



BNP PARIBAS ASSET MANAGEMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU DO NOT UNDERSTAND IT OR ARE IN DOUBT AS TO THE ACTION TO BE TAKEN, PLEASE CONSULT YOUR STOCKBROKER, ACCOUNTANT, SOLICITOR, FINANCIAL ADVISER OR WEALTH MANAGER IMMEDIATELY.

Date: 27 August 2026

Dear Investor,

A New Brand and Changes to AXA Carbon Transition Global Short Duration Bond Fund (the "Fund")

We, AXA Investment Managers UK Limited, are writing to you in our role as the Authorised Corporate Director of the Fund, which is a sub-fund of AXA Fixed Interest Investment ICVC (the "**Company**").

The purpose of this letter is to inform you of some planned changes to the Company and the Fund. Although the changes do not require shareholder approval, and you are not required to take any action, we recommend that you read this letter carefully.

The Financial Conduct Authority ("**FCA**") has been notified of the changes and has confirmed that they will not affect the ongoing authorisation of the Fund. Under the FCA's Rules, you are entitled to a minimum of 60 days' advance notice of the changes because we regard the investment policy aspects of them as "significant" for the purposes of the Rules, and this letter constitutes that notice.

What is changing?

The Company's name and the name and investment policy of the Fund will change as described below. As explained, however, the Fund's core investment philosophy, process and risk profile will remain unaltered after the changes take effect.

Branding and Name Changes

First, you may be aware that in July 2025 AXA Investment Managers was acquired by BNP Paribas. We have been operating within the enlarged BNP Paribas Asset Management group since the start of this year, using its branding on our fund literature, investor communications and website. We are now announcing that, as part of the next stage of the rebranding, AXA Investment Managers UK Limited's name will be changed to "**BNP PARIBAS ASSET MANAGEMENT (UK) Limited**".

Also as part of the reorganisation, the names of the umbrella investment companies and of the Funds which we manage are being changed so that they align with BNP Paribas branding and naming conventions. Consequently, the names of the Company and the Fund will change as set out below:

The Company - Current Name	The Company - New Name
AXA Fixed Interest Investment ICVC	BNP Paribas AM(UK) Fixed Interest Investment ICVC

The Fund - Current Name	The Fund - New Name
AXA Carbon Transition Global Short Duration Bond Fund	BNP Paribas AM(UK) Carbon Transition Global Short Duration Bond Fund

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Registered in England and Wales no 01431068. Registered office as above.
Authorised and regulated by the Financial Conduct Authority and a member of the Investment Association

Following their implementation, these changes will be reflected in the Fund's legal documents and in our reporting and other communications with investors.

Investment Policy - ESG Criteria and Related Changes

Second, and as a consequence of our integration within the BNP Paribas Group, we are making some changes relating to the environmental, social and governance (ESG) criteria which are applied as part of the Fund's investment policy. These changes will update the description of the exclusions and screening methods used, including our ESG scoring framework, as we move to adopt the BNP Paribas Group standards for responsible investment (governed by its Responsible Business Conduct Policy) in place of the AXA Investment Managers guidelines which are currently followed.

The corresponding AXA Investment Managers and BNP Paribas Asset Management policies are closely aligned on ESG-based exclusions and standards. The exclusions applying to equity and fixed income corporates are very compatible in terms of the sectors and issues covered, including on the exclusion of companies based on norms-based screening and standards. There is also a nearly complete match (around 95% of the total number) between the sovereign issuers which are currently excluded and those that will continue to be excluded when the changes take effect. There are just two sovereign issuers which we exclude currently and which will become eligible, in certain restricted circumstances, but these are emerging markets in which the Fund is highly unlikely to invest.

Also, the aim and effect of the ESG scoring methodology will remain the same, with no change (under the BNP Paribas Asset Management policy) to the purpose or influence of a company's ESG score in the overall investment decision-making process. We will continue to use MSCI as the primary external data provider for scoring corporate issuers (equities and fixed income holdings), with Beyond Ratings (a new external provider) and internal fundamental analysis as the primary inputs for sovereign issuers' scores going forward.

In addition to the changes described above, we are amending the description of the colours-based framework which is used (as part of the investment screening process) to assess issuers for alignment with the goal of achieving net zero carbon emissions by 2050. This involves the adoption, in place of the existing AXA Investment Managers Climate Colours Framework, of BNP Paribas Asset Management's Net Zero Assessment Framework. The principal changes are the use of additional underlying data sources and changes to the metrics used to assess an issuer's net zero commitments, including strengthening the way we assess the credibility of an issuer's transition plan. However, the overall aim and practical effect of the methodology and the resulting categories / colours (as we define them) will remain the same. We believe that this new approach is robust and evidence-based, and that it will improve the accuracy of the greenhouse gas emissions which we report for the Fund.

With the adoption of BNP Paribas Asset Management's Net Zero Assessment Framework, we are updating the short-, medium- and long-term targets shown as Key Performance Indicators for the Fund, to reflect new targets for 2030, 2040 and 2050 respectively, and we have recalculated (as at 31 December 2021) the starting value of the emissions benchmark used for the Fund. We have reset the targets and the starting emissions of the benchmark index in consequence of changes to the methodology used to calculate the carbon emissions of each issuer. These changes reflect the increase in reported carbon emissions and revenue sources data now available for each issuer, plus the improvement in the quality and accuracy of that data. The way in which we will calculate the emissions for each issuer and the method of calculating the targets and carbon emissions benchmark are therefore consistent. The new targets for 2030, 2040 and 2050 are based on the same underlying assumptions as applied to the original targets, and they are therefore in line with the previously defined pathway to net zero.

Details of the changes being made to the Fund's investment policy are provided for your review in the **Appendix** to this letter.

Will the investment policy changes result in a change to the Fund's investment objective or risk profile?

No, the changes described in this notification are being made to align the Fund with BNP Paribas Group processes, and there will be no material change in practice to how the Fund is managed. The existing investment strategy will continue to be followed, and the investment policy changes will not alter the Fund's investment objective or risk profile.

Please note also that the Fund will continue to use a "Sustainability Improvers" label under the FCA's labelling regime for products which seek to achieve positive outcomes by investing in assets that have the potential to improve environmental and / or social sustainability over time.

When will the changes take effect?

The name changes will take effect on **30 November 2026**. The amended investment policy of the Fund will be effective from **11 January 2027**.

What is the cost of making these changes?

We will meet the costs of amending the Fund's documentation to reflect the changes described in this letter and the costs associated with notifying shareholders.

It is expected that any realignment of the Fund's assets following the changes outlined above, and the resulting trading costs, will be minimal only. Any disinvestment required (for example, resulting from the adoption of the BNP Paribas Group exclusions) will be carried out in the ordinary management of the Fund, thereby reducing the impact to investors.

Further Information

The Prospectus for the Company and its sub-funds (the "**Prospectus**") and the Fund's Key Investor Information documents ("**KIIDs**") will be amended and republished to reflect the coming into effect of the changes described in this notification. Copies of the Prospectus, the KIIDs, and the Consumer Facing Disclosure document which provides investors with information regarding the sustainability characteristics of the Fund (the "**CFD**") are available on our website <https://www.axa-im.co.uk>.

Should you have any questions about the changes being made or any other aspect of the Fund, or would like to request a copy of the KIID(s) or the CFD, please contact our Customer Services team by phone on 0345 777 5511 (Monday to Friday 9.00am - 5.30pm) or via email on axa-im@uk.dstsyste.ms.com. Alternatively, please contact your usual local representative.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ouajnat', with a long horizontal flourish extending to the right.

Ouajnat Karim, Director
For and on behalf of
AXA Investment Managers UK Limited

Appendix

Changes to the Investment Policy of the Fund

With effect from 11 January 2027, the investment policy of the Fund will be amended as set out below.

Current Investment Policy	Amended Investment Policy
The Fund invests: (i) at least 80% of its Net Asset Value in bonds (including index-linked bonds) with at least 70% of this investment being in bonds with shorter expected maturities (five years or less) and money market instruments, issued by governments and companies diversified globally (including emerging markets), with the aim of reducing the effect of fluctuations in interest rates and market volatility while generating an income return; and (ii) at least 70% of its Gross Asset Value in issuers which are categorised by the ACD as either Committed to Align, Aligning or Aligned to a net zero carbon economy (each term is defined below). The ACD expects that the proportion of assets in the Fund invested in issuers categorised as “Aligned” will increase over time in line with the investment objective. The Fund will invest its remaining assets as permitted under this investment policy. The Fund may invest up to 25% of its Net Asset Value in ‘sub-investment grade’ bonds (meaning bonds with a rating of BB+ and below by Standard & Poor or equivalent rating by Moody’s or Fitch). The ACD seeks to reduce the effect of credit risk through diversification and its analysis and selection of bonds and money market instruments. The Fund may invest no more than 30% of the Gross Asset Value of the Fund outside its sustainable objective in other transferable securities (for example, other fixed income investments), cash, deposits, units in collective investment schemes (including those that are managed by the ACD or its associates) and money market instruments for	The Fund invests: (i) at least 80% of its Net Asset Value in bonds (including index-linked bonds) with at least 70% of this investment being in bonds with shorter expected maturities (five years or less) and money market instruments, issued by governments and companies diversified globally (including emerging markets), with the aim of reducing the effect of fluctuations in interest rates and market volatility while generating an income return; and (ii) at least 70% of its Gross Asset Value in issuers which are categorised by the ACD as either Committed to Align, Aligning or Aligned to a net zero carbon economy (each term is defined below). The ACD expects that the proportion of assets in the Fund invested in issuers categorised as “Aligned” will increase over time in line with the investment objective. The Fund will invest its remaining assets as permitted under this investment policy. The Fund may invest up to 25% of its Net Asset Value in ‘sub-investment grade’ bonds (meaning bonds with a rating of BB+ and below by Standard & Poor or equivalent rating by Moody’s or Fitch). The ACD seeks to reduce the effect of credit risk through diversification and its analysis and selection of bonds and money market instruments. The Fund may invest no more than 30% of the Gross Asset Value of the Fund outside its sustainable objective in other transferable securities (for example, other fixed income investments), cash, deposits, units in collective investment schemes (including those that are managed by the ACD or its associates) and money market instruments for

liquidity and/or Efficient Portfolio Management. The Fund may also invest outside its sustainability objective in other transferable securities for the purpose of pursuing its financial objective. Any investments falling in this category (save cash) will be screened using the ESG Filter (described below). No investments falling in this category will conflict with the Fund's sustainability objective. The Fund may use derivatives for investment purposes as well as for Efficient Portfolio Management. Use may be made of borrowing, cash holdings, hedging and other investment techniques permitted in the applicable FCA rules.

When defining the Fund's investment universe, the ACD will seek to exclude issuers which it considers present excessive degrees of environmental, social and governance ("**ESG**") risk, by applying (i) AXA IM's sector specific investment guidelines, which exclude investment in soft commodity derivatives or exposure to certain companies based on their involvement in specific sectors (such as tobacco production, natural ecosystem conversion and deforestation, controversial weapons and climate risks) and (ii) applying the AXA Investment Managers' ESG Standards policy, which excludes investment in issuers based on: (a) manufacture of white phosphorus weapons; certain criteria relating to human rights and anti-corruption as well as other ESG factors, (b) issuers which cause, contribute, or are linked to violations of international norms and standards in a material manner or which are involved in incidents and/or events that pose a severe business or reputational risk to the relevant issuer due to the impact of its involvement on stakeholders or the environment and (c) issuers with the lowest ESG score. The ACD believes that issuers with higher ESG scores manage risk associated with ESG issues more effectively, contributing to better ESG and financial performance of such companies in the long term; conversely excluding the lowest scoring issuers reduces our risks to poor ESG behaviour that may have a subsequent negative impact on an issuer's market value and long term prospects. ESG scores are based on scores provided by our selected external provider(s) and may be adjusted by the ACD using its own research. The "Responsible Investment" section of this prospectus contains details on our selected external provider(s). The exclusion policies described

liquidity and/or Efficient Portfolio Management. The Fund may also invest outside its sustainability objective in other transferable securities for the purpose of pursuing its financial objective. Any investments falling in this category (save cash) will be screened using the responsible investment exclusions described below. No investments falling in this category will conflict with the Fund's sustainability objective. The Fund may use derivatives for investment purposes as well as for Efficient Portfolio Management. Use may be made of borrowing, cash holdings, hedging and other investment techniques permitted in the applicable FCA rules.

When defining the Fund's investment universe, the ACD will seek to exclude issuers which it considers present excessive degrees of environmental, social and governance ("**ESG**") risk, by systematically applying BNP Paribas Asset Management's firm-wide approach to ESG integration, including the Responsible Business Conduct Policy exclusions and scoring framework described below, and stewardship.

BNP Paribas Asset Management's Responsible Business Conduct Policy (the "**RBC Policy**") excludes companies assessed to be in violation of norms and standards relating to human and labour rights, the environment, and / or corruption, as well as companies operating in sensitive sectors (e.g tobacco, coal, unconventional oil and gas, and excluded weapons), as these companies are deemed to cause unacceptable harm to society and / or the environment.

The RBC Policy is subject to change. The latest version is accessible via the link provided in the "Responsible Investment" section and is also available from the ACD on request.

The ACD will generally exclude issuers with the lowest ESG scores, reflecting the worst ESG practices. ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors, applying a scoring methodology based on a combination of criteria covering the most material risks. The ACD believes that issuers with higher or improving ESG scores may be expected to manage risk associated with ESG issues more effectively, which may be expected to contribute to the better

above are collectively termed in this investment policy as the “ESG Filter”.

Thereafter, to further filter the investment universe, the ACD will seek to identify those issuers which it deems demonstrate a clear commitment to supporting the transition to a net-zero carbon economy. To do so, the ACD will carry out a quantitative and qualitative assessment on each issuer using its *proprietary AXA IM Climate Colours framework* (the “**Climate Colours Framework**”), under which it will evaluate an issuer’s targets and timeframes to align to Net Zero or its commitment to align with the goal of Net Zero emissions by 2050. A climate colour will be assigned to each issuer based upon its level of progress towards Net Zero, as follows:

- Red: Issuers which are not aligned with Net Zero;
- Orange: Issuers which are committed to align and have communicated long term goals consistent with achieving global net zero by 2050 (“**Committed to Align**”);
- Light blue: Issuers which have communicated quantified and credible net zero targets, i.e. have communicated specific reduction targets (“**Aligning**”);
- Blue: Issuers which are on track to meeting their quantified and credible net zero targets (“**Aligned**”);
- Dark blue: Issuers which have current emissions that are below their sector and regional requirements to achieve net zero by 2050 and which have an investment plan/business model that will maintain their transition to net zero. Such issuers are expected to maintain and/or further reduce their level of emissions in the future and/or find better ways to reduce their level of emissions (e.g. by reducing their reliance of carbon offsetting) to achieve net zero at or before 2050. (“**Achieving Net Zero**”); and
- Grey: Issuers which have insufficient climate-related data to assign a climate colour under the Climate Colours Framework either via qualitative or quantitative analysis (as described below).

ESG and financial performance of such issuers in the long term. ESG scores are obtained as detailed in the “Responsible Investment” section of this Prospectus. Thereafter, to further filter the investment universe, the ACD will seek to identify those issuers which it deems demonstrate a clear commitment to supporting the transition to a net-zero carbon economy. To do so, the ACD will carry out a quantitative and/or qualitative assessment on each issuer using BNP Paribas Asset Management’s proprietary Net Zero Assessment Framework (the “**NZA Framework**”), which aims to evaluate an issuer’s targets, actions and timeframes for alignment with the goal of net zero emissions by 2050.

Under the NZA Framework, a climate category (expressed as a colour) is assigned to each issuer based upon its level of progress towards net zero, as follows:

- **Not aligned** (Red): issuers which are not aligned with net zero;
- **Committed to aligning** (Orange): issuers which have communicated goals consistent with achieving net zero and meet the ACD’s qualitative minimum credibility criteria. Such issuers have demonstrated a level of credibility in their commitments and actions which is deemed satisfactory under an assessment performed by the ACD on their short-term and / or long-term decarbonisation targets and which may be validated by an external assessment of their decarbonisation targets or by the disclosure of their targets to an independent data provider such as the Carbon Disclosure Project;
- **Aligning** towards a net zero pathway (Light Blue): issuers which have communicated quantified and credible net zero targets;
- **Aligned** with a net zero pathway (Blue): issuers which are on track to meeting their quantified and credible net zero targets;
- **Achieving net zero** (Dark Blue): issuers whose emissions performance is already at or below the emission performance to achieve net zero or have put in place the most credible climate transition plans. Issuers with the most credible climate

The ACD will not purchase issuers assigned as red. The ACD may invest in issuers assigned as grey where, based on available data, there is not a conflict with the sustainability objective. Where the issuer is already held in the portfolio and downgraded to red or grey, it may temporarily be held in the portfolio while the ACD verifies the reason behind the downgrade, focusing on the accuracy of the quantitative input that led to the downgrade, and engages with the company, provided there is not a conflict with the sustainability objective.

For its quantitative analysis, the ACD will use certain carbon metrics as provided by our selected external providers. The metrics will be used to assess an issuer's net zero goals and whether these have been communicated, its short term and long term targets for achieving these goals, whether these goals are quantified and credible and the issuer's management quality and decarbonization plan to assess the feasibility of achieving these goals. A more detailed description of the carbon metrics, as well as the third-party providers of these metrics, are set out in the "Responsible Investment" section of this Prospectus.

The ACD may perform its own qualitative research on issuers to assign a colour. The ACD will focus in particular on assessing: (i) the long term decarbonization strategy and direction of the issuer; (ii) quantified intermediary reduction targets that the issuer may have, over a 5 to 10 year horizon; (iii) supporting action that the issuer may be taking to mitigate or offset its carbon emissions; (iv) the issuer's capital expenditure towards its net zero targets, both in absolute terms and as a percentage of such issuer's total capital expenditure (where available); (v) the issuer's governance, specifically the involvement of senior management with its net zero strategy; and (vi) the issuer's past decarbonisation efforts and performance.

Where the ACD deems, through its own research, that the carbon metrics sourced for the issuer through its quantitative analysis do not accurately or fully reflect its current net zero alignment, it may assign a climate colour according to its own research.

The qualitative assessment of an issuer is regularly monitored and is reviewed upon the emergence of any negative information that could reasonably be considered to affect the assessment and

transition plans are those which are deemed most likely to achieve their emission reduction targets. This is assessed by considering both the quality of their disclosed targets (based on, for example, timespan, frequency, scope coverage, third party validation, and availability of supporting targets) and the quality of the disclosure of their transition plans (considering, for example, statements regarding governance, risk and opportunity assessment, the use of climate-related scenario analysis in the definition of the strategy, and financial planning); and

- **No data** (Grey): issuers which have insufficient climate-related data to assign a climate category under the NZA Framework, either via quantitative or qualitative analysis.

The ACD will not purchase issuers assigned as red. The ACD may invest in issuers assigned as grey where, based on available data, there is not a conflict with the sustainability objective. Where the issuer is already held in the portfolio and downgraded to red or grey, it may temporarily be held in the portfolio while the ACD verifies the reason behind the downgrade, focusing on the accuracy of the quantitative input that led to the downgrade, and engages with the issuer, provided there is not a conflict with the sustainability objective.

For its quantitative analysis, the ACD will use carbon metrics as provided by its selected external providers. The metrics will be used to assess an issuer's net zero goals and whether these have been communicated, its short term and long-term targets for achieving these goals, whether these goals are quantified and credible, and the issuer's management quality and decarbonization plan to assess the feasibility of achieving these goals. A more detailed description of the carbon metrics, as well as the selected providers of these metrics, is set out in the "Responsible Investment" section of this Prospectus.

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categorisation of an issuer, or otherwise at least every 18 months. The ACD deems the Climate Colours Framework as appropriate to making its assessment as to whether an issuer will positively contribute to the achievement of the Fund's sustainability objective, as the Climate Colours Framework focuses its analysis on the issuer's commitment and potential to achieving net zero and its progress towards such commitment over time. The Climate Colours Framework has been assessed as a robust, evidence-based standard for sustainability and is deemed appropriate for selecting assets for the Fund by the Risk Function of the Manager, which is independent from the ACD's investment process. When selecting issuers in accordance with the objectives, the ACD will also analyse macroeconomic factors as well as issuers' fundamentals, quality of management and relative value. Where the ACD deems that an issuer no longer meets the criteria set out in the investment policy, and after unsatisfactory engagement or escalation (i.e. the relevant investee issuer refuses to engage or the ACD sees no material progress towards the agreed engagement goals), the ACD will divest from such issuer as soon as practicable, considering the best interests of the Fund's investors and in line with the ACD's best execution policy. The ACD will calculate the Fund's WACI and verify whether it is below the Emissions Benchmark on a monthly basis. If for any reason, the Fund has a higher WACI than the Emissions Benchmark, the ACD will aim to bring the Fund's WACI back below the Emissions Benchmark as soon as practicable having regard to the best interests of the Fund's investors. <u>Adverse consequences linked to pursuit of the Fund's sustainability objective:</u> While the application of our exclusionary policies (the AXA IM sector specific investment guidelines and the AXA IM ESG Standards policy) aims to reduce the likelihood of exposure to poor ESG corporate practices and unsustainable business activities, nevertheless, there are some potential negative outcomes that could arise from pursuing the above investment strategy. There could be negative impacts on the ecosystem as a transition to a net zero carbon economy may increase environmental pressure	issuer may have, over a 5 to 10 year horizon; (iii) supporting action that the issuer may be taking to mitigate or offset its carbon emissions; (iv) the issuer's capital expenditure towards its net zero targets, both in absolute terms and as a percentage of such issuer's total capital expenditure (where available); (v) the issuer's governance, specifically the involvement of senior management with its net zero strategy; and (vi) the issuer's past decarbonisation efforts and performance. Where the ACD deems, through its own research, that the carbon metrics sourced for the issuer through its quantitative analysis do not accurately or fully reflect its current net zero alignment, it may assign a category according to its own research. The qualitative assessment of an issuer is regularly monitored and is reviewed upon the emergence of any negative information that could reasonably be considered to affect the assessment and categorisation of an issuer, or otherwise at least every 18 months. The ACD deems the NZA Framework as appropriate to making its assessment as to whether an issuer will positively contribute to the achievement of the Fund's sustainability objective, as the NZA Framework focuses its analysis on the issuer's commitment and potential to achieving net zero and its progress towards such commitment over time. The NZA Framework has been assessed as a robust, evidence-based standard for sustainability and is deemed appropriate for selecting assets for the Fund by the Risk Function of the ACD, which is independent from the ACD's investment process. When selecting issuers in accordance with the objectives, the ACD will also analyse macroeconomic factors as well as issuers' fundamentals, quality of management and relative value. Where the ACD deems that an issuer no longer meets the criteria set out in the investment policy, and after unsatisfactory engagement or escalation (i.e. the relevant investee issuer refuses to engage or the ACD sees no material progress towards the agreed engagement goals), the ACD will divest from such issuer as soon as practicable, considering the best interests of the Fund's investors and in line with the ACD's best execution policy.
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linked to land occupation and transformation, resource depletion (especially rare minerals) and release of pollutants or toxic substances that may negatively affect human health. The transition to a net zero carbon economy may also result in negative social impacts on employment, as a new model of production and consumption may require a new set of skills which may negatively affect certain industrial sectors.

Other potential negative impacts may arise when transitioning away from fossil fuels, this being key to reducing carbon emissions from the energy sector. Renewable energy generation infrastructure may disrupt local marine and land ecosystems through pollution, through the use of land or marine surface area and other types of pollution, aside from air pollution caused by the release of greenhouse gases. Wind turbines and solar farms can impact bird migration patterns, while offshore wind farms may create marine sound pollution, affecting underwater flora and fauna and fish availability.

The ACD seeks to mitigate the risks associated with the transition to net zero carbon emissions through (i) its qualitative assessments based on the Climate Colours Framework; (ii) setting engagement goals which consider these risks; and (iii) taking appropriate escalation action (for example voting at general meetings in line with its corporate governance and voting policy which the ACD believes is consistent with achieving the Fund's sustainability objective). To explain point (i) further, as part of the ACD's qualitative analysis under the Climate Colours Framework, analysts will look at social elements within a company's governance structure such as: ESG considerations in board appointment, remuneration policy, review of lobbying practices, consideration of human rights and "just transition" issues. We expect that companies which integrate these considerations will be better placed to manage potential negative externalities.

The ACD will calculate the Fund's WACI and verify whether it is below the Emissions Benchmark on a monthly basis. If for any reason, the Fund has a higher WACI than the Emissions Benchmark, the ACD will aim to bring the Fund's WACI back below the Emissions Benchmark as soon as practicable having regard to the best interests of the Fund's investors.

Adverse consequences linked to pursuit of the Fund's sustainability objective:

While the application of the RBC Policy aims to reduce the likelihood of exposure to poor ESG corporate practices and unsustainable business activities, nevertheless, there are some potential negative outcomes that could arise from pursuing the above investment strategy. There could be negative impacts on the ecosystem as a transition to a net zero carbon economy may increase environmental pressure linked to land occupation and transformation, resource depletion (especially rare minerals) and release of pollutants or toxic substances that may negatively affect human health. The transition to a net zero carbon economy may also result in negative social impacts on employment, as a new model of production and consumption may require a new set of skills which may negatively affect certain industrial sectors.

Other potential negative impacts may arise when transitioning away from fossil fuels, this being key to reducing carbon emissions from the energy sector. Renewable energy generation infrastructure may disrupt local marine and land ecosystems through pollution, through the use of land or marine surface area and other types of pollution, aside from air pollution caused by the release of greenhouse gases. Wind turbines and solar farms can impact bird migration patterns, while offshore wind farms may create marine sound pollution, affecting underwater flora and fauna and fish availability.

The ACD seeks to mitigate the risks associated with the transition to net zero carbon emissions through (i) its qualitative assessments based on the NZA Framework; (ii) setting engagement goals which consider these risks; and (iii) taking appropriate escalation action (for example voting at general meetings in line with its corporate governance and voting policy which the ACD believes is consistent

	with achieving the Fund’s sustainability objective). To explain point (i) further, as part of the ACD’s qualitative analysis under the NZA Framework, analysts will look at social elements within an issuer’s governance structure such as: ESG considerations in board appointment, remuneration policy, review of lobbying practices, consideration of human rights and “just transition” issues. The ACD expects that issuers which integrate these considerations will be better placed to manage potential negative externalities.
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