STRATEGY IN BRIEF

Aviva Investors Global Climate Equity Strategy

Pairing climate and financial advantage

AVIVA INVESTORS

Climate transition and financial return are two sides of the same coin

The scale and urgency of change needed to achieve the goals of the Paris Agreement and limit global warming to 1.5°C above pre-industrial levels, will impact every company and sector in the global economy.

Emissions need to be reduced by approximately 45 per cent by 2030, compared to 2010 levels, and to reach net zero by 2050.[1]

An active approach to climate equity investing is crucial to generate alpha and identify climate leaders and laggards across a growing, diverse opportunity set.

Scale of investment needed to decarbonise the economy could reach up to $9.2 trillion a year[2]

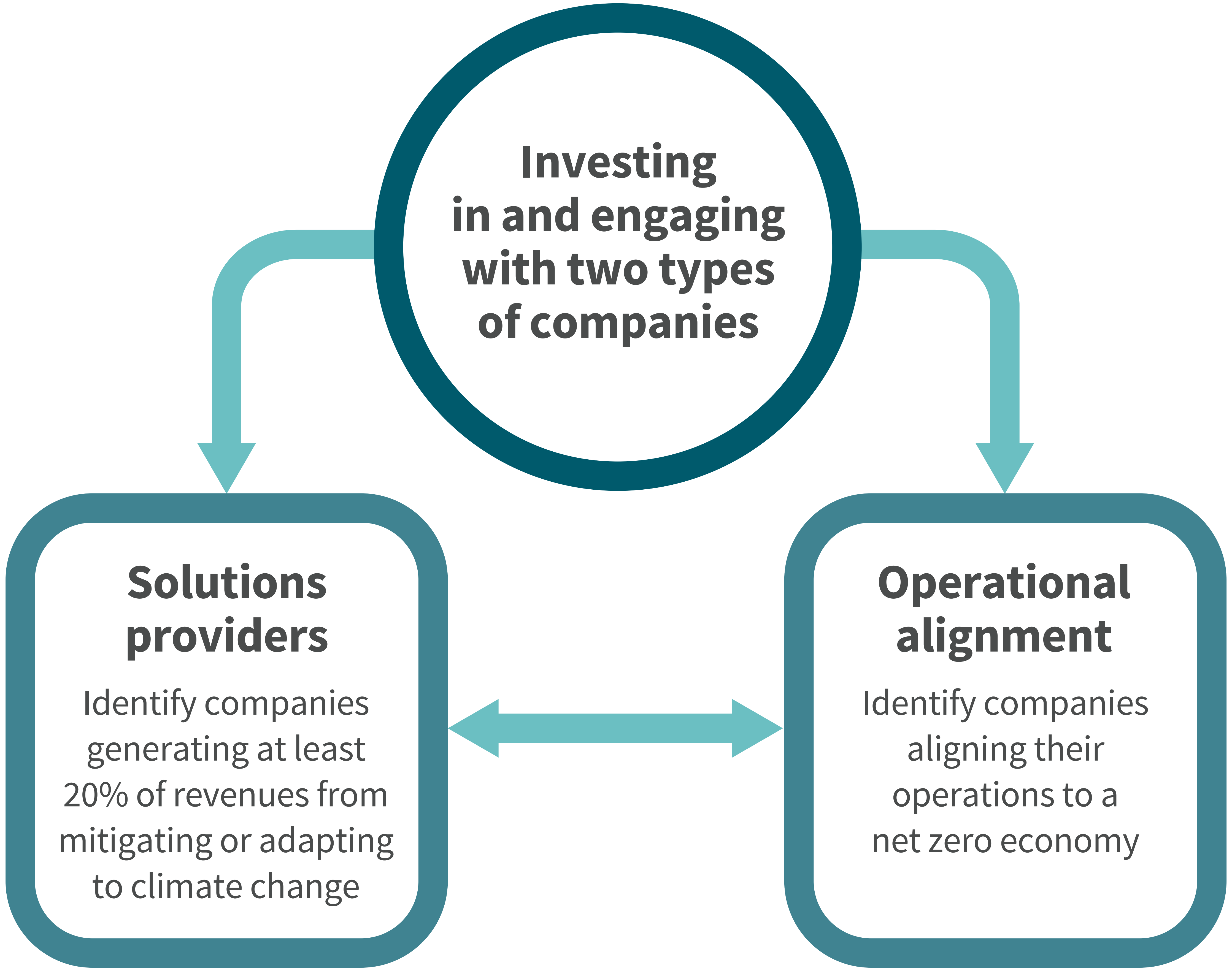
All sectors impacted throughout their value chains in the transition to a climate-resilient economy

Significant investment opportunity driven by regulation, technical progress and growing consumer activism

Active management can capitalise on greater dispersion in performance between operational leaders and laggards

[1] United Nations, Climate Action, January 2025.
[2] Douglas Broom, "What's the price of a green economy? An extra $3.5 trillion a year," World Economic Forum, January 28, 2022, and "The net-zero transition: What it would cost, what it could bring," McKinsey Global Institute, 2022.

The Aviva Investors Global Climate Equity strategy



The Global Climate Equity strategy is a high conviction, actively managed strategy that **aims to deliver long-term capital growth** (5 years or more) **and to support the transition towards a net zero economy** and/or one that is also more resilient to higher temperature.

After applying a firm-wide baseline exclusion policy and strategy-level fossil fuel exclusion, the strategy invests in equities of companies that are either providing solutions that help tackle the impacts of climate change or aligning their operations towards a net zero and/or warmer economy, and by engaging with portfolio companies

Pairing climate and financial advantage

Aiming to identify companies that can translate their positive climate credentials into profitable growth, through several themes that play a crucial role in promoting sustainable development.

Key Strengths

Pairing climate and financial advantage

We aim to identify companies that can translate their positive climate credentials into profitable growth.

Additional focus on operational leaders

Broadens the investment universe and the potential for more resilient performance through market cycles, compared to climate strategies biased towards growth stocks.

Bespoke engagement

Driving positive climate action through our bespoke engagement programme for companies to adopt science-based targets and provide CDP disclosures.

Themes

Grid hardening

Industrial automation

Building decarbonisation

Circular economy

Efficient semiconductors

Efficient water use

Climate change adaptation solutions from Financials

Decarbonising drug production

For illustrative purposes only and should not be considered a recommendation to purchase or sell any security.

Additional focus on operations

The journey to net zero presents risks and opportunities across all sectors.

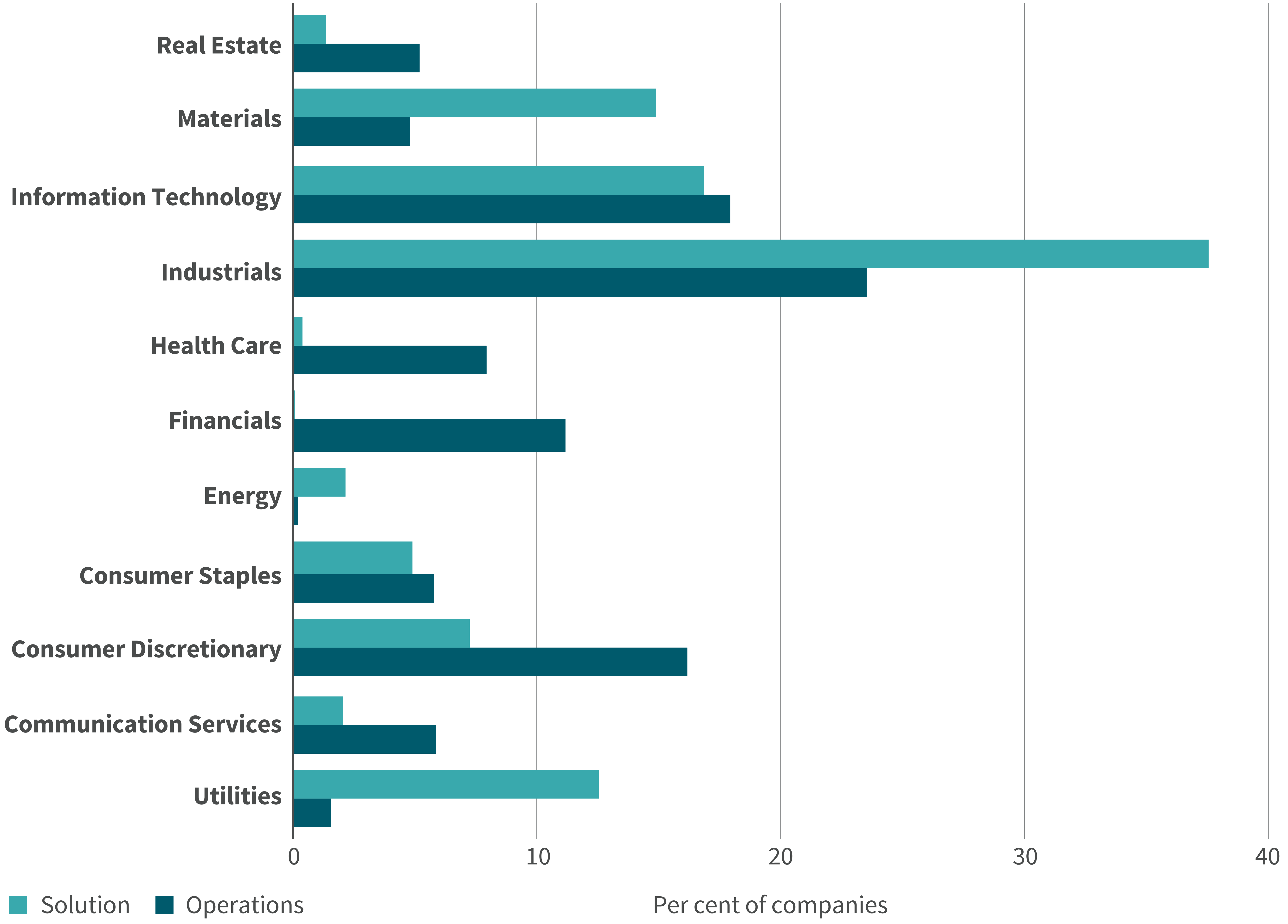
By investing in companies transitioning their operations to a lower carbon world in addition to solutions providers, investors can benefit from an expanded opportunity set, greater portfolio diversification, and exposure to companies with stronger fundamentals.

Potential benefits

- Expanded opportunity set
- Greater diversification
- Stronger fundamentals

Source: Aviva Investors, Morningstar, as of 31 March 2024.

Investible universe – solutions vs operations



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Bespoke engagement programme

Engagement with all companies held in the strategy, aiming to positively influence climate-related behaviour

No sector left behind

Persistent and constructive dialogue with issuers and corporates is vital to preserve and enhance the value of assets on behalf of our beneficiaries and clients. We measure success based on company alignment with our expectations within three years of inclusion in the Strategy, evidenced through SBTs and CDP disclosure.[1]

Our bespoke engagement approach:

- **Each holding** is targeted with timebound engagement asks on CDP[1] disclosures and Science Based Targets (SBTs)
- **Engagement asks** support the investment case
- **Escalation pathway** leading to potential divestment

Active engagement: Why SBTs trump net zero at changing behaviour

We believe having a climate approach focused on science-based targets (SBTs) (rather than net-zero or carbon emission reduction objectives) is currently the best way to align to the 1.5°C global warming goal established by the 2015 Paris Agreement.

SBTs put pressure on emissions reduction throughout a company's value chain, influencing a reduction on carbon emissions beyond our investee companies.

[1]Source: Aviva Investors. CDP Disclosures refer to the Carbon Disclosure Project (CDP) ratings system which assesses the way in which companies and other market participants can manage their environmental impacts.

Global Climate Equity portfolio management team

Leveraging strong in-house expertise

Equities — **$22.8bn AUM**

Global Equity Strategies — **$7.6bn AUM**

Global Endurance	Global Income	Global Climate	Natural Capital	Stewardship International

Max Burns
Portfolio Manager, Global Equities

25+ Equity investment team

8 Sustainable investment analysts

Source: Aviva Investors. Team numbers and AUM as of 31 December 2024.

Key risks

Investment risk & currency risk

The value of an investment and any income from it can go down as well as up and can fluctuate in response to changes in currency and exchange rates. Investors may not get back the original amount invested.

Equities risk

Equities can lose value rapidly, can remain at low prices indefinitely, and generally involve higher risks — especially market risk — than bonds or money market instruments. Bankruptcy or other financial restructuring can cause the issuer's equities to lose most or all of their value.

Counterparty risk

The strategy could lose money if an entity with which it does business becomes unwilling or is unable to meet its obligations to the strategy.

Emerging market risk

Investments can be made in emerging markets. These markets may be volatile and carry higher risk than developed markets.

Derivatives risk

Investments can be made in derivatives, which can be complex and highly volatile. Derivatives may not perform as expected, meaning significant losses may be incurred.

Specialist Strategy risk

Certain of the strategy's investments may be more susceptible to foreign government policies, including tax incentives and subsidies, as well as political support for certain environmental initiatives and developments. Under certain market conditions, the strategy may underperform strategies that invest in a broader array of shares in global companies, for example, strategies that do not provide any screening of companies undertaking fossil fuel activities.

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Important information

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Where relevant, information on our approach to the sustainability aspects of the strategy and the Sustainable Finance disclosure regulation (SFDR) including policies and procedures can be found on the following link: https://www.avivainvestors.com/en-gb/capabilities/sustainable-finance-disclosure-regulation/

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