

EU SFDR Annex II – Pre-contractual Disclosures for the financial products referred to in article 8, paragraphs 1, 2 and 2a, of regulation (eu) 2019/2088 and article 6, first paragraph, of regulation (eu) 2020/852



Product name: Global Emerging Markets Core Fund

Legal entity identifier:
54930022EX53KYAXKW51

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ ☐ **Yes**

☒ ☐ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective:** ____%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective:** ____%

☐ It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

Whilst the Sub-Fund may invest in underlying investments that contribute to climate change mitigation and/or climate change adaptation, the Sub-Fund does not make any minimum commitment to invest in one or more environmentally sustainable investments.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

The below criteria are binding on the investment process to ensure underlying investments are inclusive of those securities promoting environmental or social characteristics:

The exclusions detailed below will be applied to this universe.

A. The Investment Manager's ESG Baseline Exclusions Policy which includes the following exclusions:

- Controversial weapons including nuclear weapons
- Civilian firearms
- Thermal Coal
- Non-conventional fossil fuels (arctic oil and tar sands)
- Breaches of principles of the UN Global Compact ("UNGC"); and
- Tobacco.

The exclusions are based on:

a) A maximum acceptable percentage of estimated revenue derived from the specific activities, the maximum acceptable percentage of revenue thresholds are:

- Controversial weapons 0%, except for nuclear weapons which are at 5%
- Civilian firearms 5%
- Thermal Coal 5%*
- Non-conventional fossil fuels (arctic oil and tar sands) at 10%*
- Tobacco producers at 0% and tobacco distribution or sale at 25%

*Companies that have an approved SBTi (Science Based Target) which has a classification of 1.5°C or Well Below 2°C are an exception to these thresholds.

b) MSCI's controversy screening data to identify recent controversies to the Principles set out under the UN Global Compact. An Aviva Investors ESG Analyst qualitative assessment is additive to this process to confirm if the failings are irredeemable based on company behaviors since the controversy. If failings are considered to be redeemable, the Investment Manager will place the company into a structured and time bound engagement program.

Further details on the Investment Manager's ESG Baseline Exclusions Policy are available at <https://www.avivainvestors.com/en-gb/about/responsible-investment/policies-and-documents/>.

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.

C. The Corporate Good Governance Qualitative Assessment criteria as outlined in the SFDR, is considered through the lenses outlined above. For corporates, the good governance principle introduced by SFDR will be met through a combination of the UNGC (as part of the Investment Manager's ESG Baseline Exclusions Policy noted above) and a qualitative

assessment as part of the investment analyst research process. Good governance indicators form a substantial component of the Investment Manager's ESG scoring tools and ESG research.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

It is anticipated that the sustainability indicators reported on for this Sub-Fund will include, but not be limited to:

1. Portfolio metric of any revenue derived from excluded activity (e.g. thermal coal)
2. UNGC 'severe' and 'very severe' incidents avoided and commentary on any exceptions
3. Additionally, the Sub-Fund will measure exposure to the Principle Adverse Impact indicators that the Investment Manager has committed to prioritizing in its Principle Adverse Impact Statement. For reference these include:
 - a. Indicators relating to Greenhouse Gas (GHG) Emissions
 - b. Indicators pertaining to activities negatively affecting biodiversity-sensitive areas
 - c. Indicators relating to Board Gender Diversity

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

N/A

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

N/A

How have the indicators for adverse impacts on sustainability factors been taken into account?

N/A

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Principal adverse impacts

are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes _____
☐ No

The Sub-Fund does consider the following three principle adverse impacts indicators which are excluded in accordance with certain revenue thresholds (maximum estimated percentage of revenue), as detailed in the Investment Manager’s ESG Baseline Exclusions Policy and as captured below:

- 1) Controversial Weapons: revenue threshold 0%, except for nuclear weapons which are at 5%
- 2) Violations of UN Global Compact Principles and OECD Guidelines: revenue threshold n/a
- 3) Companies active in the Fossil Fuel sector: revenue threshold 5% for Thermal Coal and 10% for Non-conventional fossil fuels (arctic oil and tar sands)*

More broadly, PAIs are available in portfolio management systems, and the Investment Manager considers these indicators alongside all other relevant ESG and financial metrics that inform its assessment of sustainability risk. For more information on how Aviva Investors integrates PAIs, please consult Aviva Investors Liquid Markets – Principle Adverse Impact Statement which is available at - [EU Sustainable Finance Disclosure Regulation \(SFDR\) - Aviva Investors](#)

Information on how the Investment Manager considers PAIs will be available in the Fund’s annual report in a dedicated section.

*Companies that have an approved SBTi (Science Based Target) which has a classification of 1.5°C or Well Below 2°C are an exception to these thresholds.



What investment strategy does this financial product follow?

Objective: To increase the value of the shareholder's investment over the long term (5 years or more).

Investments: The Sub-Fund invests at least 80% of the total net assets (excluding ancillary liquid assets, eligible deposits, money market instruments and money market funds), in equities of companies in emerging markets. This includes investment in equities and equity-related securities of emerging market companies and non-emerging market companies that are listed or do most of their business in emerging markets.

The Sub-Fund may invest in China A-Shares through Shanghai Hong Kong Stock Connect and through Shenzhen Hong Kong Stock Connect.

Strategy & Environmental, Social and Governance (ESG) criteria: The Sub-Fund is actively managed. The Investment Manager assembles a high-conviction portfolio of companies of any size and stage of development that appear to offer strong earnings growth or dividend prospects, as well as some asset value or recovery ideas.

Whilst ESG factors are integrated into the investment process, the Investment Manager retains discretion over investment selection. The Investment Manager actively engages with companies and uses voting rights with the aim of positively influencing company behavior and helping to create competitive returns. In addition, the Sub-Fund has exclusions based on the Investment Manager's ESG Baseline Exclusion Policy.

This Sub-Fund does not have a sustainable investment objective and the Investment Manager will consider the adverse impacts of an investment to the extent they are financially material. For further information please refer to the sustainability disclosures section of the prospectus and the website www.avivainvestors.com.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

As noted previously, the criteria described in section "What environmental and/or social characteristics are promoted by this financial product" above are binding on the investment process to ensure underlying investments are inclusive of those securities promoting environmental or social characteristics.

Aviva Investors considers climate change to be the greatest systemic challenge facing society, global economies, and companies. Failure to act will have catastrophic and pervasive consequences, including for capital markets and asset valuations.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no commitment to a minimum rate target to reduce the scope of the investments considered prior to the application of the Investment Manager's investment strategy. Issuers that meet the criteria of the Investment Manager's ESG exclusion policy described above are excluded. The percentage of investments that are excluded from the Sub-Fund's

investment universe will vary over time and be minimal given the nature of the investment universe and the approved issuer process incorporating a strong ESG assessment.

Good governance

practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● *What is the policy to assess good governance practices of the investee companies?*

The Investment Manager's policy considers global best practice guidelines such as the ICGN Global Corporate Governance Principles and the G20/OECD Principles of Corporate Governance but are also informed by the Investment Manager's investment philosophy and numerous years of stewardship and voting experience.

The Sub-Fund will only invest in securities from issuers that maintain governance practices in-line with national governance standards. The Sub-Fund will not invest in securities from issuers that are in violation of the international norms and conventions set out by the United Nations Global Compact Principles. Investment in securities from issuers that fail to protect the basic rights of investors and employees through sound management practices or that are involved in tax evasion, corruption, or other governance scandals, will be avoided, unless they have taken adequate remedial action.

The Good Governance criteria as outlined in the SFDR will be met through a combination of the UNGC (as part of the Investment Manager's ESG Baseline Exclusions Policy noted above) and a qualitative assessment as part of the investment analyst research process. Good governance indicators form a substantial component of the Investment Manager's ESG scoring tools and ESG research.

Aviva Investors' ESG function, comprising governance and responsible investment specialists, provide analysis to support the Investment Manager's investment teams and help them in building a robust assessment of good governance practices.



What is the asset allocation planned for this financial product?