

AVIVA INVESTORS INVESTMENT SOLUTIONS

Société d'Investissement à Capital Variable
Registered office: 2 rue du Fort Bourbon, L-1249 Luxembourg
R.C.S. Luxembourg B 152 783
(the "Fund")



NOTICE TO SHAREHOLDERS OF AVIVA INVESTORS INVESTMENT SOLUTIONS

Luxembourg, 5 July 2024

Dear Shareholder,

We would like to inform you that the Climate Engagement Escalation Program (the "CEEP"), one of the ESG factors applied to the sub-fund Emerging Markets Debt Fund (the "Sub-Fund") categorized under article 8 SFDR, which was put in place by the Investment Manager in February 2021 for a period of three years, has ended at the end the first quarter of 2024. The Investment Manager continues to actively engage with companies with the aim of helping to create competitive returns and positively influencing company behaviour.

Consequently, the Board of Directors of the Fund has decided to remove all the references to the CEEP included in the prospectus of the Fund (the "Prospectus") and in the article 8 SFDR Sub-Fund's Pre-contractual Disclosure (the "Annex II – Pre-contractual Disclosure"), as detailed below:

1. Removal of all reference to the CEEP in the Prospectus

a. The current description of the Investment Manager's priorities is disclosed as follows:

"The Investment Manager's priorities

(...)

- *Climate*

Aviva Investors is taking bold steps to help tackle the climate crisis and plan to become a net zero carbon emissions asset manager by 2040, and the Investment Manager is taking action through the Climate Engagement Escalation Program detailed below, the Investment Manager is therefore prioritising mandatory corporate environmental PAI indicator (3) pertaining to Greenhouse Gas ("GHG") intensity of investee companies and mandatory sovereign environmental PAI (15) pertaining to GHG intensity of investee countries.

(...)"

The description of the Investment Manager's priorities will be amended as follows:

"The Investment Manager's priorities

(...)

- *Climate*

Aviva Investors is taking bold steps to help tackle the climate crisis and plans to become a net zero carbon emissions asset manager by 2040, and the Investment Manager is taking action through the Climate

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~~Engagement Escalation Program detailed below, the Investment Manager is therefore prioritising mandatory corporate environmental PAI indicator (3) pertaining to Greenhouse Gas ("GHG") intensity of investee companies and mandatory sovereign environmental PAI (15) pertaining to GHG intensity of investee countries.~~
(...)"

The current description of the Investment Manager's ESG approach is disclosed as follows:

" *The Investment Manager's ESG approach*

The following four key ESG factors apply as part of the ESG process applicable to Article 8 Sub-Funds managed by the Investment Manager:

1. *ESG Baseline Exclusions Policy*
2. *Climate Engagement Escalation Program (CEEP)*
3. *Corporate Good Governance Qualitative Assessment*
4. *ESG Sovereign Assessment*

(...)"

2. *Climate Engagement Escalation Program*

The Investment Manager considers climate change to be the greatest systemic challenge facing society, the global economy and individual companies. Failure to act will have catastrophic and pervasive consequences, including for capital markets and asset valuations. Consequently, climate considerations, with respect to physical and transition risk, are embedded within the Investment Manager's fundamental investment processes, macroeconomic outlook, asset allocation, portfolio construction and active ownership approach.

The Investment Manager recognises that for its engagement approach to have impact, it must be accompanied by a robust escalation process. There are a number of escalation tools available to the Sub-Funds managed by the Investment Manager as investors including the ultimate sanction of divestment. The climate engagement escalation program includes companies from the oil and gas, metals and mining and utilities sectors that substantially contribute to total global carbon emissions. Its stipulations include:

1. *Adoption of a 2050 net zero goal (1.5-degree alignment)*
2. *Commitment to the Science Based Targets Initiative framework*
3. *Integration of climate goals into business strategy including capital expenditure framework*
4. *Setting of short- and medium-term climate targets and milestones*
5. *Alignment of management incentives to climate goals*
6. *Reporting on progress using the TCFD framework*
7. *Prohibition of direct and indirect lobbying deemed contrary to the company's public climate commitments*

The responsiveness of the companies in scope will be determined by a qualitative assessment of progress against the Investment Manager's climate engagement framework and quantitative improvements against its proprietary climate transition risk model.

Progress will be monitored on a six-monthly basis, at which point the Investment Manager will determine the need for escalation. This may include votes against directors, the filing of shareholder proposals, and working

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with aligned stakeholder groups to apply further pressure. Companies that fail to make sufficient progress at the conclusion of the program will trigger full divestment."

The description of the Investment Manager's ESG approach will be amended as follows:

" The Investment Manager's ESG approach

*The following ~~four~~ **three** key ESG factors apply as part of the ESG process applicable to Article 8 Sub-Funds managed by the Investment Manager:*

- 1. ESG Baseline Exclusions Policy*
- ~~2. Climate Engagement Escalation Program (CEEP)~~*
- 2. Corporate Good Governance Qualitative Assessment*
- 3. ESG Sovereign Assessment*
- (...)*

~~2. Climate Engagement Escalation Program~~

~~The Investment Manager considers climate change to be the greatest systemic challenge facing society, the global economy and individual companies. Failure to act will have catastrophic and pervasive consequences, including for capital markets and asset valuations. Consequently, climate considerations, with respect to physical and transition risk, are embedded within the Investment Manager's fundamental investment processes, macroeconomic outlook, asset allocation, portfolio construction and active ownership approach.~~

~~The Investment Manager recognises that for its engagement approach to have impact, it must be accompanied by a robust escalation process. There are a number of escalation tools available to the Sub-Funds managed by the Investment Manager as investors including the ultimate sanction of divestment. The climate engagement escalation program includes companies from the oil and gas, metals and mining and utilities sectors that substantially contribute to total global carbon emissions. Its stipulations include:~~

- ~~1. Adoption of a 2050 net zero goal (1.5-degree alignment)~~*
- ~~2. Commitment to the Science Based Targets Initiative framework~~*
- ~~3. Integration of climate goals into business strategy including capital expenditure framework~~*
- ~~4. Setting of short- and medium-term climate targets and milestones~~*
- ~~5. Alignment of management incentives to climate goals~~*
- ~~6. Reporting on progress using the TCFD framework~~*
- ~~7. Prohibition of direct and indirect lobbying deemed contrary to the company's public climate commitments~~*

~~The responsiveness of the companies in scope will be determined by a qualitative assessment of progress against the Investment Manager's climate engagement framework and quantitative improvements against its proprietary climate transition risk model.~~

~~Progress will be monitored on a six-monthly basis, at which point the Investment Manager will determine the need for escalation. This may include votes against directors, the filing of shareholder proposals, and working~~

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~~with aligned stakeholder groups to apply further pressure. Companies that fail to make sufficient progress at the conclusion of the program will trigger full divestment."~~

2. Removal of all reference to the CEEP in the Sub-Fund's Annex II – Pre-contractual Disclosure

The Sub-Fund's Annex II – Pre-contractual Disclosure currently makes reference to the CEEP in the question "What environmental and/or social characteristics are promoted by this financial product?", as follows:

"(...) B. In February 2021, Aviva Investors announced its Climate Engagement Escalation Programme' (the "Programme") which will require 30 companies regarded as 'systemically important carbon emitters' to deliver net zero scope 3 emissions by 2050 and establish robust transition roadmaps to demonstrate their commitment to immediate action on climate change as the world's carbon budget diminishes.

The Programme will run for between one and three years, depending on individual company circumstances, and incorporate clear escalation measures for non-responsive businesses or those that do not act quickly enough. Aviva Investors is committed to full divestment of targeted companies that fail to meet its climate expectations. Divestments will apply across the firm's equity and debt exposures."

The Sub-Fund's Annex II – Pre-contractual Disclosure to the question "What environmental and/or social characteristics are promoted by this financial product?" will be amended as follows:

~~*"(...) B. In February 2021, Aviva Investors announced its Climate Engagement Escalation Programme' (the "Programme") which will require 30 companies regarded as 'systemically important carbon emitters' to deliver net zero scope 3 emissions by 2050 and establish robust transition roadmaps to demonstrate their commitment to immediate action on climate change as the world's carbon budget diminishes.*~~

~~*The Programme will run for between one and three years, depending on individual company circumstances, and incorporate clear escalation measures for non-responsive businesses or those that do not act quickly enough. Aviva Investors is committed to full divestment of targeted companies that fail to meet its climate expectations. Divestments will apply across the firm's equity and debt exposures."*~~

This change will have a minimal impact on the Sub-Fund's investment policy or strategy, and will have no impact on the Sub-Fund's risk profile or portfolio's composition.

It should be noted that the other key ESG factors applied to the Sub-Fund categorized as article 8 SFDR will remain unchanged.

An updated version of the Prospectus reflecting the change referred to above will soon be available, free of charge, upon request, at the registered office of the Fund.

Capitalised terms not defined herein shall have the meaning given to them in the Prospectus of the Fund.

Should you require further information about the changes mentioned above, please contact the following email address: Aviva.TA.LUX@bnymellon.com.


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Yours sincerely,

On behalf of the Board of Directors

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