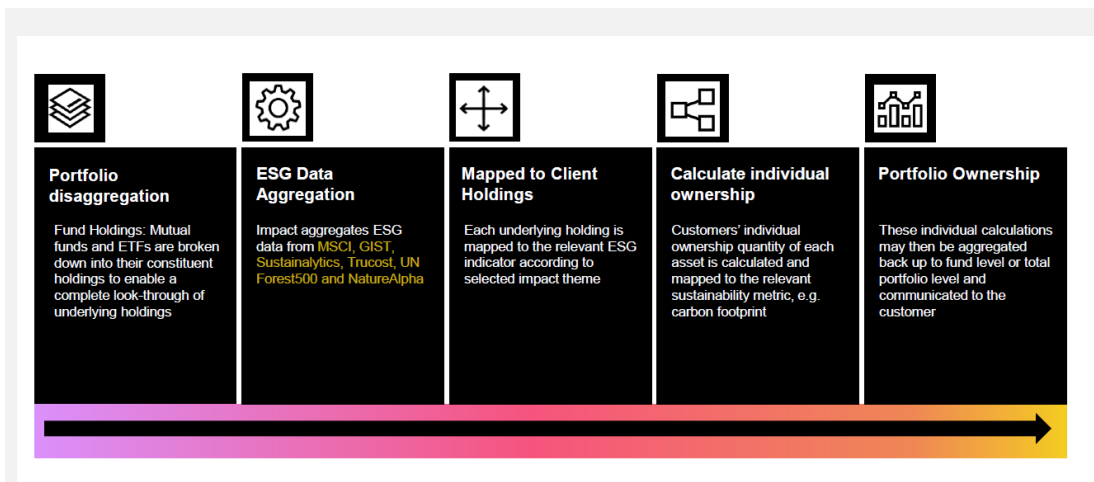
Europe has been at the vanguard of socially responsible investing for several decades. The continent's various regulatory bodies have and continue to implement progressive policies that mandate the standardization of data, disclosure of methodologies, analysis of sustainability risks on financial returns, and integration of sustainability into client suitability and advice protocols.

Despite this advantageous position and substantial investor interest in sustainable investing, the majority of European wealth managers and private banks have not yet made significant progress toward sustainable, impact-driven, and mission-driven investing's integration into wealth management. The same is true in the U.K. and North America, where ESG regulation lags. Indeed, creating solutions that not only harmonize data from a variety of market participants but also transform it into easily digestible impact reporting remains somewhat elusive across the global wealth management industry, largely due to the specialized knowledge required to navigate the sheer volume and complexity of data sources. Within the landscape of over 600 ranking agencies,

ranking providers, and data providers, around 70 firms provide some sort of ESG ratings data.¹

It is for that reason that ESG reporting platforms are beginning to emerge. These platforms shift from merely offering a selection of ESG funds and providing high-level, vended ratings to creating sustainability profiles for individual companies across specific ESG-related topics, as shown in Figure 3. In doing so, wealth managers are empowered to help investors tangibly align their portfolios with their values while mitigating the potential for greenwashing. Most firms in the region cannot efficiently build such a platform in-house, necessitating credible partners to deliver high-quality sustainable and impact investing capabilities.

FIGURE 3: FNZ IMPACT'S APPROACH TO ESG DATA HARMONIZATION



Source: FNZ

INNOVATION: AVIVA ESG PROFILER

Aviva ESG Profiler, built in partnership with global wealth management platform FNZ and using its specialist ESG solution FNZ Impact, is an example of how a global sustainable and impact investment reporting model might look. The platform translates disparate data into actionable investment opportunities with metrics directly connecting

¹ Christina Wong and Erika Petroy, "Rate the Raters 2020: Investor Survey and Interview Results," The Sustainability Institute by ERM, March 2020, accessed August 3, 2022, <https://www.sustainability.com/globalassets/sustainability.com/thinking/pdfs/sustainability-ratetheraters2020-report.pdf>.

specific values to measurable societal impact, all integrated with a foundational wealth management platform.

Table A lists key information about this initiative.

TABLE A: AVIVA ESG PROFILER

CATEGORY	DETAILS
Financial institution	Aviva plc
Key vendor partner	FNZ, using its “FNZ Impact” solution integrated within its core wealth management platform Data providers in the platform include MSCI, GIST, Sustainalytics, Trucost, UN Forest500, NatureAlpha, and Morningstar.
Implementation time	Release 1: March to November 2021—Analysis, development, and testing Release 2: January to July 2022—Enhancements, additional ESG preferences, and ESG reporting
Official launch date	November 2021
Key benefits	Between November 2021 and May 2022, 2,682 unique advisors logged on, indicating high adoption.
Future roadmap	Additional ESG preferences, ESG education, a carbon-offset solution, ESG search and select, sandbox, and effect over time

Source: Aviva plc, Aite-Novarica Group

Target Market

Aviva ESG Profiler is offered to the firm’s advisory clients. Eventually, it will be offered to direct-to-consumer (D2C) and corporate clients.

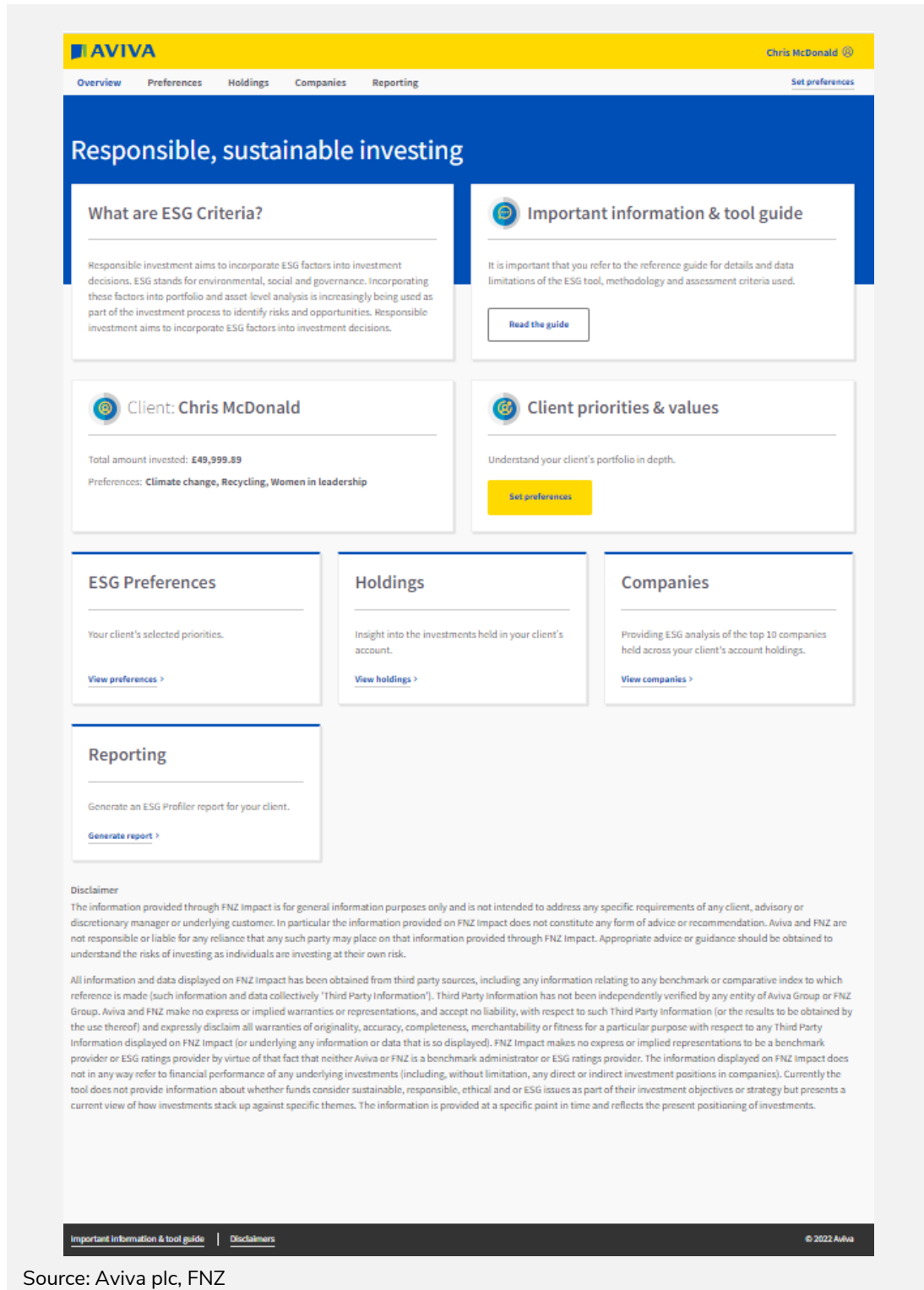
How It Works

Aviva ESG Profiler is a solution integrated into the broader Aviva wealth management platform that allows investors and their advisors to understand the sustainable and ESG profile of their portfolio. The solution combines an interactive online portal containing reporting, analytics, educational content, a data repository, and an analytics engine that harmonizes fund, market, and sustainability data from multiple providers.

The Portal

- **Onboarding:** At onboarding, clients can choose from a selection of nine sustainability themes derived from and in the spirit of the UN's Sustainable Development Goals: Climate Change, Women in Leadership, Deforestation, Waste to Landfill, Water Security, Human Rights, Corporate Governance, Percentage of Waste Recycled, and Air Pollution. Clients can access short-form educational content on each theme (videos, brief articles, etc.).
- **Overview:** On the overview page, clients can see a high-level summary of the sustainability of their investments as they relate to the themes they selected as priorities at onboarding (Figure 4). The metrics shown are specific to each topic and include comparisons to real-world situations to help investors better understand the impact of their investments.

FIGURE 4: AVIVA ESG PROFILER OVERVIEW PAGE



Source: Aviva plc, FNZ

- **Holdings and companies:** Investors can view ESG metrics for each section of their portfolio, either all at once or filtered to just those the investor wants to view. The platform provides a holdings-level view, showing companies and funds, as well as a company-specific view, where investors can look at an aggregate view of each individual company in their portfolio, regardless of whether it is directly held or through a fund.
- **Reporting:** The new client ESG profiler report enables advisors to produce a downloadable customer report focused on their clients' ESG preferences—for instance, the total carbon footprint within their product. They will also know the impact of the other ESG preferences that matter to them.
- **Search and compare:** Using a combination of filters and keyword searches, investors can search a universe of funds and stocks to find new investments that align with their values (Figure 5).

FIGURE 5: AVIVA ESG PROFILER SEARCH AND COMPARE

The screenshot displays the Aviva ESG Profiler Search and Compare interface. At the top, the Aviva logo is visible on the left, and the user's name 'Jenny Alexander' is on the right. Below the logo, there are navigation tabs: Overview, Preferences, Holdings, Companies, Search and compare (selected), and Reporting. A 'Set preferences' link is also present.

The main heading is 'Search and compare'. Below this, there are tabs for 'Managed funds', 'Models', 'Equities', and 'Favourites'. The 'Managed funds' tab is active.

The search criteria are 'Global', and 24 funds are listed. The interface includes a 'Search view' button and a 'Holdings view' button. A 'Compare selected (2)' button is highlighted in yellow.

Favourite	Fund name	ISIN	Select to compare
★	Ardevora Global Equity C Acc GBP	IE00BQQ1JN43	<input checked="" type="checkbox"/>
☆	Schroder Global Emg Mkts Z Acc	GB00B76V5Q67	<input type="checkbox"/>
☆	Schroder Global Emg Mkts Z Inc	GB00B76V5R74	<input checked="" type="checkbox"/>
☆	Schroder Global Equity Income Z Acc	GB00B76V7N76	<input type="checkbox"/>
☆	Schroder Global Equity Income Z Inc	GB00B76V7N75	<input type="checkbox"/>

Source: Aviva plc, FNZ

- Have your say:** Not yet live on the Aviva platform but available with FNZ Impact, this module features a polling function that allows advisors to gauge their client's opinions on various sustainability issues. The information collected is used by advisors to guide conversations with clients. Wealth managers that use this module can apprise management of their clients' experience and show clients what other investors answered and analogous outcomes from annual general meetings at relevant companies. Within the same module, investors can directly allocate money to fund specific carbon-offset projects curated on the platform.

Database and Analytics

A proprietary database and analytics engine underpin the client- and advisor-facing portal. For sustainability data, FNZ curates a selection of leading and specialist data providers to create the impact metrics shown in the portal. These are mapped to fund and holdings data provided by Morningstar to generate an impact profile of each holding and fund available on the platform, enabling the various filter, search, and view functionalities within the portal. The resultant analytics are provided to asset managers on the platform by request as well, furthering their own sustainability research.

Key Quantitative and Qualitative Results

- Since the mid-November 2021 launch of Aviva ESG Profiler, Aviva plc has had a total of 2,291 ESG unique users, which is a monthly average of 570 requests by Aviva advisors per month—20 requests per day. The success rate of ESG requests remains significantly positive at 96%.
- Upon the launch of new reporting on July 4, 2022, over 1,000 reports have been generated in the span of a month.
- Aviva advisors have credited Aviva ESG Profiler as a key factor in recent client wins.

Future Roadmap

Sandbox functionality will be added to assist users in asset selection and centralized investment design.

Integration of more ESG preferences, microsite learning on ESG matters, Have Your Say activation (live on FNZ Impact, but on the roadmap for Aviva), and a carbon-offset solution will be offered to end investors.

AITE-NOVARICA GROUP'S TAKE

As with most wealth managers and independent advisors, Aviva does not have the data, due diligence, and technology resources in-house to develop a modern sustainable and impact-driven investing solution on its own. The firm's partnership with FNZ has afforded it the specialized expertise to integrate sustainable investing into its wealth management framework. The result is an exemplary sustainable and impact-driven investing platform that provides a roadmap for other firms seeking similar offerings.

The crux of Aviva ESG Profiler is providing clients with a direct line between their investments and their values. As with other industry personalization efforts, quality data is a key component. FNZ curated data from a diverse selection of leading and specialist providers and select asset managers, harmonizing it to create a single point of view on a given holding's sustainability profile. Moreover, rather than high-level ratings, each component metric is directly tied to a tangible, sustainable outcome. The resultant data sets are so powerful that asset managers on the platform have engaged FNZ for their analytics, creating a virtuous cycle.

The solution itself is noteworthy for its client-focused design. The platform's layout is sleek. It aligns closely with how investors might interact with their broader financial plan and is integrated into the broader wealth management platform. Many wealth managers preach the virtues of UX but fall short. Aviva ESG Profiler does not. Where other ESG platforms may simply show a series of ESG ratings and benchmark to an index, Aviva ESG Profiler helps investors understand how their investments directly impact the causes they care about. The Have Your Say feature available on FNZ Impact (soon to be released at Aviva) is particularly notable and potentially unique; Aite-Novarica Group has not encountered anything similar in the market to date.

The clarity and accuracy of Aviva ESG Profiler data and resultant analytics, accessible and client-focused design, and the illustration of tangible impact from an investor's holdings provide Aviva with a compelling value proposition—truly impactful investing.

ABOUT AITE-NOVARICA GROUP

Aite-Novarica Group is an advisory firm providing mission-critical insights on technology, regulations, strategy, and operations to hundreds of banks, insurers, payments providers, and investment firms—as well as the technology and service providers that support them. Comprising former senior technology, strategy, and operations executives as well as experienced researchers and consultants, our experts provide actionable advice to our client base, leveraging deep insights developed via our extensive network of clients and other industry contacts.

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