

NOTICE TO SHAREHOLDERS OF AVIVA INVESTORS – CLIMATE TRANSITION EUROPEAN EQUITY FUND

Luxembourg, 14 February 2023

Dear Shareholder,

We would like to inform you that the Board of Directors of the Fund (the "**Board**") has decided to amend the description of the *Aviva Investors – Climate Transition European Equity Fund* (the "**Sub-Fund**") as disclosed in the prospectus of the Fund (the "**Prospectus**"). This includes amendments to the investment objective and investment policy, the benchmark related disclosures, as well as to the strategy and sustainability disclosures, all as detailed below.

Please also note that the "Asset Selection Model" for the Sub-Fund which was previously included under the "Responsible Investment" section in the general part of the Prospectus has been re-allocated to the Sub-Fund's description section and re-named "Asset Selection Framework". Amendments to this section are also detailed below.

For the avoidance of doubt, these amendments are only for clarification purposes and do not impact the Sub-Fund's asset allocation or risk profile.

1. Investment Objective

The current investment objective of the Sub-Fund is the following:

"Investment Objectives

To increase the value of the Shareholder's investment over the long term (5 years or more), by investing in equities of companies which are deemed to be responding to climate change effectively."

The Board has resolved to amend the investment objective of the Sub-Fund so to read as follows:

"Investment Objectives

*To increase the value of the Shareholder's investment over the long term (5 years or more), **and aim to support the transition towards a net zero economy that is also more resilient to higher temperatures**, by investing in equities of companies ~~which that are deemed to be responding to~~ **either providing solutions that help tackle the impacts of climate change effectively or transitioning their business models towards a net zero and/or warmer economy, and by engaging with portfolio companies.**"*

2. Investment Policy

The current investment policy of the Sub-Fund is the following:

"Investment Policy

The Sub-Fund invests principally in the equities of European companies responding to climate change which meet the Investment Manager's eligibility criteria as described below and it excludes fossil fuel companies. The Sub-Fund has two investment sleeves:

- a Solutions sleeve, which allocates to stocks of companies whose goods and services provide solution for climate change mitigation and adaptation;
- a Transition sleeve, which allocates to stocks of companies positively aligning to and orientating their business models to be resilient in a warmer climate and a low-carbon economy.

Specifically, the Sub-Fund invests in equities and equity-related securities of companies that have their registered office, or do most of their business, in Europe.

Equity-related securities can include ADRs, GDRs, options on equities, exchange-traded warrants and convertible securities, participation certificates and profit sharing certificates, among others. The Sub-Fund does not buy equity warrants but may hold any it receives in connection with equities it owns."

The Board has resolved to amend the investment policy of the Sub-Fund so to read as follows:

"Investment Policy

The Sub-Fund invests principally in the equities of European companies responding to climate change which meet the Investment Manager's eligibility criteria as described below and it excludes fossil fuel companies.

The Sub-Fund has two investment sleeves:

- a "Solutions" sleeve, which allocates to stocks of companies ~~whose goods~~ **that are deemed to be contributing to the objective by providing products** and services ~~provide solution~~ for climate change mitigation and adaptation;
- a "Transition" sleeve, which allocates to stocks of companies **that are deemed to be contributing to the objective by reducing their impact on climate change through their operations or that are** positively aligning to and orientating their business models to be resilient in a warmer climate and a low-carbon economy **and in doing so, better managing their environmental risks and opportunities.**

Specifically, the Sub-Fund invests in equities and equity-related securities of companies that have their registered office, or do most of their business, in Europe.

Equity-related securities can include ADRs, GDRs, options on equities, exchange-traded warrants and convertible securities, participation certificates and profit-sharing certificates, among others. The Sub-Fund does not buy equity warrants but may hold any it receives in connection with equities it owns. (...)"

3. Strategy

The current Strategy of the Sub-Fund is the following:

"Strategy

The Sub-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.

The Sub-Fund Investment Manager excludes fossil fuel companies from the investment universe using the following criteria:

- >0% revenues from thermal coal, unconventional fossil fuels, Arctic gas & oil production or thermal coal electricity generation;
- > 0% Thermal Coal Reserves (metric tonnes);
- > 0% Unconventional Oil and Gas reserves (mmbobe);
- >= 1000 Total Oil and Gas reserves (mmbobe);
- >=10% revenues from oil & gas extraction and production* and liquid fuels electricity generation;
- >=15% revenues from natural gas electricity generation**;
- >= 75% revenues from Oil and Gas Distribution & Retail, Equipment & Services, Petrochemicals, Pipelines and Transportation, Refining or Trading. ***

Companies within that ex-fossil fuel universe are then identified as solution providers, transition leaders or both, using Aviva Investors' proprietary climate selection model.

The Investment Manager will also exclude direct investments in companies which manufacture products that seek to do harm when used as intended. This would include:

- Companies manufacturing tobacco products.

Further details on the "Solutions" and "Transitions" criteria can be found in the section "Responsible Investment" in the Prospectus. The Sub-Fund will be managed on an unconstrained basis and will typically hold a concentrated portfolio of stocks selected without reference to index weight or size."

The Board has resolved to amend the Strategy of the Sub-Fund so to read as follows:

"Strategy

The Sub-Fund is actively managed. The Investment Manager believes that the risks **and opportunities** associated with climate change **and the necessary measures to transform the economy into one that is net zero** are currently mispriced, ~~and therefore those~~. **Therefore**, companies which are ~~responding to better managing their impact on the climate change and are currently undervalued~~, present an opportunity to benefit from increases in value over the long term.

A net zero economy is one where the level of GHG emissions is reduced to as close to zero as possible, with any residual amounts emitted matched by removal. An economy that is more resilient to higher temperatures is one that has adjusted to actual and expected climate change and its impacts.

Recognising that the UN Sustainable Development Goals ("SDGs") are interlinked and targeting specific goals will also likely have positive outcomes on other SDGs, the Sub-Fund is primarily targeting the following SDG:

- **SDG 7: Affordable and Clean Energy**
- **SDG 13: Climate Action**

Companies will be identified as ~~eligible for a~~ **Core Investment** if they satisfy the "Solutions" or "Transitions" **eligibility** criteria **set out below** and are not excluded ~~on the basis of their fossil fuel activities~~.

~~The Sub-Fund Investment Manager excludes fossil fuel companies from the core investment universe using the following criteria:~~

- ~~• 0% revenues from thermal coal, unconventional fossil fuels, Arctic gas & oil production or thermal coal electricity generation;~~
- ~~• → 0% Thermal Coal Reserves (metric tonnes);~~
- ~~• → 0% Unconventional Oil and Gas reserves (mmb00e);~~
- ~~• → ≠ 1000 Total Oil and Gas reserves (mmb00e);~~
- ~~• → ≠ 10% revenues from oil & gas extraction and production* and liquid fuels electricity generation;~~
- ~~• → ≠ 15% revenues from natural gas electricity generation**;~~
- ~~• → ≠ 75% revenues from Oil and Gas Distribution & Retail, Equipment & Services, Petrochemicals, Pipelines and Transportation, Refining or Trading.***~~

~~Companies within that ex-fossil fuel universe are then identified as solution providers, transition leaders or both, using Aviva Investors' proprietary climate selection model.~~

~~The Investment Manager will also exclude direct investments in companies which manufacture products that seek to do harm when used as intended. This would include:~~

- ~~• Companies manufacturing tobacco products.~~

~~Further details on the "Solutions" and "Transitions" criteria can be found in the section "Responsible Investment" in the Prospectus.~~

The Sub-Fund will follow the Investment Manager's Sustainable Transition Equity Exclusion Policy which is designed to ensure no significant harm is caused to the climate, natural capital or people. It is comprised of three levels of exclusions:

- Level 1: The Investment Manager's ESG Baseline Exclusions Policy.**
- Level 2: A set of exclusions that apply across all equity Sub-Funds in the Sustainable Transition fund range focussing on climate, nature and social related issues.**
- Level 3: Where relevant, exclusions specific to the Sub-Fund. However, for this Sub-Fund there are currently no Level 3 exclusions applied. However for this Sub-Fund there are currently no Level 3 exclusions applied.**

Further information on the Sustainable Transition Equity Exclusion Policy can be found within the Annex II - Pre-contractual Disclosure and on the website <https://www.avivainvestors.com/en-gb/about/responsible-investment/policies-and-documents/>.

The Sub-Fund will be managed on an unconstrained basis and will typically hold a concentrated portfolio of stocks selected without reference to index weight or size."

4. Sustainability Disclosures

The current Sustainability Disclosures of the Sub-Fund are as follows:

"Sustainability Disclosures

Environmental, Social & Governance factors (ESG) and Sustainability Risk indicators are therefore integrated into the investment process and are a key determinant based on which companies are selected. This Sub-Fund does promote environmental or social characteristics, however it does not have a sustainable investment objective.

The investment manager integrates qualitative and quantitative data on adverse sustainability impacts into its investment process. In addition, all investments that are selected as part of the Investment Manager's ESG analysis must follow good governance practices, and not be excluded by the Investment managers ESG Baseline Exclusions Policy.

Additional information regarding Taxonomy Regulation compliance is available under the section "Taxonomy Regulation Disclosures".

Further information regarding how the Investment Manager integrates ESG into its investment approach, its proprietary ESG model and how it engages with companies is available under the "Responsible Investment" section of the Prospectus and on the website www.avivainvestors.com."

The Board has resolved to amend the Sustainability Disclosures of the Sub-Fund so to read as follows:

"Sustainability Disclosure

*Environmental, Social & Governance factors (ESG) and Sustainability Risk indicators are ~~therefore~~ integrated into the investment process and are a key determinant based on which companies are selected. This Sub-Fund ~~does~~ promotes environmental or social characteristics, however it does not have a sustainable investment objective. **The Sub-Fund has elected to report under the Article 8 disclosure regime of the EU Sustainable Finance Disclosure Regulation ("SFDR"). Refer to the Risk Descriptions section for a description of the manner in which sustainability risks are integrated in the investment decisions and the results of the assessment of the impact of these risks on the returns of the Sub-Fund.***

*The ~~investment~~ ~~manager~~ ~~integrates~~ qualitative and quantitative data on adverse sustainability impacts into its investment process. In addition, all investments that are selected as part of the Investment Manager's ESG analysis must follow good governance practices, and not be excluded by the Investment ~~managers~~ **Manager's** ESG Baseline Exclusions Policy.*

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 and carry out "macro stewardship" of the broader financial system through engagement with policymakers and regulators to seek correction of material market failures and mitigation of systemic risks.

Additional information regarding Taxonomy Regulation compliance is available under the section "Taxonomy Regulation Disclosures".

*Further information regarding how the Investment Manager integrates ESG into its investment approach, ~~its proprietary ESG model~~ and how it engages with companies is available under the "Responsible Investment" section of the prospectus and on the website www.avivainvestors.com **<https://www.avivainvestors.com/en-gb/capabilities/sustainable-finance-disclosure-regulation/>**."*

5. Benchmark

The Benchmark's current disclosures are as follows:

"Benchmark (performance comparison) MSCI Europe Net TR.

The Sub-Fund's performance is compared against the MSCI Europe Net TR (the "Benchmark" or the "Index"), however the reference benchmark is not aligned with all of the environmental or social characteristics promoted by the Sub-Fund. The Sub-Fund does not base its investment process upon the Index so will not hold every component in the Index and may also hold equities that do not form part of it. The Sub-Fund is expected to have an average yearly tracking error of between 2% and 6% when compared to the Index. In certain conditions the Sub-Fund may be outside of this range.

To allow assessment of the Sub-Fund's climate credentials, the Investment Manager will report on key indicators relevant to the Sub-Fund's strategy. Key indicators shall include:

"Fossil Fuel" – the proportion of companies in the Sub-Fund with fossil fuel exposure;

"Solutions" -the proportion of companies in the Sub-Fund meeting the "Solutions" revenue threshold;

"Transitions"- the proportion of companies in the Sub-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 Sub-Fund level and relative to the Index for comparison purposes and will be published in the Sub-Fund fact sheet and refreshed on an annual basis."

The Board has resolved to amend the Benchmark related disclosures, so to read as follows:

"Benchmark (performance comparison) MSCI Europe Net TR.

The Sub-Fund's performance is compared against the MSCI Europe Net TR (the "Benchmark" or the "Index"), however the reference benchmark is not aligned with all of the environmental or social characteristics promoted by the Sub-Fund. The Sub-Fund does not base its investment process upon the Index so will not hold every component in the Index and may also hold equities that do not form part of it.

The Sub-Fund is expected to have an average yearly tracking error of between 2% and 6% when compared to the Index. In certain conditions the Sub-Fund may be outside of this range.

To allow assessment of the Sub-Fund's climate credentials, the Investment Manager will report on the sustainable outcomes of the Sub-Fund including key indicators relevant to the Sub-Fund's strategy.

Key indicators shall include:

~~*"Fossil Fuel" – the proportion of companies in the Sub-Fund with fossil fuel exposure;*~~

~~*"Solutions" – the proportion of companies in the Sub-Fund meeting the "Solutions" revenue threshold;*~~

~~*"Transitions" – the proportion of companies in the Sub-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 Sub-Fund level and relative to the Index for comparison purposes and will be published in the Sub-Fund fact sheet and refreshed on an annual basis report."*~~

6. Asset Selection Model

The Sub-Fund's Asset selection Model is currently detailed in the "Responsible Investment" section in the general part of the Prospectus, as follows:

"Climate Transition funds: Asset Selection Model

The Investment Manager's "Solutions" or "Transitions" criteria are described as follows:

"Solutions"

By using the "Solutions" criteria the Investment Manager will identify a pool of companies eligible for investment by the Sub-Funds, assessed as providing products and services to support climate 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 Manager's 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 detailed assessment will be regarded as "Solutions" providers and be eligible for investment by the Sub-Funds. The assessment is refreshed on an ongoing basis.

"Transitions"

By using the "Transitions" criteria 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.

There are strong links between carbon emissions and global warming. As a result, the UN Paris Agreement on climate change aims for economies to remove as many emissions as they produce (be "Net zero") by 2050, with the aim of keeping the increase in global average temperatures within 1.5C above preindustrial levels.

Companies will be assessed as satisfying the "Transitions" criteria using the Investment Manager's proprietary Transition Risk Model which comprises two core elements: Transition Risk and the Climate Risk Management Score. Further details on these elements are described below:

Transition Risk seeks to measure the exposure of certain subindustries (covering 8 sectors, 24 industries and 159 subindustries) to climate change risk, taking into account how exposed they are to the adverse physical impacts of climate change, and how exposed they are given the ambition to 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.

The Climate Risk Management Score seeks to measure the quality of climate governance in place at individual companies. The score is provided by external industry recognised bodies and is currently provided by CDP (previously known as the Carbon Disclosure Project). CDP is a global authority on assessing corporate climate, water and forest risk management practices. CDP issue an annual questionnaire to the world's largest companies (6000 in 2018), and the responses are scored from A-D- providing an assessment of the quality of climate risk management in place at the company.

The Transition Risk Model currently operates so that the Transition Risk rating and the CDP score are combined to determine whether a company satisfies the "Transition" criteria.

For example, companies in sub-industries rated as having a high Transition Risk (e.g. chemicals and automobiles) will have to demonstrate high climate risk management processes (e.g. a CDP score of B or above) to be deemed as eligible for investment by the Sub-Funds. Any company attaining a CDP score of D- or below will not be eligible for investment. Outputs from the Transition Risk Model will be refreshed annually."

The Board has resolved to amend the Asset Selection Model disclosures and include such information in the Sub-Fund's description, so to read as follows:

~~"Climate Transition funds: Asset Selection Model Framework"~~

The Investment Manager's "Solutions" or "Transitions" **eligibility** criteria are described as follows:

~~"Solutions"~~

By using the "Solutions" **eligibility** criteria, the Investment Manager will identify a pool of companies eligible for investment by the Sub-Funds, assessed as providing products and services to support climate Mitigation and Adaptation themes.

- Mitigation themes seek to mitigate the risk of climate change, **and include**, 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, **and include** for example, water, health, forestry and agriculture.

~~Using a variety of data sources including the Investment Manager's own research, broker analysis, and MSCI ESG research on clean technology solutions~~ **third-party data providers**, 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 detailed assessment will be regarded as "Solutions" providers and be eligible for investment by the Sub-Funds. The assessment is refreshed on an ongoing basis.~~

~~"Transitions"~~

By using the "Transitions" **eligibility** criteria the Investment Manager identifies companies **that are supporting the transition towards a net zero economy by reducing their negative impact or positively aligning to and orientating their business models to be resilient in a warmer climate and a low carbon economy and, in doing so, better managing their environmental risks and opportunities.**

~~There are strong links between carbon emissions and global warming. As a result, the UN Paris Agreement on climate change aims for economies to remove as many emissions as they produce (be "Net zero") by 2050, with the aim of keeping the increase in global average temperatures within 1.5C above preindustrial levels.~~

Companies will be assessed as satisfying the "Transitions" **eligibility** criteria using the Investment Manager's proprietary Transition Risk Model which comprises two core elements: Transition Risk and the Climate Risk Management Score. ~~Further details on these elements are described below:~~

Transition Risk seeks to measure the exposure of certain subindustries (covering 8 sectors, 24 industries and 159 subindustries) to climate change risk, taking into account how exposed they are to the adverse physical impacts of climate change, and how exposed they are given the ambition to 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.

The Climate Risk Management Score seeks to measure the quality of climate governance in place at individual companies. The score is provided by external industry recognised bodies and is currently provided by CDP (previously known as the Carbon Disclosure Project). CDP is a global authority on assessing corporate climate, water and forest risk management practices. CDP issue an annual questionnaire to the world's largest companies (6000 in 2018), and the responses are scored from A-D- providing an assessment of the quality of climate risk management in place at the company.

The Transition Risk Model currently operates so that the Transition Risk rating and the CDP score are combined to determine whether a company satisfies the "Transition" **eligibility** criteria.

AVIVA INVESTORS

Société d'Investissement à Capital Variable
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R.C.S. Luxembourg B 32 640
(the "Fund")



For example, companies in sub-industries rated as having a high Transition Risk (e.g. chemicals and automobiles) will have to demonstrate high climate risk management processes (e.g. a CDP score of B or above) to be deemed as eligible for investment by the Sub-Funds. Any company attaining a CDP score of D- or below will not be eligible for investment. Outputs from the Transition Risk Model will be refreshed annually

Further details can be found in the Annex II – Pre-contractual disclosure.”

An updated version of the Prospectus dated February 2023 reflecting the changes 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: csaviva@rbc.com

Yours sincerely,

A handwritten signature in black ink that reads "Paula Concordea".

Paula Concordea
On behalf of the Board of Directors