

Principal adverse sustainability impacts due diligence statement

Summary

Aviva Investors Luxembourg S.A. Legal Entity Identifier 549300JYCIQECRTGQR50, considers principal adverse impacts of its investment decisions on sustainability factors. This statement is the consolidated statement on principal adverse impacts on sustainability factors of Aviva Investors Luxembourg.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1st January 2024 until 31st December 2024.

Description of the principal adverse impacts to sustainability factors

Economic activities may cause or contribute to negative effects on sustainability factors. In the context of SFDR (Sustainable Finance Directive Regulation), the most significant negative effects on sustainability factors that are material or likely to be material are referred to as principal adverse impacts ("PAI").

We believe that companies and sovereign entities conducting themselves in a responsible manner with good governance practices, high standards of integrity and a sustainable business model should be better positioned to deliver long-term risk-adjusted returns to investors. As such, adverse impacts on sustainability factors can increase the risk to the long-term value (or volatility) of investments. Understanding the environmental, social and governance ("ESG") risks and opportunities, and the adverse sustainability impacts of our investments helps us to make better-informed investment decisions, potentially leading to enhanced client outcomes. ESG considerations are one of many inputs into the investment decision-making process and are not binding on our asset managers' decisions beyond any specific criteria outlined in product specific documentation.

As an asset manager with scale and global reach, our sustainability approach uses engagement, voting and investment decisions to support the transition to a sustainable future. We engage with stakeholders at multiple levels in the financial system, including with policymakers and regulators, to unlock long-term value for investors – an approach we call 'holistic stewardship'.

We recognise that the transition to a lower-carbon future requires investment in high-emissions sectors that will transition over time, and as such we continue to include in our investment universe 'transitioning' companies and sovereign entities that are demonstrating positive change or where we see potential to influence their transition through our stewardship and engagement activities. We, therefore, do not simply screen out systematically those investments that may have caused adverse sustainability impacts. However, there are certain sectors and economic activities where we do not invest given they are misaligned with our overarching approach to sustainability. Currently, we exclude companies deriving a prescribed proportion of their revenue from the manufacture and maintenance of controversial weapons (this does not include companies that manufacture nuclear weapons, if the countries the weapons are provided for are committed to the UN

Non-Proliferation Treaty (NPT), and if an actor is considered to have undermined the NPT we will take guidance from the UK government), thermal coal, unconventional fossil fuels and both the manufacture and distribution of tobacco. We also seek to exclude companies that we deem to have materially violated the principles of the United Nations Global Compact (UNGC) after taking into account any commitment they may have made to remediating action. Our approach to exclusions and ESG integration is described in more detail below in the section 'How we mitigate adverse sustainability impacts'.

SFDR provides 14 mandatory PAI indicators for corporate issuers and a smaller selection of mandatory indicators for government debt and real estate assets. These mandatory indicators range from carbon emissions, fossil fuel exposure and waste levels to gender diversity, due diligence on human rights and exposure to controversial weapons. In addition, SFDR also proposes a large number of 'voluntary' environmental and social indicators from which asset managers must select two as a minimum. The SFDR PAI indicators and metrics are set out in Appendix A, including the voluntary SFDR indicators that have been selected by Aviva Investors which are also described below.

In accordance with SFDR, Aviva Investors will disclose its exposure to these indicators across relevant EU-domiciled funds and products that are managed by Aviva Investors Luxembourg S.A. Note the data shown below will not take into account funds launched in the fourth quarter of 2024, as we do not have sufficient data to report on them. The activity described in relation to the data is firm-wide and is relevant across the business's approach to ESG integration and our engagement priorities.

Indicators applicable to investments on sustainability factors

Mandatory indicators applicable to investments in investee companies relating to climate and other environmental matters							
Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for next reference period
Greenhouse gas emissions	1. GHG Emissions	Scope 1 GHG emissions	1,094,590	1,352,904	1,207,981	Sum of portfolio companies' Carbon Emissions - Scope 1 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash. Coverage: <60%	<ul style="list-style-type: none">During the year, our expectations on corporates focused on companies developing and publishing robust and financially viable climate transition plans that consider decarbonisation strategy, capital allocation and a just transition.We continue to utilise our more holistic “value chain” approach within our engagement activity – focusing on bringing together relevant players across sectors to address bottlenecks impeding decarbonisation.We did not support management resolutions at a number of company AGMs as they fell short of our climate expectations.We note that coverage for the majority of GHG-related indicators has fallen by c.10% versus 2023.
		Scope 2 GHG emissions	278,101	339,935	309,530	Sum of portfolio companies' Carbon Emissions - Scope 2 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash. Coverage: <60%	
		Scope 3 GHG emissions	9,590,977	10,575,536	9,114,091	Sum of portfolio companies' Scope 3 - Total Emission Estimated (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash. Coverage: <60%	
		Total GHG emissions	10,963,683	12,268,375	10,631,602	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with the market value of the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise	

						value including cash). Coverage: <60%	<ul style="list-style-type: none"> We will continue to consider this theme as one of our sustainability priorities in our integration and stewardship activity over the next reference period.
	2. Carbon Footprint	Carbon footprint	139	170	144	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with 1 million EUR invested in the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). Coverage: <60%	
	3. GHG Intensity of investee companies	GHG intensity of investee companies	868	831	985	The portfolio's weighted average of its holding issuers' GHG Intensity (Scope 1, Scope 2 and estimated Scope 3 GHG emissions/ EUR million revenue). Coverage: <60%	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	3.97%	3.82%	4.93%	The percentage of the portfolio's market value exposed to issuers with fossil fuels related activities, including extraction, processing, storage and transportation of petroleum products, natural gas, and thermal and metallurgical coal. Coverage: <60%	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	69.42%	69.72%	71.73%	The portfolio's weighted average of issuers' energy consumption and/or production from non-renewable sources as a percentage of total energy used and/or generated. Coverage: <60%	

6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	<p>A – Agriculture, Forestry and Fishing: 0.28 GWH per €M revenue</p> <p>B – Mining and quarrying: 2.21 GWH per €M revenue</p> <p>C – Manufacturing: 0.92 GWH per €M revenue</p> <p>D – Electric, Gas, Steam, Electricity and Air Conditioning Supply: 3.64 GWH per €M revenue</p> <p>E – Water supply, Sewerage, Waste Management and Remediation Activities: 0.61 GWH per €M revenue</p> <p>F – Construction: 0.25 GWH per €M revenue</p> <p>G – Wholesale and retail Trade, repair of motor vehicles and motorcycles: 0.43 GWH per €M revenue¹</p>	<p>A – Agriculture, Forestry and Fishing: 0.81 GWH per €M revenue</p> <p>B – Mining and quarrying: 5.26 GWH per €M revenue</p> <p>C – Manufacturing: 1.77 GWH per €M revenue</p> <p>D – Electric, Gas, Steam, Electricity and Air Conditioning Supply: 5.69 GWH per €M revenue²</p> <p>E – Water supply, Sewerage, Waste Management and Remediation Activities: 0.74 GWH per €M revenue</p> <p>F – Construction: 0.19 GWH per €M revenue</p> <p>G – Wholesale and retail Trade, repair of motor vehicles and motorcycles: 0.32</p>	<p>A – Agriculture, Forestry and Fishing: 0.59 GWH per €M revenue</p> <p>B – Mining and quarrying: 15.40 GWH per €M revenue</p> <p>C – Manufacturing: 2.17 GWH per €M revenue</p> <p>D – Electric, Gas, Steam, Electricity and Air Conditioning Supply: 6.11 GWH per €M revenue</p> <p>E – Water supply, Sewerage, Waste Management and Remediation Activities: 0.89 GWH per €M Revenue</p> <p>F – Construction: 0.20 GWH per €M revenue</p> <p>G – Wholesale and retail Trade, repair of motor vehicles and motorcycles: 0.29</p>	<p>The portfolio's weighted average of Energy Consumption Intensity (GWh/million EUR revenue) for issuers classified within NACE Code A – NACE Code L). We have disclosed all the sectors (NACE Code A – NACE Code L) as one figure. Where there is a request from a client to focus on one of the sectors, we would aim to provide this separately.</p> <p>Coverage: <10%</p>	
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¹ NACE Code G for Q1 2024 has been manually calculated based on the following three quarters due to erroneous data.

² NACE Code D for Q1 2023 has been manually calculated based on the following three quarters due to erroneous data.

			H – Transportation and storage: 2.20 GWH per €M revenue L – Real estate activities: 0.53 GWH per €M revenue	GWH per €M revenue H – Transportation and storage: 3.60 GWH per €M revenue L – Real estate activities: 0.51 GWH per €M revenue	GWH per €M revenue H – Transportation and storage: 3.56 GWH per €M revenue L – Real estate activities: 0.46 GWH per €M revenue		
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas	1.89%	0.08%	0.10%	The percentage of the portfolio's market value exposed to issuers' that reported having operations in or near biodiversity sensitive areas and have been implicated in controversies with severe or very severe impacts on the environment. Coverage: <70%	<ul style="list-style-type: none"> • We have developed proprietary analytics capabilities referred to as our 'nature risk solutions' which can be used by investment teams. • We continued our participation in the Financial Sector Deforestation Action Group (FSDA). • We did not support management resolutions at a number of company AGMs as they fell short of our biodiversity expectations. • We note that biodiversity related metrics are still not reported on widely and with high-quality data by companies, as evidenced by the low coverage values of these indicators. We are actively engaged with our provider and relevant
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	N/A	0.63	18.55	The total annual wastewater discharged (metric tons reported) into surface waters as a result of industrial or manufacturing activities associated with 1 million EUR invested in the portfolio. Companies' water emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested,	0.21	0.37	0.73	The total annual hazardous waste (metric tons reported) associated with 1 million EUR invested in	

		expressed as a weighted average					the portfolio. Companies' hazardous waste is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). Coverage: <50%	<p>investee companies on this topic, discussing data quality and coverage.</p> <ul style="list-style-type: none"> • Changes to PAI 7 data methodology impacted the 2024 values. • Considering the low data quality of PAI 8 indicator, we are not able to report this indicator in 2024. This is due to low level of coverage, as well as distorted figures since methodology changes. • Changes to PAI 9 data methodology led to a significant increase in coverage in 2024. • We will continue to consider biodiversity and nature themes in our integration and stewardship activity over the next reference period.
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Mandatory indicators applicable to investments in investee companies relating to social and employee, respect for human rights, anti-corruption and anti-bribery matters							
Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Impact 2022	Explanation	
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic	Share of investments in investee companies that have been involved in violations of the UNGC principles or	0.26%	0.37%	0.60%	The percentage of the portfolio's market value exposed to issuers with very severe controversies related to	<ul style="list-style-type: none"> • We support adherence to international standards and norms. As part of our firm-level exclusion policy, we seek to exclude companies

	Cooperation and Development (OECD) Guidelines for Multinational Enterprises	OECD Guidelines for Multinational Enterprises				the company's operations and/or products. Coverage: <70%	that we deem to have materially violated the principles of the United Nations Global Compact (UNGC), based on our qualitative assessment of information provided by our third party data provider and/or engagement with the issuer, and after taking into account any commitment they may have made to remediating action.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.57%	25.32%	23.74%	The percentage of the portfolio's market value exposed to issuers that do not provide evidence that they monitor their compliance with the UNGC. Coverage: <70%	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	15.68%	24.61%	26.68%	The portfolio holdings' weighted average of the difference between the average gross hourly earnings of male and female employees, as a percentage of male gross earnings. Coverage: <30%	<ul style="list-style-type: none"> • Coverage for PAI 12 increased in 2024, which has affected the 2024 values. • We consider fair remuneration including gender pay gap within our integration and stewardship activities where material differences are identified. • We will continue to consider this theme in our integration and stewardship activity over the next reference period.

	13. Board Gender Diversity	Average ratio of female to male board members in investee companies	34.23	32.10	31.28	The portfolio holdings' weighted average of the ratio of female to male board members. Coverage: <60%	<ul style="list-style-type: none"> • Our voting policy includes holding boards to account for failing to make sufficient progress on diversity. • We voted against a number of companies in 2024 due to insufficient gender diversity at board level, as well as senior management level. • We will continue to consider this theme in our integration and stewardship activity over the next reference period.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00%	0.00%	0.00%	The percentage of the portfolio's market value exposed to issuers with an industry tie to landmines, cluster munitions, chemical weapons or biological weapons. Note: Industry ties includes ownership, manufacturing and investments. Ties to landmines do not include related safety products. Coverage: <60%	<ul style="list-style-type: none"> • As part of our firm-level exclusion policy, we seek to avoid investments in companies that are involved in the production of controversial weapons, including cluster munitions and land mines, civilian firearms, biological and chemical weapons, laser-blinding weapons and the manufacture of phosphorus weapons and weapons which use non-detectable fragments. • Our policy excludes companies that supply state nuclear programmes where the state lacks credible commitments to effective arms control, disarmament and non-proliferation as outlined in the UN Treaty on

							the Non-Proliferation of Nuclear Weapons (NPT). Aviva Investors will take guidance from the UK government on actors who have undermined the NPT.
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Voluntary indicators applicable to investments in investee companies relating to climate and other environmental matters							
Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for next reference period
Emissions	2. Emissions of air pollutants	Tonnes of air pollutants equivalent per million EUR invested, expressed as a weighted average	1.04 ³	N/A	N/A	The total annual air pollutants (metric tons reported) released as a result of companies' operations associated with 1 million EUR invested in the portfolio. Companies' emissions of air pollutants are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash). Coverage: <1%	<ul style="list-style-type: none"> We note that companies' disclosure on this PAI remain low. We note higher coverage compared to the previous time period and continue to actively engage our vendors to enhance coverage and systems implementation, as described further below. Through our engagement activity we encourage companies to improve their reporting as well as have requested companies to set targets to reduce their emissions. We will continue to consider this theme in our engagements over the next reference period.

³ Emissions of air pollutants intensity Q3 2024 has been manually calculated based on the remaining three quarters due to erroneous data.

Voluntary indicators applicable to investments in investee companies relating to social and employee, respect for human rights, anti-corruption and anti-bribery matters							
Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for next reference period
Social and employee matters	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	3.02	3.94	5.15	Sum of portfolio companies' recordable incident rate (fatalities, lost time injuries, restricted work injuries and medical treatment injuries) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash (EVIC). Coverage: <10%	<ul style="list-style-type: none">• We may consider rate of accidents within our integration and stewardship activity if any egregious controversies have been identified.• We will continue to consider this theme in our integration and stewardship activity over the next reference period.

Mandatory indicators applicable to investments in sovereigns and supranationals relating to climate and other environmental matters							
Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	382.90	483.37	539.99	The portfolio's weighted average of sovereign issuers' GHG Emissions Intensity (Scope 1, 2 and 3 emissions/EUR M GDP) Coverage: 100%	<ul style="list-style-type: none"> In 2024 we communicated with sovereigns (where we are materially invested) regarding their national climate plans, initially via tailored letters then through proactive outreach, collaborative initiatives and participation at events. As part of our role on the advisory committee of the PRI industry initiative which aims to facilitate collaborative engagement amongst sovereign investors and countries, we are active in engaging on this PAI. We will continue to consider this theme in our integration and stewardship activity over the next reference period.
Mandatory indicators applicable to investments in sovereigns and supranationals relating to social and employee, respect for human rights, anti-corruption and anti-bribery matters							
Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for next reference period
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as	Absolute: 3 (Count of unique countries) Relative: 4.00% (Percentage of unique countries with	Absolute: 2 (Count of unique countries) Relative: 3.00% (Percentage of unique countries with	Absolute: 4 (Count of unique countries) Relative: 6.00% (Percentage of unique	The portfolio's number of unique sovereign issuers with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports Coverage: 100%	<ul style="list-style-type: none"> As part of our regular dialogue with sovereign issuers, we discuss multiple social issues including inequality and development. We consider social factors in our sovereign ESG integration process. This can be achieved both quantitatively through our sovereign ESG score, as well as through

		referred to in international treaties and conventions, United Nations principles and, where applicable, national law	social violations)	social violations)	countries with social violations)		<p>qualitative analysis conducted by our sovereign investment and ESG teams.</p> <ul style="list-style-type: none"> We will continue to consider this theme in our integration and stewardship activity over the next reference period.
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Mandatory indicators applicable to investments in real estate assets							
Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	1% of in scope AUM Scope is comprised of all funds and segregated mandates managed by Aviva Investors Luxembourg. This includes four real estate funds and two infrastructure funds, as well as three private debt segregated mandates (AIS, AIEID & AIESIC, the other private	1% of in scope AUM Scope is comprised of all funds and segregated mandates managed by Aviva Investors Luxembourg. This includes four real estate funds and two infrastructure funds, as well as five private debt segregated mandates, with a net asset value/outstanding	2% of in scope AUM	<p>The year over year decrease in fossil fuel exposure is driven by a change in the real estate portfolio as no current tenants are deemed to be involved in the extraction, storage, transport or manufacture of fossil fuels as their principal activity.</p> <p>We wish to disclose that data related to investments in real estate assets is collected and reported on an annual basis which does not align with the PAI regulatory requirement for quarterly data collection. The decision to maintain an annual data collection cycle is based on data availability and we are</p>	Any assets contravening our Baseline Exclusions Policy or fund specific exclusions are immediately screened out of our origination process. Concerning Indicator 17, any occupier whose primary activity is concerned with fossil fuels would trigger the potential acquisition to be screened out. We do however consider assets which use fossil fuels (e.g. gas boilers), as this is the dominant current technology and presents a transition opportunity. We do not hold any assets which contravene our policy and plan

			debt segregated mandates did not have data to be sourced for the purpose of this PAI report), with a net asset value/outstanding loan amount of £1.7 billion.	loan amount of £1.3 billion.		working on improving our processes to comply with PAI regulatory standards.	to continue to apply this policy in the next reference period.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	3% of in scope AUM Scope is comprised of all funds and segregated mandates managed by Aviva Investors Luxembourg, as per scope above.	2% of in scope AUM. Scope is as above	6% of in scope AUM	<p>10% of Private debt assets by property value in the Multi asset AIS fund have an EPC of C or below, driving this overall share. In addition, the inefficient Direct Real estate assets which contribute to this PAI are in the E-RELI, Perpetual and CTF GBP DRE funds, which each have a proportion of EPC ratings C or below. E-RELI saw an increase in energy efficiency performance due to improvements made at the Kristiansand school assets and implementation of the Aviva Investors Sustainable Design Brief at the new Dublin asset.</p> <p>We wish to disclose that data related to investments in real estate assets is collected and reported on an annual basis which does not align with the PAI regulatory requirement for quarterly data collection. The decision to maintain an annual data collection cycle is based on data availability and we are</p>	Concerning the Perpetual assets with lower EPC ratings, work is ongoing to complete the preliminary design and redevelopment of these properties. The target certification upon completion will be: EPC A with a BREEAM excellent certification. As such we consider the residual risk to be low but requires ongoing engagement and focus. Lower EPC ratings at the Kristiansand school assets can increase the cost of the assets being transitioned in line with national policy expectations. However, as the assets are already planned for refurbishment over a long-dated lease, we consider this transition risk to be mitigated by our current strategy.

						working on improving our processes to comply with PAI regulatory standards.	
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Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Underpinning this statement are a suite of Aviva Investors policies, procedures, governance structures and controls that disclose how we identify and prioritise principal adverse impacts on sustainability factors and describe the integration of ESG factors, where material, through the investment process (this integration approach is not binding on our asset managers' decisions beyond any specific criteria in the relevant mandate or fund prospectus).

This statement is owned by the Chief Sustainable Investing Officer, who has approved its contents, including Aviva Investors' PAI priorities. The statement and supporting policies and procedures are reviewed at least annually and in light of any changes to the sustainability approach and ambitions, where relevant, of Aviva Group or Aviva Investors.

The governing body of Luxembourg approved the PAI statement on the 23rd of June 2025.

The owner is responsible for ensuring that the commitments made in this statement are embedded within organisational strategies and relevant procedures.

Our priorities

We list below our priority themes, as well as the specific PAI indicators that we prioritise in our investment process. These are aligned to the sustainability approach and ambitions, where relevant, of the Aviva Group and Aviva Investors and will be reviewed in light of any changes to these. Other themes or PAI indicators may however be prioritised in products or strategies which promote particular environmental or social characteristics or have a specific sustainable investment objective. This will be detailed in the product specific documentation.

These themes receive increased focus and greater emphasis in our stewardship and voting activities. They may also lead to specific actions such as activity related to the Aviva Group net zero ambitions, of which Aviva Investors is a key enabler. More detail on this is given below. Where material to the investment or sector, these themes will be given increased focus in our investment research. Where appropriate, we will also report on these in relevant product periodic reports.

Climate

Climate change is considered one of the greatest systemic issues facing society, global economies, and companies. It represents a significant risk to our customers, business model and wider society. We consider it to be a market failure that is inextricably linked to other systemic issues. Rising temperatures exacerbate biodiversity loss and inequality is deepened by climate change because it disproportionately affects already marginalised people. Climate change also threatens the effective enjoyment of a range of human rights including those to life, water and sanitation, food, health and housing, amongst others⁴.

Accordingly, we prioritise mandatory corporate environmental PAI 3 pertaining to Greenhouse Gas ("GHG") intensity of investee companies and mandatory sovereign environmental PAI 15 GHG intensity of investee countries. Climate considerations, with

⁴ <https://www.ohchr.org/en/issues/hrandclimatechange/pages/hrclimatechangeindex.aspx>

respect to physical and transition risk, are embedded within our fundamental investment processes, active ownership approach and voting policies.

Biodiversity

Healthy ecosystems are essential for the sustained flow of ecosystem services that underpin economies, businesses, and financial systems – making the preservation of nature critical for generating long-term risk-adjusted financial returns. The role of nature in climate mitigation and adaptation further underscores the importance of driving the system-wide transition, at the pace and scale required, to deliver nature-related global goals. Understanding potential exposure to nature-related risks, and addressing them, is crucial to safeguarding the long-term value of investments and delivering for our clients.

We prioritise biodiversity related PAI indicators pertaining to activities negatively affecting biodiversity-sensitive areas (mandatory corporate environmental PAI 7). We have selected environmental voluntary indicator 2, relating to emission of air pollutants, for investee companies.

People

People make up the real economy, the businesses it is comprised of, and they therefore underpin the financial system. People are crucial to the functioning of markets, and we therefore believe that successful companies are ones that take into account the safety and well-being of their employees, alongside consideration of their customers and the communities in which they operate.

Likewise, we believe that successful companies require strong board composition, which is essential in driving effective governance. There are many factors that can indicate strong composition. Two of these factors include board independence and board diversity. We believe these can support improved outcomes for a variety of stakeholders, including investors, employees, customers and communities.

As such, we also prioritise PAI indicators relating to board gender diversity (mandatory corporate social PAI 13). We have selected social voluntary indicator 2, relating to rate of accidents, for investee companies as this applies across a broad set of industries and is a strong indicator for corporate culture and employee welfare.

ESG analysis and research

We draw on insight from investment professionals and analysts from across our business to identify adverse sustainability impacts. We describe below how we primarily identify adverse impacts through the in-depth analysis and research performed by our Sustainable Investing function and our investment teams. We note, however, that as we invest globally in a variety of asset classes and jurisdictions and have a range of thematic strategies, our approach to adverse sustainability impacts will vary to some extent by asset class and by product.

Our investment teams and ESG analysts collaborate to understand a variety of sustainability factors and themes relating to investments as part of the investment research process and

ongoing monitoring. Adverse sustainability impacts are identified through investment research, incorporating macroeconomic, thematic, corporate, and sovereign research.

We use a variety of techniques to identify the adverse sustainability impacts of our investments, including both quantitative metrics (which can be sourced from third-party data providers) and qualitative assessments. Data relating to all mandatory and selected voluntary PAI indicators is made available to our investment teams to supplement the assessment of adverse sustainability impacts.

Our Sustainable Investing function, working in collaboration with Aviva Group's Public Policy team, also conducts research identifying sustainability risks or principal adverse impacts that are systemic or representative of market failures.

Margin of error with our methodologies

The accuracy of the data obtained during the course of the reference period is reliant on: (i) data provided by third party data providers and investee companies; and (ii) Aviva Investors and third party proprietary models. Data from third party data providers may be incomplete, inaccurate or unavailable. Where we seek to rely on proprietary models these may similarly rely on information which is incomplete, inaccurate or unavailable. As a result, there is a risk that we may, from time to time, incorrectly represent data in this statement. Aviva Investors does not warrant the fairness, accuracy or completeness of any data used, or assessment made, in connection with this template.

Due to the data constraints associated with our third party data provider, our PAI calculations for 2022 are inclusive of Quarters 2-4 2022, and represented as an average of these three quarter ends. For 2023 and 2024, the data is represented as an average of 4 Quarters unless otherwise specified.

We acknowledge the issues facing our business and the wider industry on ESG data availability, methodologies, and we will seek to enhance our mandatory disclosure obligations under SFDR on a continuing basis, as and when the reliability and validity of ESG data evolves.

We work closely with our data providers to improve the quality and coverage of PAI data. We employ a number of automated and manual checks to detect irregularities and aim to ensure that data meets expected standards before use in investment tools. When issues arise, we seek to engage with our data providers to understand the source and their own data quality processes. This year, though there are still challenges, we have been pleased to see an overall improvement in data coverage.

As the SFDR / PAI domain matures and refines, we will continue to review our data sourcing and quality of existing metrics.

PAI data methodology

Methodologies and processes to identify and monitor PAIs have data availability and quality risks. We rely on the quality of data provided by investee companies and third-party data providers, including the methodologies and assumptions they use. These methodologies and assumptions can change over time and at our providers' discretion, which can impact data outputs. In 2024, most of the methodology changes we have seen have been to include more estimated values in data outputs. In selecting third-party data providers for PAI data, we assessed available offerings and approaches for alignment with requirements of the EU regulation. A data availability limitation is that look-through data about indirect investments, e.g., fund-of-fund investments and certain derivatives, is not as accessible as for direct corporate and sovereign investments.

SFDR data availability is evolving, both in terms of industry processes and upcoming regulatory changes. We and our data providers closely monitor developments in the EU's sustainable finance framework and will adapt our methodologies and policies to enhance reporting over time. As corporate disclosure standards improve and regulation evolves, the availability and quality should also increase. Due to current data and methodology limitations, we have made certain methodological assumptions to interpret some requirements associated with the entity PAI calculations.

ESG dataset limitations

The changing and improving disclosure standards, regulatory frameworks and industry practice are intended to improve data quality. Idiosyncratic limitations may apply to each PAI/ESG metric. Data limitations include, but are not limited to:

- Lack of availability of certain PAI metrics due to differing reporting and disclosure standards impacting issuers, geographies, or sectors.
- Nascent statutory corporate reporting standards regarding sustainability leading to differences in the extent to which companies themselves can report against regulatory criteria and therefore some metric coverage levels may be low.
- Inconsistent use and levels of reported vs estimated PAI data across different data providers and sources, taken at varied time periods which makes comparability a challenge. Estimated data by its nature may vary from realised figures due to the assumptions or hypothesis employed by data providers.
- ESG data often lags relative to financial data, as most ESG data disclosures take place only on an annual basis. In addition, there may be a lag between the time when data is disclosed by companies and when it is incorporated into the dataset used.
- A significant proportion of the data used will be estimated. There is a dependency on third-party estimations and models involved in those estimations.
- Market values may increase or decrease based on volumes of assets under management which may give the appearance of PAIs improving or deteriorating.

Limitations to Assets Under Management coverage and data availability

For each of the indicators reported, we include information to describe Issuer Coverage for the in-scope asset classes we have data for. Coverage and applicability of data across asset classes and indicators will vary. Limited data availability will require additional subjective consideration if drawing any conclusions on the data disclosed and as data coverage improves in subsequent years, this is likely to result in a significant variations in adverse impacts reported based purely on our coverage improvements for certain metrics. In 2024, we have observed coverage improvements for some of the indicators we are reporting in this PAI statement. Some of these are due to increased use of estimates.

How we mitigate adverse sustainability impacts

We have a long history of undertaking activity intended to support the transition to a more sustainable future. Recent highlights of our approach to sustainable investment can be seen in our annual [Sustainability Review](#).

We consider and take action to mitigate potential adverse sustainability impacts of our business and investment decisions. We do this through our ESG investment integration and stewardship activity as well as through exclusions, where appropriate. We engage in what we call 'holistic stewardship', that is, engaging across different levels of the financial system, including at a governmental and policy level, to support the necessary changes to deliver the investment and real-world outcomes to support our clients' goals.

Furthermore, we take action to mitigate potential adverse sustainability impacts as an organisation through our approach to sustainability, including supporting our parent company Aviva with their net zero ambitions, an approach which applies to a substantial portion of our assets under management.

Exclusions

Aviva Investors' approach to sustainable investing promotes the relative merits of engagement over divestment as the more effective mechanism of delivering positive outcomes for clients, the environment and society. However, there are certain sectors and economic activities where we do not invest given they are misaligned with Aviva's overarching approach to sustainability. This includes seeking to exclude companies that we deem to have materially violated the principles of the United Nations Global Compact (UNGC), based on internal research informed by third-party data, internal analysis and/or engagement, and after taking into account any commitment they may have made to remediating action. We therefore have a [Baseline Exclusions Policy](#) to define a framework for this.

Application of the Baseline Exclusions Policy results in consideration of the following corporate PAI indicators (with the associated sectors being excluded in accordance with the revenue thresholds and limitations set out in that policy):

- Social PAI 14 relating to controversial weapons

- Social PAI 10 relating to violations of UN Global Compact Principles and OECD Guidelines
- Environmental PAI 4 relating to companies active in the fossil fuel sector

Application of exclusions, including where products have additional exclusions, will be detailed in product-specific documentation.

ESG integration

We integrate ESG considerations, where material and relevant, in our investment processes and decision-making. This approach is applied within each asset class and is tailored to different investment desks' processes. Our ESG integration and stewardship teams work closely, and have multiple touch points with, our public and private investment functions. This helps to ensure close communication and collaboration between our investment professionals and ESG analysts.

Understanding and performing due diligence on the adverse sustainability impacts of investments through our research is a key component of assessing their sustainability risks and our portfolio construction process. Through our investment research and connectivity, we seek to ensure that adverse impacts (and the principal adverse impacts prioritised above) can be considered as part of investment decisions across our business.

For further detail please refer to our [Responsible Investment and Sustainability Risk Policies](#).

We utilise a range of third-party data to inform our assessments of PAIs. This data may be sourced directly from company disclosure or from third-party assessments. ESG data is updated throughout the year and we seek to use the most recent data available. Data coverage varies across instrument types and to the extent possible we will prioritise our analysis and reporting of PAIs on listed equity, corporate bond, sovereign bond instruments and real estate assets. As referred to above, we continuously engage with our data providers to promote improved coverage.

Stewardship approach

We describe below how we use our stewardship activity to support the transition to a more sustainable economy and the mitigation of adverse impacts.

We use stewardship and engagement to seek to understand and, where relevant, mitigate sustainability risks and the principal adverse impacts that an issuer has on sustainability factors. We promote sustainable practices, encouraging companies towards greater transparency, improved corporate governance and more sustainable behaviours to help reduce these impacts. Combined with our conviction-led, long-term approach, this supports risk reduction and can enhance the long-term value of our clients' investments.

When we identify adverse sustainability impacts, our ESG analysts work with our investment teams on engagements and voting decisions. Our thematic engagement programmes identify issuers we invest in to drive positive change and reduce adverse sustainability impacts. Our engagement priorities are informed by our clients' preferences, emerging issues identified from our research, and data insights. These engagements, conducted in collaboration between the Sustainable Investing teams and the broader investment teams, inform our investment process and help to integrate long-term sustainability themes into our investment decisions.

We may request companies or countries we engage with to take action to mitigate PAI risks. During 2024, we undertook a variety of stewardship related activity across climate, earth and people themes. Where engagement with companies is undertaken, the effectiveness of such engagements is measured and evaluated on a regular basis. We maintain a database to record our voting and engagement with companies, which allows us to review the effectiveness of our activities. Where companies do not adequately address our concerns, the matter may be escalated in line with our escalation approach.

Our [Global Voting Policy](#) explicitly incorporates sustainability. Please refer to the policy for further detail.

Holistic stewardship

We are committed to act in the best interests of clients and the integrity of the market. In our position as market participants, we believe we have a responsibility to look ahead to identify potential market-wide and systemic risks and seek to mitigate these risks through engagement. Our holistic stewardship approach means we engage with financial system participants at multiple levels of the economy, seeking to influence system-wide change.

Engaging with companies and issuers is a key part of our stewardship approach, but companies don't operate in isolation. They are part of a broader system that includes suppliers, customers, partners, competitors, and peers, who are all influenced by national policies and regulations. These national rules are themselves shaped by international agreements and institutions. Company-level engagement is fundamental to our approach, but it can only go so far if the wider financial and economic systems are not aligned with sustainable business practices.

We have identified six levels of stakeholder engagement:

- Direct, including customers and suppliers,
- Issuer, the companies in which we invest,
- Sector, where we engage with multiple companies within an industry,
- Value chain – for example, engaging collaboratively with time with companies responsible for significant emissions and those that rely on their products, or provide materials to them (which may exist within a different industry),
- Country, including national policymakers and regulators,
- International institutions, including global policymakers, regulators and standard setters.

References to international standards

Aviva Investors supports the ambition and objectives of various national and international sustainability principles and agreements. The list below sets out some of the key sustainable investing governance principles and internationally recognised standards that we adhere to.

- FRC UK Stewardship Code 2020
- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights

- UN Principles for Responsible Investment
- UN Global Compact Principles
- World Benchmarking Alliance

The above is not exhaustive. Please see our annual [Sustainability Review](#) for a full list of collaborations we participate in.

For two of the PAIs (PAI 10, Violations of UNGC Principles and OECD Guidelines, and PAI 14, exposure to controversial weapons) we actively take steps to minimise our exposure as part of our firm-level exclusion policy.

Interpretation of the adherence to global norms and standards can be subjective. Where available, we will utilise third party data, including, where possible and relevant to the standard, the PAIs detailed above, to assess adherence to these standards and norms alongside any qualitative judgements. We also use third-party data, including from major data providers and non-governmental organisations, to consider forward-looking climate indicators as part of our ESG integration and engagement activity. This is supported by our qualitative research, including assessing transition plans of the companies we invest in.

Historical comparison

We note that there are differences between the data for 2022, 2023 and 2024 across the mandatory and voluntary indicators we report on. This could be due to increased data coverage, as well as changes to our third party data provider's methodology. Higher levels of coverage may sometimes be due to increased proportion of estimated data within the dataset. We would not wish to attribute in any definitive sense the actions we have taken during the course of the reference period to an improvement in PAI indicators, as it is not yet possible to ascertain which of our actions resulted in which changes in PAIs as there are so many variables which could cause changes in PAI data.