Aviva Investors, Administration Office,
PO Box 10410, Chelmsford CM99 2AY

3 February 2025

Dear Shareholder,

Client Reference Number:

Changes to the Aviva Investors Climate Transition Global Equity Fund (the "Fund"), a sub-fund of Aviva Investors Investment Funds ICVC

We are writing to tell you about changes to the Fund's name and to the Fund's sustainability disclosures.

These changes will be made on 07 March 2025. From this date:

- The Fund will be called the **Aviva Investors Global Climate Aware Equity Fund;**
- We will update the Fund's investment objective and policy to provide you with clearer and more detailed information on the Fund's sustainability characteristics; and
- We will amend the Fund's prospectus so that additional detail on the Fund's sustainability characteristics now sits alongside the investment policy in a section headed *"Additional Sustainability Disclosures – Asset Selection Framework for the Fund".*

We are making these changes following a review we have undertaken, prompted by the introduction of new regulations by the UK financial services regulator, the Financial Conduct Authority (the "**FCA**"). The changes are intended to improve the information we provide to you about the Fund's sustainability characteristics – they will have <u>no impact</u> on the shares held by the Fund, its risk profile or how the Fund is managed in practice.

This letter is only for your information. You do not need to take any action, but we recommend you take time to read it.

Background

In November 2023, the FCA published a set of rules known as the Sustainability Disclosure Requirements ("**SDR**"). These rules apply to products that have sustainability characteristics. The rules aim to make it easier for investors to understand these products by introducing greater transparency, accountability and comparability. SDR also imposes specific disclosure requirements for funds with sustainability characteristics. A summary of SDR, and what it means for investors, can be found on the FCA's website at www.fca.org.uk/consumers/sustainable-investment-labels-greenwashing.

As the Fund has, and will continue to have, sustainability characteristics, we reviewed the Fund's name, approach and disclosures against SDR. While we remain comfortable with the Fund's sustainability approach, we are making the following changes to improve the Fund's disclosures and ensure we comply with the rules.

What changes are we making to the Fund as a result of SDR?

Fund name change and amendment to investment objective

The Fund aims to meet its financial objectives by investing in global companies where there is evidence that the companies are responding to climate change by: (1) orientating their business models to a lower carbon economy; and/or (2) providing solutions to mitigate climate change or help communities adapt to the adverse impacts of climate change.

This remains the case, but we have simplified the wording of the Fund's investment objective to make the sustainability characteristics clearer (but that doesn't change its meaning). Please see Appendix 1 to this letter for details of the new objective.

The Fund was launched with the name "Climate Transition" to reflect (in summary) part of our approach of targeting companies responding to climate change by orientating their business models to face the challenges and opportunities from a warmer climate, i.e. they are aware of the implications of climate change on their businesses and are responding accordingly. However, over time, the term "climate transition" has increasingly been used by funds that are focussing on the transition to a lower-carbon economy (for example, funds with specific emission reduction aims). As the Fund does not have specific emission reduction aims, we have decided to rename the Fund as the **Aviva Investors Global Climate Aware Equity Fund.**

Updates to the Fund's investment policy and sustainability disclosures

The Fund's prospectus already contains information on the Fund's sustainability characteristics, including its climate focus and the framework used to select investments. This information is currently split between the Fund's investment policy, its ESG factors section and other sections of the prospectus. Prompted by the new SDR rules, we have reviewed these disclosures and decided to rewrite them so they are clearer and more comprehensive, and so that they sit in one place in Appendix 1 of the prospectus. This will not change the sustainability characteristics of the Fund in practice, but it will give investors more clarity on how the sustainability characteristics are assessed and acted on by the Investment Manager.

The updated disclosures describe in further detail the asset selection framework that is applied to identify investments for the Fund. We've not changed our approach in practice, but you should note that we have changed our terminology in places. In particular, where the criteria were previously known as "Solutions" and "Transition", it is now referred to as "Solutions" and "Operations" criteria.

The updated disclosures can be found in the Fund's Prospectus. For your ease of reference, we have also set them out in Appendix 1 to this letter.

Will these changes affect how your investment is managed or the costs you pay?

No, there will be no changes to the way the Fund is managed or to the risk profile of the Fund. The Fund has always been managed with a focus on identifying companies that are responding to climate change. We are simply enhancing the information we provide on the Fund's investment approach to ensure it is clear and comprehensive for investors, and that it complies with the disclosure requirements set out in SDR.

There will be no impact on the current investments of the Fund as a result of these changes, therefore, there will be no transaction costs charged to the Fund. The administrative costs associated with making the changes, including legal costs, will be paid for by us.

Where can you find more information?

The revised disclosures and the new Fund name will be set out in the Key Investor Information Documents (KIIDs) and in the Prospectus. The Fund's sustainability characteristics will also be set out in a newly introduced Consumer-Facing Disclosure document, which is required (where a fund has sustainability aims or features) by SDR.

Updated copies of the Fund's KIIDs and Prospectus, and the new Consumer-Facing Disclosure, can be found at https://www.avivainvestors.com/en-gb/capabilities/fund-centre/ from 07 March 2025.

What action should you take?

There is no action for you to take, this letter is only to give you advance notice of the changes.

If you have any queries on these changes, please contact your financial adviser or our Customer Service Team on 0800 051 2003* or internationally on +44 1268 44 8219**. Our opening hours are 8:30am – 5:30pm Monday to Friday, excluding bank holidays. Choose option 1 from the first menu, and then listen to the further menu options.

Alternatively, you can write to us at A**viva Investors Administration Office, PO Box 10410, Chelmsford, CM99 2AY** or email us at **enquiries.uk@avivainvestors.com**. We aim to respond to written enquiries within four working days, but more complex requests may take up to ten working days.

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

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** 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.*

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Appendix 1

Side by side comparison of the current and new investment objective and policy

Current	New from 07 March 2025
Investment Objective	**Investment Objective**
The Fund aims to grow your investment and provide an average annual net return greater than the MSCI® All Country World Index (the "Index") over a rolling 5 year period by investing in shares of global companies responding to climate change by orientating their business models to be resilient in a warmer climate and a lower carbon economy; or providing solutions to mitigate climate change or help communities adapt to the adverse impacts of climate change.	The Fund aims to grow your investment and provide an average annual net return greater than the MSCI® All Country World Index (the "Index") over a rolling 5 year period by investing in shares of global companies responding to climate change by orientating their business models to a lower carbon economy; or providing solutions to mitigate climate change or help communities adapt to the adverse impacts of climate change.
Investment Policy and Strategy (including ESG Criteria)	**Investment Policy, Strategy and Asset Selection Framework**
Core investment: At least 90% of the Fund will be invested in shares of Global Companies responding to climate change which meet the Investment Manager's eligibility criteria as described below. "Global Companies" means companies in any country across the globe, including in emerging markets. **Other investments:** The Fund may also invest in other shares which meet elements of the Investment Manager's eligibility criteria (as described below), funds (including funds managed by Aviva Investors companies), cash, and deposits. Derivatives may be used from time to time to gain market exposure which may be difficult or costly to achieve directly, or to manage the Fund's cash flows in a cost-effective manner, or to reduce risk. This type of derivative usage is called "efficient portfolio management". **Strategy:** The Fund is actively managed. The Investment Manager believes that the risks associated with climate change are currently mispriced, and therefore those companies which are responding to climate change and are currently undervalued present an opportunity to benefit from increases in value over the long term. Companies will be identified as eligible for core investment if they satisfy the "Solutions" or "Transition" criteria and are not excluded on the basis of their fossil fuel activities. "Solutions" - the Investment Manager identifies themes related to mitigating the risk of climate change or helping communities to adapt to the adverse physical impacts of climate change. Companies will initially be assessed as offering "Solutions" depending on whether they derive at	**Core investment:** At least 90% of the Fund will be invested in shares of Global Companies responding to climate change which meet the Investment Manager's eligibility criteria as described below. "Global Companies" means companies in any country across the globe, including in emerging markets. **Other investments:** The Fund may also invest in other shares which meet elements of the Investment Manager's eligibility criteria (as described below), funds (including funds managed by Aviva Investors companies), cash, and deposits. Derivatives may be used from time to time to gain market exposure which may be difficult or costly to achieve directly, or to manage the Fund's cash flows in a cost-effective manner, or to reduce risk. This type of derivative usage is called "efficient portfolio management". **Strategy:** The Fund is actively managed. The Investment Manager believes that the risks associated with climate change are currently mispriced, and therefore those companies which are responding to climate change and are currently undervalued present an opportunity to benefit from increases in value over the long term. **This product does not have a UK sustainable investment label.** This is because – although the Fund has sustainability characteristics - it does not currently meet the criteria for a label. Sustainable investment labels help investors find products that have a specific sustainability goal. They can be applied to funds with an explicit sustainability objective and that meet other specific regulatory criteria for a UK sustainable investment label.

least 20% of their revenue from such themes. Companies meeting this revenue threshold are then assessed using the Investment Manager's proprietary analysis which further examines the revenue sources by business segment to determine whether the business activities satisfy the "Solutions" criteria and the company is eligible for investment. "Transition" - the Investment Manager identifies companies positively aligning to and orientating their business models to be resilient in a warmer climate and a low carbon economy. Companies will be assessed using the Investment Manager's proprietary Transition Risk model. This model identifies the climate change risk for certain subindustries' "Transition Risk", ranking the risk as high, medium or low, and combines this with a score which provides a measure of the quality of climate risk management processes in place at individual companies, calculated using ratings provided by external industry recognised bodies (the "Climate Risk Management Score"). The combination of these two elements determines whether a company satisfies the "Transition" criteria. For example, companies operating in high Transition Risk sub-industries will have to attain a higher Climate Risk Management Score to be deemed as eligible for investment. Fossil fuel exclusions – companies deriving prescribed levels of revenue from certain fossil fuel activities will be excluded from the Fund's core investment. The above criteria create an eligible pool of core investments from which the Investment Manager will select specific companies. Core investments may include companies that are high carbon emitters, but which have in place robust Transition Risk plans and climate risk management processes, as assessed under the Investment Manager's Transition Risk model. Further details on the fossil fuel exclusions, the "Solutions" and "Transitions" criteria, and the ratings provided by external industry recognised bodies for the Climate Risk Management Score, can be found in the Prospectus. **Other Environmental, Social & Governance (ESG) factors:** We actively engage with companies and use voting rights with the aim of positively influencing company behaviour and helping to create competitive returns. In addition, the Fund has other limited exclusions based on Aviva Investors' UK Responsible Investment policy. Further information on how we integrate ESG and the Aviva Investors UK	**Exclusions:** The Fund is subject to fossil fuel (thermal coal, oil and gas) exclusions whereby companies deriving prescribed levels of revenue from certain fossil fuel activities, or companies that have significant reserves of certain fossil fuels, will be excluded from the Fund's core investment. For example, the Fund will not invest in any companies with any revenue from thermal coal reserves, mining or power generation. It will also not invest in any companies with 75% or more revenue from oil and/or gas "value chain" activities, such as petrochemicals, pipelines and transportation. Full details of these fossil fuel exclusions are in the "Additional Sustainability Disclosures" section below. In addition, the Fund is subject to Aviva Investors' baseline exclusion policy. This policy excludes investment in companies engaged in economic activities in some sectors that, in Aviva Investors' view, have sustainability risks that are so severe that providing investment funding to companies active in these sectors, is fundamentally misaligned with Aviva Investors' approach. The baseline exclusion policy excludes investment in companies involved in: manufacturing controversial weapons and tobacco production. The baseline exclusion policy also prohibits investment in companies that exceed a defined revenue threshold from activities including: the production of arctic oil, civilian firearms, oil sands and thermal Coal; and the distribution of tobacco products – **please see Appendix 2 for information on these limited investment restrictions.** If there are any differences between the baseline exclusion policy and the fossil fuel exclusions set out below, the more restrictive exclusions will apply. For the avoidance of doubt, the Investment Manager's screen monitoring and disinvestment approach (as set out in Appendix 2) shall apply in respect of the Fund's fossil fuel exclusions unless otherwise specified. **Asset Selection Framework:** Companies will be identified as eligible for core investment if they satisfy the "Solutions" or "Operations" criteria set out below. "Solutions" - the Investment Manager identifies themes related to mitigating the risk of climate change or helping communities to adapt to the adverse physical impacts of climate change. Companies will initially be assessed as offering "Solutions" depending on whether they derive at least 20% of their revenue from such themes. Companies meeting this revenue threshold are then assessed using the Investment Manager's

Responsible Investment policy into our investment approach, and how we engage with companies is available on our website and in this Prospectus.

Performance and Risk Measurement: The Fund's performance is measured against the Index, after charges and taxes. The Fund's investment process is not constrained by the Index, so it will not hold every company in the Index and may also hold companies that do not form part of it.

The Fund uses a “tracking error” to measure the consistency between the Fund's returns and the returns of the Index. In general, the lower the tracking error, the more consistent the Fund's returns are relative to the Index, and vice-versa. The Fund is expected to have an average yearly tracking error of between 2% and 6% when compared to the Index. In certain conditions the Fund may be outside of this range.

The Index comprises large and medium sized companies, as determined by their market capitalisation (total market value of a company's outstanding shares), from both 23 developed and 26 emerging markets.

The Index has been selected as a benchmark for performance and risk measurement because it provides a measure of global equity market performance and it is therefore an appropriate measure for the Fund's performance.

To allow assessment of the Fund's climate credentials, the Investment Manager will report on key indicators relevant to the Fund’s strategy. Key indicators shall include: “Fossil Fuel” – the proportion of companies in the Fund with fossil fuel exposure; “Solutions” -the proportion of companies in the Fund meeting the “Solutions” revenue threshold; “Transitions” - the proportion of companies in the Fund displaying strong climate governance, which may include but not limited to, the percentage of companies attaining a certain Climate Risk Management Score, and the percentage of companies setting or committing to emission reduction goals which align to Science Based Targets. Such indicators will be shown at Fund level and relative to the Index for comparison purposes and will be published in the Fund fact sheet and refreshed on an annual basis.

proprietary analysis which further examines the revenue sources by business segment to determine whether the business activities satisfy the “Solutions” criteria and the company is eligible for investment. Further information on the “Solutions” criteria is set out in the “Additional Sustainability Disclosures” section below.

“Operations” - the Investment Manager identifies companies that have aligned or are actively aligning their business models and operations to a low carbon economy. Companies will be assessed, using the Investment Manager’s Transition Risk Framework (see below), to see if they meet certain thresholds of operational alignment that are relative to that company’s risk from the transition to a low carbon economy. Companies in high-risk sectors which contribute disproportionately to global greenhouse gas emissions must meet a higher bar for alignment for the Fund to invest in such companies, as their pathways to decarbonisation are more complex. By contrast, companies in medium and low risk sectors are less energy intensive or reliant on fossil fuels, allowing for lower thresholds of operational alignment.

To determine if a company has sufficiently aligned, or is taking sufficient steps to align, its operations to a low carbon economy relative to that company’s risk, companies are assessed using the Investment Manager’s “Transition Risk Framework”, which comprises two core elements: Transition Risk and a Climate Risk Management Score. The combination of these two elements determines whether a company satisfies the “Operations” criteria.

Transition Risk measures the exposure of certain sub-industries to climate change risk, taking into account how exposed they are to the transition to a lower carbon economy. This analysis results in the sub-industries being allocated a Transition Risk rating of “high”, “medium” or “low”.

The Climate Risk Management Score measures the quality of climate governance in place at individual companies, looking at the systems, processes, and leadership within a company that ensure effective oversight, management, and accountability of climate related risks and opportunities. As part of this, the Climate Risk Management Score will take account of how companies are aligning their processes, supply chains, and resource use with a low-carbon economy. The score is created by using multiple data points sourced from third parties or generated internally. For example, the Investment Manager’s Framework will use the data produced by industry recognised bodies

	compiling and reporting on global environmental disclosures. This analysis results in a company being given a Climate Risk Management Score between A and D- (or F for companies that do not provide sufficient information). To be eligible for investment, companies in sub-industries with a “high” Transition Risk will have to achieve a Climate Risk Management Score of A- or above, demonstrating industry leadership in emissions reductions, climate risk management and alignment with global climate targets. Companies in sub-industries with a “medium” Transition Risk will have to achieve a Climate Risk Management Score of B- or above, demonstrating actions are being taken by the company to actively track, mitigate and prevent environmental risks and impacts. Companies in sub-industries with a “low” Transition Risk will have to achieve a Climate Risk Management Score of a C- or above, demonstrating an awareness of how environmental issues impact their businesses, and how their operations affect people and ecosystems. Further information on the “Operations” criteria is set out in the “Additional Sustainability Disclosures” section below. The above criteria create an eligible pool of investments from which the Investment Manager may select specific companies for investment. Prior to investment, additional qualitative checks are carried out on a company to ensure that, in the Investment Manager’s opinion, the company (whether through the Solutions criteria or the Operations criteria) is consistent with the sustainability characteristics of the Fund. Investors should note that core investments may include companies that are high carbon emitters (if they do not fail the fossil fuel screens), but which have been assessed as eligible against either the “Solutions” criteria or the “Operations” criteria. The Investment Manager actively engages with companies and uses voting rights with the aim of positively influencing company behaviour and helping to create competitive returns. **Performance and Risk Measurement**: The Fund's performance is measured against the Index, after charges and taxes. The Fund's investment process is not constrained by the Index, so it will not hold every company in the

	Index and may also hold companies that do not form part of it. The Fund uses a “tracking error” to measure the consistency between the Fund's returns and the returns of the Index. In general, the lower the tracking error, the more consistent the Fund's returns are relative to the Index, and vice-versa. The Fund is expected to have an average yearly tracking error of between 2% and 6% when compared to the Index. In certain conditions the Fund may be outside of this range. The Index comprises large and medium sized companies, as determined by their market capitalisation (total market value of a company's outstanding shares), from both 23 developed and 26 emerging markets. The Index has been selected as a benchmark for performance and risk measurement because it provides a measure of global equity market performance and it is therefore an appropriate measure for the Fund's performance. To allow assessment of the Fund's climate credentials, the Investment Manager will report annually on key indicators relevant to the Fund’s strategy. Key indicators shall include: “Fossil Fuel” - the proportion of companies in the Fund with fossil fuel exposure; “Solutions” - the proportion of companies in the Fund meeting the “Solutions” revenue threshold; “Operations” - the proportion of companies in the Fund categorised as “Operations” companies, including the percentage of companies attaining a Climate Risk Management Score of B- or above. We will also report on the percentage of companies that have set, or are committed to setting, emission reduction goals which align to Science Based Targets. Such indicators will be shown at Fund level and relative to the Index for comparison purposes.

Updated Sustainability Disclosure on the Fund’s Asset Selection Framework – new from 07 March 2025

Additional Sustainability Disclosures – Asset Selection Framework for the Fund
As described in the Investment Objective and Policy, at least 90% of the Fund will invest in shares of global companies responding to climate change, assessed using the Investment Managers “Solutions” or “Operations” criteria and where they are not otherwise excluded on the basis of fossil fuel activities as described further below. <u>“Solutions”</u>

By using the “Solutions” criteria the Investment Manager will identify a pool of companies eligible for investment by the Fund, assessed as providing products and services to support Mitigation and Adaptation themes.

- Mitigation themes seek to mitigate the risk of climate change, for example, sustainable transport, energy efficiency, or renewable energy.
- Adaptation themes seek to help communities to adapt to the adverse physical impacts of climate change, for example, water, health, forestry and agriculture.

Using a variety of data sources including the Investment Managers own research, broker analysis, and MSCI ESG research on clean technology solutions, companies will initially be assessed as providing “Solutions” if they derive at least 20% of their revenue from such themes. Companies meeting this initial revenue threshold are then subject to additional assessment using the Investment Manager’s proprietary analysis which further examines revenue sources by business segment. Only companies satisfying both the revenue threshold and the additional assessment will be regarded as “Solutions” providers and be eligible for investment by the Fund. The assessment is refreshed on an ongoing basis.

<u>“Operations”</u>

By using the “Operations” criteria the Investment Manager identifies companies that are actively aligning or have already aligned their business models and operations to be resilient in a warmer climate and a low carbon economy. Companies are assessed using the Investment Manager’s “Transition Risk Framework” whereby companies are scored (through the Climate Risk Management Score – see below) based on evidence of current or measurable progress towards resilience in a warmer climate and adaptability to a low-carbon economy. For example:

- A company is considered “aligned” – and will therefore receive a higher Climate Risk Management Score - if it has already established robust and transparent strategies, targets, and operational frameworks that are in accordance with internationally recognised climate standards and pathways (e.g., Science Based Targets initiative (SBTi) verification, or equivalent). These strategies outline a pathway consistent with limiting global warming to 1.5°C, incorporating comprehensive emissions reduction targets for Scope 1, Scope 2, and, where material, Scope 3 emissions.
- A company is considered “actively aligning” if it is actively transitioning its business model and operations to align with a low-carbon economy. This includes (for example) companies that have made credible public commitments to adopt science-based decarbonisation pathways, such as SBTi-committed targets (or equivalent) with a defined timeline for verification; and/or are demonstrating measurable progress in implementing key initiatives, such as adopting renewable energy, improving energy efficiency, or transitioning core operations away from high-carbon processes. Evidence of active alignment will also contribute to the company’s Climate Risk Management Score.

As described in the Investment Policy, companies will be assessed as satisfying the "Operations" criteria using the Investment Manager's proprietary Transition Risk Framework which comprises two core elements: Transition Risk and the Climate Risk Management Score.

Transition Risk seeks to measure the exposure of certain sub-industries (as defined by Global Industry Classification Standards) to climate change risk, taking into account how exposed they are to the transition to a lower carbon economy. This analysis results in the sub-industries being allocated a Transition Risk rating, ranking as either high, medium or low. Companies in high risk sectors are those that contribute disproportionately to global greenhouse gas emissions and their pathways to decarbonisation are more complex. By contrast, companies in medium and low risk sectors are less energy intensive or reliant on fossil fuels, allowing for lower thresholds of operational alignment.

The Climate Risk Management Score seeks to measure the quality of climate governance in place at individual companies, looking at the systems, processes, and leadership within a company that ensure effective oversight, management, and accountability of climate related risks and opportunities. As part of this, the Climate Risk Management Score will take account of how companies are aligning their processes, supply chains, and resource use with a low-carbon economy. The score is created by using multiple data points sourced from third parties or generated internally.

The Transition Risk rating and the Climate Risk Management score are combined to determine whether a company satisfies the "Operations" criteria – the higher the Transition Risk, the better the Climate Risk Management Score that is required in order for the company to be an eligible investment for the Fund.

Companies in sub-industries with a "high" Transition Risk – e.g. those with embedded emissions, capital intensive infrastructure and systemic dependencies on fossil fuels – will have to achieve a Climate Risk Management Score of A- or above, demonstrating industry leadership in emissions reductions, climate risk management and alignment with global climate targets. To achieve this rating, a company must provide transparent and comprehensive disclosures of its climate risks and management strategies, demonstrate measurable emissions reductions, and set (or be in the process of setting) credible, science-based targets aligned with a 1.5°C pathway. Additionally, companies must have robust governance frameworks, including board-level oversight of climate risks, and actively align their operations and business strategies with the transition to a low-carbon economy. The types of best practice behaviours required for an A- / A score will vary depending on the relevant industry sector, but examples include:

- Science-Based Targets (SBTi) for emissions reductions: companies should have either made commitments to adopt SBTi targets (or equivalent) with a defined timeline for verification or already have SBTi-verified targets (or equivalent) that cover Scope 1, Scope 2 and, where material, Scope 3 emissions.

- Robust transition plans: for example, companies should demonstrate alignment of capital expenditures (CapEx) with decarbonisation goals, ensuring investments are directed towards low-carbon technologies or infrastructure.
- Good governance: Climate risks and opportunities should be integrated into corporate governance, with dedicated board-level oversight of climate strategy.

A “low” Transition Risk company will contribute less to global emissions and/or face fewer immediate risks from the transition to a low-carbon economy (for example, companies in education services, broadcasting or similar services industries). The urgency for these types of companies to decarbonise their operations may be less critical (when compared to higher risk companies), but they must still demonstrate a clear awareness of their potential impact and the evolving expectations around climate change. Companies in sub-industries with a “low” Transition Risk will therefore have to achieve a Climate Risk Management Score of a C- or above. This score demonstrates that the company has provided evidence that they have looked at the implications of environmental issues for their business and how their operations affect people and ecosystems. This score does not indicate that a company has taken any actions to address issues beyond initial screenings and assessments, but that they are taking steps to look into environmental issues.

It is expected that the threshold for operational alignment will continue to raise over time (for all risk categories) as expectations around climate risk management continue to develop. Outputs from the Transition Risk Framework will be refreshed annually.

<u>The Fund’s Fossil Fuel Exclusions</u>

Fossil fuels contribute a significant amount to global greenhouse gas emissions. Therefore, companies deriving the levels of revenue from the fossil fuel activities described below will be specifically excluded from the definition of companies responding to climate change and shall not be eligible to contribute to the 90% core investment.

Issue	**Negative Screening Criteria**
Thermal Coal	• Any revenue from thermal coal mining or thermal coal-fired power generation. • Any thermal coal reserves.
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***.
*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.	