

# Aviva Investors Emerging Market Equity Core Fund



## LEI

549300CVIA4TXS5YRA85

## FUND SIZE

GBP 257m

## AS AT

31/12/2024

## TCFD Fund Disclosures

**This Climate-related Disclosure report outlines the potential climate impact of this investment fund based on the climate metrics recommended by the Taskforce on Climate-related Financial Disclosure (TCFD).**

## Fund Objectives & Policy

**Objective:** The Sub-Fund aims to deliver returns which are similar to the returns of the MSCI® Emerging Markets Index (USD) (the "Index") over a rolling 12 month period (before charges and taxes). The Sub-Fund also aims to deliver, on average, a higher ESG score and lower carbon intensity score than the Index, over a rolling 12 month period (measured using month end data), whilst seeking to minimise tracking error to the Index.

**Core investment:** The Sub-Fund will invest to form a portfolio representative of the core regional market, as represented by the Index. It will therefore invest a minimum of 80% in shares of companies that make up the Index.

**Other investments:** The Sub-Fund may also invest in other shares, other funds (including funds managed by Aviva Investors companies), money market instruments, cash and deposits. Derivatives and forward transaction may be used from time to time to gain a particular market exposure which would otherwise be difficult or costly to achieve, to manage the Sub-Fund's cash flows in a cost-effective manner, or to reduce foreign currency risk within the Sub-Fund.

**Investment Strategy and ESG Overlay:** The Investment Manager uses a passive sampling approach with an active ESG Overlay (as described below) when selecting companies. The Sub-Fund is subject to Aviva Investors' baseline exclusion policy, therefore the portfolio is created after the excluded companies are removed from the Index universe, such that holdings will be either overweighted, underweighted or potentially excluded relative to the Index based on their ESG scores and carbon intensity scores (the ESG Overlay). Individual holdings do not need to achieve a specific or minimum ESG score or maximum carbon intensity score to be selected for investment, and therefore the Sub-Fund may from time to time hold companies that are considered to have low ESG scores or high carbon intensity scores. The Investment Manager will also seek to minimise the Sub-Fund's tracking error to the Index. However, the ESG Overlay may limit the choice of investments available to the Sub-Fund and therefore it may not perform in line (either positively or negatively) with the Index or other similar funds that have a broader investment policy. ESG scores assess a company's resilience to financially material environmental, societal and governance risks, in each case being risks to their financial performance relative to other companies in the same sector. Carbon intensity scores measure how carbon-intensive a company's activities are and provides a comparable metric for assessment against peers, portfolios and benchmarks. The Sub-Fund's holdings will be reviewed and, if necessary, rebalanced quarterly and/or on an ad hoc basis when the Investment Manager is of the opinion that market conditions dictate, taking into account any changes to companies in the Index, the latest available data and market conditions. Further information on the ESG Overlay is set out in Appendix 4 of the Prospectus. Further information on the baseline exclusion policy is set out in Appendix 2 of the Prospectus

The benchmark provider does not endorse the product, nor confirm the accuracy of the information in this report.

## Climate Risk Strategy

Climate-related considerations are integrated into the investment process and are considered alongside a range of financial metrics and research. The Fund integrates these factors by use of the exclusions based on Aviva Investors' Baseline Exclusions Policy including, unconventional fossil fuels and thermal coal which form a key part of the climate mitigation

strategy. We manage climate risk across our investments but the fund does not have a specific net zero objective or target and can be exposed to significant climate risks.

For the investments selected within the portfolio we actively engage with these companies and use voting rights with the aim of positively influencing their climate risk strategy and helping to create competitive returns.

## Climate Risk Management

Aviva Investors Global Services Limited, the funds appointed Investment Manager, has sustainability specific controls to perform ongoing oversight and compliance, which contributes to, and supports, the investment functions in the delivery of strong first-line risk and controls management and governance.

Climate change activity for Aviva Investors is incorporated within key business operations such as, Investment and asset management, Engagement and voting, Product development, Client take-on and engagement and Supplier selection and oversight.

Sustainability factors have the potential to cause harm to our clients by reducing the value of their investments. Inefficient allocation of capital to companies with high external costs, such as those engaged in highly polluting or socially disruptive activities, can lower asset values over time, reducing returns to investors.

For further information on how these risks are mitigated please also see page 85 of [Aviva’s Climate-related Financial Disclosure](#).

## Climate Risk Governance

Aviva Investors has a strong system of governance, with effective and robust controls.

Aviva Investors UK Fund Service Limited, the funds Authorised Corporate Director, has an independent governance structure to Aviva Investors which allows the Board, management committee and senior management to integrate climate related risks and opportunities into its strategy, decision making and business processes.

When Aviva Investors UK Fund Service Limited appoints an investment manager to manage a product they are required to demonstrate that effective climate, sustainability and responsible investment policies are in place and climate risk management is embedded into the investment process.

For information on the exclusions criteria applied to our funds please refer to the Aviva Investors Baseline Exclusions Policy which is available on our website. Our Baseline Exclusion Policy is available here. [Baseline Exclusion Policy](#).

Please also see page 85 of [Aviva’s Climate-related Financial Disclosure](#).

## Fund Greenhouse Gas Emissions

The table below show the key measures used to evaluate the Greenhouse Gas emissions impact of the fund.

		Baseline Year 2022		Prior Year		Current Year		Trend
Climate Metrics	Unit of Measure	Data Coverage %	Amount	Data Coverage %	Amount	Data Coverage %	Amount	
Total scope 1 and 2 greenhouse gas emissions	tCO2e - shown in thousands	0%	N/A	95%	28.66	96%	22.20	▲
Total carbon emissions	tCO2e - shown in thousands	0%	N/A	95%	28.66	96%	22.20	▲

Climate Metrics	Unit of Measure	Baseline Year 2022		Prior Year		Current Year		Trend
		Data Coverage %	Amount	Data Coverage %	Amount	Data Coverage %	Amount	
Total carbon footprint	tCO2e / £million invested	0%	N/A	95%	160.73	96%	91.87	▲
Weighted average carbon intensity	tCO2e / \$million Revenue	0%	N/A	96%	216.12	96%	152.22	▲

Trend analysis may not always be available, meaningful or relevant depending on the basis of the data and the comparison. There are various factors that could influence trends and direction including macro-economic factors.

\* In 2023 we updated our methodology for Total carbon footprint and Sovereign intensity to be reported in pounds sterling (£) rather than US dollars (\$). This reflects the functional and presentational currency of our Product reporting. The comparatives have been re-presented on a consistent basis.

PCAF score for scope 1 and 2 greenhouse gas emissions is 2 for Equities and Bonds.

**Data sources** – please see information on data sources shown later in this document. **Note** – Zero balances may be a result of rounding.

**Carbon Emissions Metrics Explained:** We use the following metrics to measure the collective carbon impact of the fund's holdings, calculated according to TCFD standards, which in turn are based on the internationally accepted [GHG Protocol](#):

Metric	TCFD Definition, based on GHG Protocol
Scope 1 Greenhouse Gas Emissions (Metric Tonnes)	Direct GHG emissions that occur from sources that are owned or controlled by the company.
Scope 2 Greenhouse Gas Emissions (Metric Tonnes)	GHG emissions from the generation of purchased electricity consumed by the company.
Scope 3 Greenhouse Gas Emissions (Metric Tonnes)	GHG emissions that are a consequence of the activities of the company, but occur from sources not owned or controlled by the company. For Scope 3 see below.
Total Greenhouse Gas Emissions (Metric Tonnes)	Total of Scopes 1 and 2. For Scope 3 see below.
Total Carbon Footprint (Metric Tonnes per £1M AUM Contribution)	Total carbon emissions for a fund, expressed in tCO2e / £million invested.
Weighted Average Carbon Intensity (Metric Tonnes per \$1M Revenue)	Volume of carbon emissions per million dollars of revenue (carbon efficiency of a portfolio), expressed in tonnes CO2e/\$M revenue.

## Top 3 Carbon Emitting GICS sectors

**For Equities and Corporate Bonds, we can break emissions down by sector. We use the Global Industry Classification Standard (GICS) system, and measure all greenhouse gas (GHG) emissions, not just carbon.**

Metrics have been prepared for £252m of the Equity and Corporate Bonds.

The 3 largest (scope 1 & 2) carbon emitting Global Industry Sectors of the fund in Equities and Corporate Bonds are:

GICS Sector	WACI tCO2e / \$m Revenue*	Contribution to Portfolio WACI%	Assets holding £m	Assets exposure %**
Materials	1,202	41	13	5
Information Technology	112	19	61	24

GICS Sector	WACI tCO <sub>2</sub> e / \$m Revenue*	Contribution to Portfolio WACI%	Assets holding £m	Assets exposure %**
Industrials	230	10	16	7

**Data sources** – please see information on data sources shown later in this document. **Note** – Zero balances may be a result of rounding.

\*Carbon Intensity data is available for scope 1 & 2 emissions only.

\*\*Sector information is unavailable for 4% of the fund's Equity & Corporate Bonds Assets.

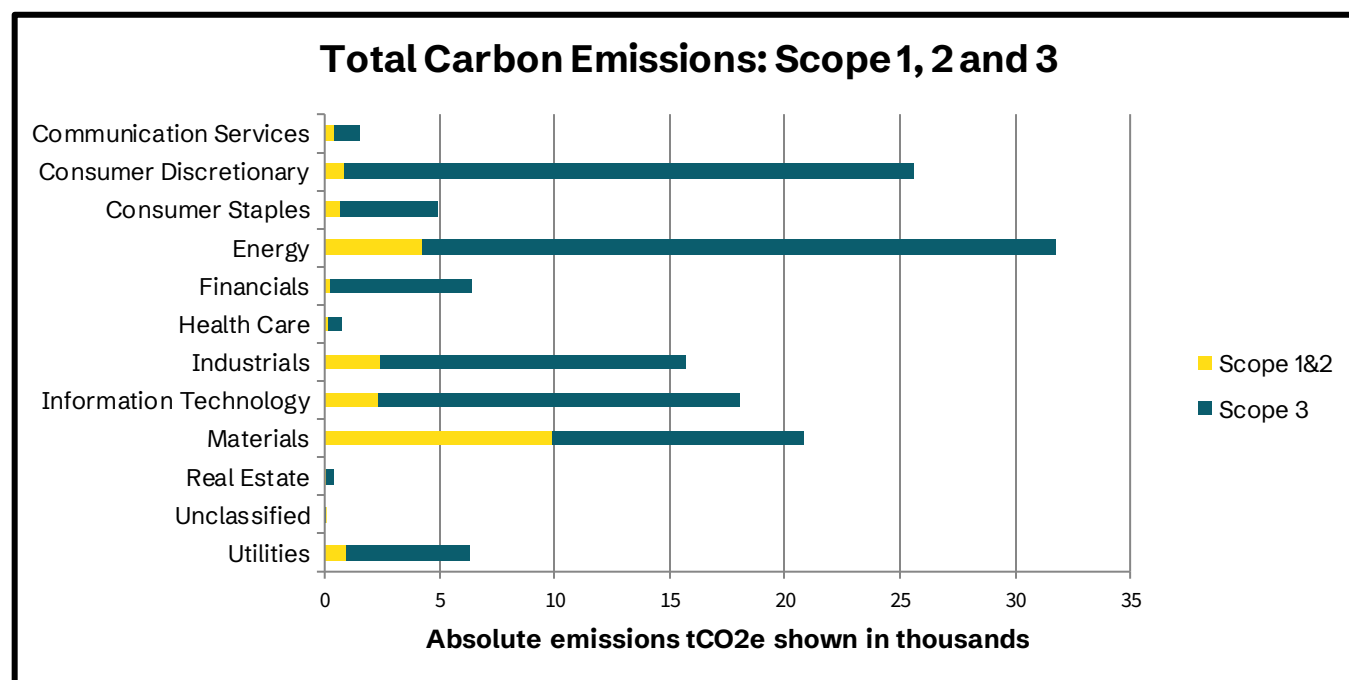
## Total Carbon Emissions: Scope 3

### Scope 3 Disclaimer

Estimating Scope 3 emissions of an investment fund is subject to a significant degree of measurement uncertainty. Scope 1 & 2, and Scope 3 metrics are calculated within the limits of available data. All the Scope 3 emissions data is estimated by MSCI, our market data provider. The majority of Scope 1 & 2 data is gathered from reported company data. The two metrics are reported separately to minimise the effects of double counting associated with Scope 3 emissions. Double counting occurs due to underlying investments being held in companies who may share value chains.

## Total Carbon Emissions: Scope 1, 2 and 3

This sector analysis of the Scope 1 & 2, and Scope 3 emissions data illustrates that the largest proportion of carbon emissions are Scope 3 emissions. Scope 3 emissions are outside of a single company's direct control. Addressing Scope 3 emissions will need collective action from industry, governments and global organisation, as well as individual company action.



If all Scope 3 emissions associated with the Equities and Corporate Bonds held in this investment fund are added, they would amount to 110.10 tCO<sub>2</sub>e (shown in thousands), including double counting emissions across company value chains. The data coverage is 96%. The data quality score is 4, as all Scope 3 emissions are estimated.

## Product Scenario Alignment

Indicating the likely implied temperature rise associated with a fund's investments is inherently complex, it is a rapidly evolving metric which has to include a host of assumptions by its very nature, guidance on how best to calculate this forward looking indicator is improving all the time, but currently we do not feel it appropriate to publish this data as it risks being potentially misleading and in any event would be heavily caveated and only indicative of a range of potential temperature rises and subsequent associated scenario's given the uncertainty of forecasts for the global economy to decarbonise. We intend to publish the implied temperature rise (ITR) of our investment products in subsequent years once we have designed a suitably robust methodology to represent the most likely possible future decarbonisation pathway of a representative basket of assets for a fund based on its sector, asset class and/or investee company specific projected decarbonisation pathways and other relevant carbon intensity data such as the likes of progress against the Science Based Target Initiative.

## Climate Value-at-Risk

Climate Value at Risk (Climate VaR) has emerged as a measure to estimate the potential financial losses that a company or portfolio of assets could incur as a result of climate change, we are currently evaluating the robustness of this measure and intend to publish it for future iterations of our fund level TCFD reports once we are comfortable the data has sufficient coverage and quality and once we have fully understood the potential limitations and weaknesses of the metric so we can present it in a suitable way. This includes ensuring the appropriate time horizon of the indicator and the appropriate scenarios are reflected in the output in a way that ensures it is not potentially misleading.

## Other Metrics

There are countless options rapidly developing that are designed to convey climate risks and opportunities, we will keep this metrics under review and where they are deemed to be decision useful we will endeavour to incorporate them into our future reporting suite in conjunction with formal adoption of additional data by TCFD and other disclosure standards boards and regulations.

## Climate Metrics

Our key climate figures show the carbon emissions for each investment fund. Metrics are disclosed for Equities and Corporate Bonds and Sovereigns. There are three types of emissions we consider: Scope 1 (direct), Scope 2 (indirect) and Scope 3 (from a company's value chain).

Climate metrics include estimates of emissions and climate change, for more details, our reporting approach and cautionary statements are provided in the Aviva plc Climate-related Financial Disclosure 2024 report available at <https://www.aviva.com/sustainability/reporting/>.

## Useful Link

[Aviva's Climate-related Financial Disclosure.](https://www.aviva.com/sustainability/reporting/)

## Data sources

### Use of MSCI Data

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Refer to Aviva's reporting policies and criteria in note 16 of the Aviva plc Climate-related Financial Disclosure 2024 report, available at <https://www.aviva.com/sustainability/reporting/>, for further details on the use of MSCI data, we have used climate and other data from MSCI ESG Research LLC or its affiliates or information providers.

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