Client Address

14th February 2022

Dear Sir/Madam

Client Reference Number:

Important Changes to Aviva Investors Stewardship UK Equity Feeder Fund, Aviva Investors Stewardship International Equity Feeder Fund, Aviva Investors Stewardship UK Equity Income Feeder Fund and Aviva Investors Stewardship Fixed Interest Feeder Fund, all sub-funds of Aviva Investors Portfolio Funds ICVC, (each a "Fund" and together the "Funds")

We are writing to let you know that, from 1st April 2022, we will be changing the Stewardship Investment Policy that applies to the Funds.

This letter is for your information as an investor in one or more of the Funds. You do not need to take any action, but we recommend you take the time to review the changes.

Further details in respect of the changes are set out below. Please note these changes apply in addition to the new exclusions we have introduced for all funds from 1st July 2022, as communicated to you on 10th February 2022 alongside your annual statement, following an update to our Responsible Investment Policy.

Changes to the Stewardship Investment Policy

What are we changing?

Each Fund must invest (via their investment in the relevant Master Fund) in accordance with certain ethical criteria, as defined in the Stewardship Investment Policy and set out in the Prospectus, including the application of negative screens (Layer 1 screens) in order to identify and exclude companies that engage in activities that are inconsistent with the Master Funds' (and therefore the Funds') stewardship investment philosophy. With respect to fossil fuels, each of the Master Funds currently operates Layer 1 screens to exclude companies that have:

- >25% turnover from thermal coal mining or coal-fired power generation;
- >10% turnover from oil sands extraction;
- >25% turnover from oil operations (including pipelines); or
- any involvement in oil operations in the Arctic.

We are changing the Stewardship Investment Policy, as it relates to fossil fuel activities, by updating the revenue thresholds that apply to some of the existing Layer 1 screens and to include some additional Layer 1 screens. The changes are set out fully in the Appendix to this letter.

With respect to the operation of the exclusions list generated by the Layer 1 screens, and the timeframes within which excluded assets are to be disposed of (the Divestment Policy) we are also making the following changes and clarifications:

- the frequency with which the list of companies excluded by the Layer 1 screens is refreshed is changing from quarterly to a minimum of sixth monthly;

- following such a routine refresh, any divestment from companies newly identified as excluded by the Layer 1 screens shall be completed as soon as reasonably practicable having regard to the interests of investors, but we endeavour to divest from such assets within 90 days, unless disinvestment is not possible, or may have an adverse impact on investors;

- on the introduction of any new Layer 1 screens, or where we have changed a Layer 1 Screen (for example, changes to the applicable revenue thresholds), any divestment from companies newly identified as excluded shall be completed as soon as reasonably practicable having regard to the interests of investors, but we endeavour to divest from such assets within six months, unless disinvestment is not possible, or may have an adverse impact on investors.

Why are we making these changes?

As fossil fuels contribute a significant amount to global greenhouse gas emissions, investment in these sectors is, in our view, increasingly inconsistent with the values of stewardship and (noting the UN Paris Agreement's commitment to achieve net zero by 2050) sustainability risk management.

We therefore think that the enhancements to the Layer 1 fossil fuel screens, as detailed in the Appendix, are aligned to each Fund's existing investment objective and policy; excluding companies that harm the environment, by avoiding investments contributing to the causes of climate breakdown and seeking to mitigate the risk of stranded assets as fossil fuels become unviable.

With regard to the change in refresh frequency of the exclusion list, we consider that six monthly, as a minimum, is appropriate, and aligns to the pace at which the quality and coverage of ESG data typically evolves.

The Divestment Policy, as outlined above, is designed to reflect that exclusions identified through new or revised Layer 1 screens may be more material and require a greater degree of portfolio re-alignment. Therefore, a six-month period to disinvest in these circumstances allows for an orderly disposal of assets. Exclusions identified through a refresh of the exclusions list relative to existing Layer 1 screens are expected to be less material, given all new investments are reviewed against existing Layer 1 screens prior to their inclusion in the Master Funds. Therefore, a shorter 90- day divestment period is considered appropriate in this context.

What impact will the changes have on the Funds?

The changes will not affect the Master Funds' or the Funds stated investment objectives, benchmarks, how they are managed in practice or the overall risk profile of the Funds.

The current composition of the Funds will not be affected, and they will continue to be comprised of units in the relevant Master Funds.

Whilst the investment universe available to the Master Funds will reduce as a result of the changes to the Layer 1 fossil fuel screens, there will be no immediate impact on the existing portfolios of the Master Funds, with the exception of the AI Stewardship Fixed Interest Fund (the Master Fund of the Aviva Investors Stewardship Fixed Interest Feeder Fund.)

The AI Stewardship Fixed Interest Fund will incur some transaction costs in order to realign the Master Fund's portfolio following implementation of the Layer 1 screen enhancements (expected to be approximately 0.02% of the Master Fund's value). However, we do not believe that the realignment will have a material cost impact on the Master Fund and the Fund in practice as we intend to realign the portfolio within 6 months through a combination of one-off trades and sales to align to the natural turnover of the Master Fund, consistent with the Divestment Policy outlined above.

We do not believe that the operation of the exclusions list or Divestment Policy will have any material impact on either the operation of the Master Funds or the Funds, or the composition of the Master Funds' portfolios, in practice. In particular, the change in frequency of the refresh to the exclusion list, combined with the Divestment Policy, will not affect the maximum amount of time that a newly identified excluded asset will be retained in the Master Funds.

What action should you take?

This letter is for information purposes and you are not required to take any action. We are providing you with 30 days advance notice of the changes to the Funds in order to give you time to consider them and take action, should you wish to do so, before the changes become effective on ● 20[22].

If you have any queries on the changes we are making which are not covered here, please contact your financial adviser or our Customer Service Team on 0800 051 2003* or internationally on +44 1268 44 8219**. We recommend that you speak to your financial adviser before making any investment decisions. You should not interpret anything in this letter as financial advice. If you do not have a financial adviser then you can obtain details of independent financial advisers in your area by visiting www.unbiased.co.uk.

Thank you for investing with Aviva Investors.

Yours sincerely,

Stephen Adkins
Head of UK Management Companies
Aviva Investors

Calls may be recorded for training and monitoring purposes, and to comply with applicable law and regulations. Details of call charges are given below:

* Calls are free from UK landlines and mobiles.

** Call charges to this number will depend on the call package you have arranged with your landline or mobile provider

Appendix

Changes to the Stewardship Investment Policy (additions are highlighted in blue and deletions are highlighted in ~~red~~)

Ethical & Social Exclusions

Issue	Negative Screening Criteria
Adult entertainment, pornography and violence-related products	• >10% of turnover from adult entertainment or pornography. • >10% of turnover from violent video games. • Any involvement in the manufacture of guns.
Alcohol	• >10% of turnover from the manufacture of alcoholic products. • >25% of turnover from the distribution or sale of alcohol products (e.g. retail, hotels, restaurants and leisure industries).
Animal welfare - animal testing	• Any involvement in the development and manufacture of non-medical related products (such as cosmetics, personal care, household cleaning products) where this has involved animal testing and where the company does not disclose an animal testing policy or statement. • Any involvement in providing animal testing services and where the company does not disclose an animal testing policy or statement.
Animal welfare – fur	• Any involvement in the production or design of fur pelt, raw materials and products containing fur or fur trim. It also includes companies that hunt, raise, trap animals for their fur.
Endangered species	• Involvement in the retail of threatened species, or components thereof, with insufficient action to prevent it.
Gambling	• >10% of turnover from gambling related activities.
Genetic Modification	• Companies that genetically modify plants (e.g. seeds, crops) and other organisms intended for agricultural use or human consumption.
Labour standards, human rights and Health & Safety controversies	• Companies that are the subject of severe controversies related to health & safety breaches or systematic failure to protect human rights and labour standards, with no evidence of serious or lasting remedial action.
Military - weapons and weapon systems	• Any involvement in the manufacture of whole weapons systems, components or support systems (including conventional, biological-chemical, cluster munitions, depleted uranium and nuclear weapons).
Tobacco	• Any involvement in the manufacture of tobacco related products. • >25% of turnover from the distribution or sale of tobacco related products (e.g. retailers).

Environmental Exclusions

Issue	Negative Screening Criteria
Chemicals	• Any involvement in production of chemicals restricted by the following international agreements: the Stockholm Convention, Montreal Protocol and OSPAR Priority List. (Note manufacturing lead compounds is a Layer 2 engagement issue.) This includes persistent organic pollutants, PCBs and CFCs.

Climate change - Aviation	• >10% of turnover from aviation related activities i.e. airlines, airport operators and aircraft manufacturers.
Thermal Coal+	• Any revenue from thermal coal mining or thermal coal-fired power generation. • Any thermal coal reserves. • ~~>25% turnover from thermal coal mining or coal fired power generation.~~
Oil & Gas+	• Any revenue from Arctic oil and/or gas production (onshore and offshore). The definition of “Arctic” is geographical and includes production activities north of the 66.5 latitude. • Equal to or more than 10% of revenue from conventional oil and/or gas extraction and production*. • Equal to or more than 15% of revenue from natural gas electricity generation**. • Any revenue from unconventional oil and/or gas production (including oil sands, oil shale, tar sands, shale oil, shale gas, tight gas, coal bed methane, coal seam gas). • equal to or more than 10% of revenue from liquid fuels power generation. • Any unconventional oil and/or gas reserves (including shale gas, shale oil, oil shale, oil sands, tar sands, tight gas, coal bed methane and coal seam gas). • Equal to or more than 1000mmboe of oil and/or gas reserves. • Equal to or more than 75% of revenue from oil and/or gas value chain activities, including distribution and retail, equipment and services, petrochemicals, pipelines and transportation, refining, and trading***. • Equal to or more than 25% of revenue from oil operations, including pipelines. • ~~>10% turnover from oil sands extraction.~~ • ~~>25% turnover from oil operations, including pipelines.~~ • ~~Any involvement in oil operations in the Arctic.~~
Nuclear power generation	• >10% of turnover from nuclear power activities. • Any company deriving revenues from the mining of uranium.
Pollution	• Companies that are the subject of severe controversies related to environmental pollution, with no evidence of serious or lasting remedial action.

*From 2025, the threshold will reduce by 1% a year to 0% by 2035.

**From 2025, the threshold will reduce by 1% a year to 0% by 2040.

***From 2025, the threshold will reduce by 5% a year to 0% by 2040.

+ On [● 20[21]], the Stewardship Investment Policy will be revised to include the additional fossil fuel exclusions shown above, including additional exclusions regarding both conventional and unconventional fossil fuel related activities, thresholds for companies that derive revenues from fossil fuel value chain activities, and companies holding fossil fuel reserves. Any divestment from newly excluded issuers held at the date this revised policy came into force shall be completed as soon as reasonably practicable having regard to the interests of investors in the Master Funds and, in any event, within six months. Consequently, during this six-month period, the Master Funds may (on a temporary basis) continue to hold assets that otherwise would be excluded on the basis of the above revised screens. For the avoidance of doubt, the Stewardship Master Funds will not to be permitted to make any new investments in newly excluded issuers following the implementation of the revised policy.

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