

This Information Statement is accurate as at: 09 June 2023.

NT World Natural Capital PAB Index II FGR Fund ("the Product")

LEI: 6354004AK7BHR8ILZN48

Sustainability-related Investment Disclosures

SUMMARY

NT World Natural Capital PAB Index II FGR Fund (the "Product") promotes environmental or social ("E/S") characteristics but does not have a sustainable investment objective. The Product commits to having a minimum 10% in sustainable investments.

The Product aims to closely match the risk and return characteristics of the MSCI World Natural Capital Paris-Aligned Equity Select Index (the "Index") with net dividends reinvested.

The Product's E/S characteristics are primarily achieved through the custom Index which is designed to meet the standards of the EU Paris Aligned Benchmark ("PAB"), aiming to reduce the weighted average greenhouse gas ("GHG") intensity relative to the MSCI World Index (the "Parent Index") by 50% and reduce the weighted average GHG intensity by 7% on an annualised basis.

The Index additionally aims to reduce exposure to companies according to select indicators that are associated with adverse impact on natural resources, and to increase exposure to companies that are associated with positive contribution to the environment through their products or services, or through their management of natural-capital related risks.

The custom Index is calculated by MSCI based on exclusion criteria which are incorporated to align with the objectives detailed in the PAB and which are further supplemented pursuant to Environmental, Social, and Governance ("ESG") criteria selected by the investment manager.

The Product only invests in companies that are constituents of the Index constructed by MSCI.

The Product presently intends to invest 0% of its assets in investments that contribute to environmentally sustainable economic activities in accordance with the Taxonomy Regulation. The "other" of the Product is expected to be for cash, hedging and other ancillary purposes.

The Product's E/S characteristics are primarily monitored as part of the rebalance with investee names added or divested as appropriate with the objective of reflecting change in the underlying equity markets in a timely manner, while minimising ex-ante tracking error relative to the Parent Index and maximising replicability subject to climate and diversification objectives. Where possible, the Product's characteristics are coded into our investment management system to enable pre and post trade monitoring. Any set targets, thresholds, exclusions, that are relevant to the Product's strategy are monitored by the investment team and independently monitored by the risk team and reported to the Product's board of directors.

The Index aims to represent the performance of a strategy that is designed to exclude companies and tilt the screened universe by reweighting the Index constituents based on various ESG criteria. The methodology book for the Index can be found [here](#).

The investment manager has agreements in place for the use of third party ESG data from a number of preferred providers. We may use one or more of these providers' ESG datasets to attain each of the E/S characteristics in the construction, reporting, research and analysis process of our products.

The primary limitation to the methodology or data source is the lack of corporate disclosure particularly in relation to companies outside of the EU. Additionally, sourcing adequate information on the principal adverse indicators ("PAI") has been challenging. Such limitations have led to the use of proxies, in place of a particular PAI(s), as part of our assessment of significant harm. We also see divergence in methodology between data providers which can lead to different outcomes.

The holdings of the Product are subject to the investment manager's engagement program with Hermes Equity Ownership Services ("Hermes EOS"), providing an opportunity to engage with selective companies and to seek ways to improve their performance. Proposals for engagement, whether generated by Hermes EOS or the Product, usually involve risks and concerns relating to strategic, operational, legal, social, environmental, ethical or governance principles, or a breach of the Hermes responsible ownership principles or its regional policies.

Engagements may relate to longer-term strategic, ESG issues, which may not have immediate stock-specific impacts, for example where the company's shares are fully valued, and the intent is to preserve that value. Hermes EOS will escalate its engagement according to the nature and severity of the concerns.

NO SUSTAINABLE INVESTMENT OBJECTIVE

This Product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

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?

This Product's primary objective is a reduction in carbon emissions which it aims to meet through passively tracking the risk and return characteristics of the reference benchmark - MSCI World Natural Capital Paris-Aligned Equity Select Index. Per above, this reference benchmark qualifies as an EU Paris-Aligned Benchmark ("PAB"). Paris-aligned benchmarks are indices whose constituent companies are aligned with the Paris Agreement, which seeks to limit the rise in global temperatures to well below 2°C above pre-industrial levels, and to pursue efforts to keep the rise to 1.5°C.

Benchmark constituent companies are deemed to meet the decarbonisation criteria prescribed under the EU PAB regulation including the 50% reduction in weighted average greenhouse gas intensity relative to the Parent Index and the reduction in weighted average greenhouse gas intensity by 7% on an annualised basis. Administrators of PABs are expected to incorporate a range of minimum standards designed not only to ensure the long-term carbon emission reduction objectives of the Paris Agreement are met but also that companies do not cause significant harm.

In order to deem an investment a sustainable investment, it must not only satisfy the positive contribution test but also a 'do no significant harm' ("DNSH") test designed to ensure that no significant harm is caused to any environmental or social investment objective.

Our assessment of harm involves the use of a set of diverse environmental and social indicators for example, GHG, carbon footprint, GHG intensity of investee companies etc. coupled with our own proprietary thresholds. These thresholds represent a value or metric at which we believe there is a risk of significant harm. In practice, this means that an investee company can only be deemed a sustainable investment under our definition if it a) meets our minimum positive contribution test; b) the indicators for harm are under the proprietary thresholds set at specific points in time and lastly c) that investee companies follow good governance practices and are aligned with minimum safeguards such as OECD guidelines for Multinational Enterprises.

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

The Product considers adverse impacts through a range of criteria that form part of the investment strategy. By excluding companies that do not meet certain PAB and ESG criteria as detailed above, the Index ensures that no significant harm to E/S characteristics objectives is done and that it only selects companies with good governance practices. The Custom ESG screens provide a strong ethical foundation in line with international norms and are regularly updated following our own research, as well as feedback from our clients.

The Index is constructed so as to ensure that its investments do not significantly harm any of the Environmental Objectives, with the Index excluding companies linked to ecosystem loss and water pollution, and seeking to tilt such that Index constituents are reweighted to provide a positive uplift in exposure vs the Index to companies with revenues from clean technology themes, and to best-in-class companies in sectors where land use and biodiversity, resource use and emissions, effluents and waste are material topics and the companies have top decile sector-relative management scores.

For sustainable investments specifically, and as described above, our assessment of harm involves the use of a set of diverse environmental and social indicators with proprietary thresholds.

Lastly, consideration of adverse impacts form part of our focused engagement and voting activities designed to help influence the business models of investee companies to transition to a more sustainable future.

How are the sustainable investments aligned with the OECD Guidelines for multinational enterprises and the UN Guiding Principles on business and Human Rights? Details:

The Index applies custom ESG screening criteria to identify and exclude companies that do not adhere to international norms such as:

- OECD Guidelines for Multinational Enterprises;
- the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight Fundamental conventions identified in the Declaration of the International Labour Organisation ("ILO") on Fundamental Principles and Rights at Work; and
- the International Bill of Human Rights.

The implementation of these exclusions happens through the use of third party controversy data used as a proxy to assess the negative ESG impact of a company's operations, products and services.

In practice, this means that all investee companies are aligned with these minimum safeguards, not only the sustainable investments.



ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

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

The Product aims to closely match the risk and return characteristics of the MSCI World Natural Capital Paris-Aligned Equity Select Index with net dividends reinvested. The Index is designed to meet the standards of the EU PAB, aiming to reduce the weighted average greenhouse gas intensity relative to the MSCI World Index by 50% and reduce the weighted average GHG intensity by 7% on an annualised basis.

The Index additionally aims to reduce exposure to companies according to select indicators that are associated with adverse impact on natural resources, and to increase exposure to companies that are associated with positive contribution to the environment through their products or services, or through their management of natural-capital related risks. The Index also excludes securities of companies based on the additional ESG criteria referenced above. Please refer to the Product supplement and annex for a complete list of sustainability indicators used to measure the attainment of the E/S environmental and/or social characteristics promoted by this Product.

INVESTMENT STRATEGY

What investment strategy used to meet the environmental or social characteristics promoted by the product follow?

The Product follows a passive strategy which seeks to track the risk and return characteristics of the Index - the MSCI World Natural Capital Paris-Aligned Equity Select Index.

The Index is designed to meet the standards of the EU Paris Aligned Benchmark, and additionally aims to reduce exposure to companies according to select indicators that are associated with adverse impact on natural resources, and to increase exposure to companies that are associated with positive contribution to the environment through their products or services, or through their management of natural-capital related risks.

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

An assessment of good governance of investee companies forms a foundational part of the NT Custom ESG index methodology. In practice, this is achieved through the use of MSCI ESG Controversy screen, a proxy framework designed to address governance topics consistent with international norms represented by the UN Declaration of Human Rights, the ILO declaration on Fundamental Principles and Rights at Work, the OECD Guidelines and the UN Global Compact.

In order to identify the controversy, our chosen data provider assesses the negative ESG impact of the investee companies operations, products and services. It also identifies breaches of international norms through the use of controversy proxies which are assessed based on the scale and severity of the controversy.

Severity may vary depending on the nature of the controversy but generally includes metrics such as:

- the percent of shareholder votes or number of shareholders voicing an opinion,
- number and position of executives or directors involved,
- number and type of external parties voicing an opinion, or
- the portion of the company that is affected or implicated.

For other governance issues, scale is generally measured by:

- the length of time an activity was ongoing,
- the size of the market or government affected, or
- the scale on which either company executives or external parties such as government officials were involved.

PROPORTION OF INVESTMENTS

What is the asset allocation planned for this financial product?

The Product intends to be at least 90% invested in companies that meet our ESG criteria using the sustainability indicators described.

Of this, a minimum of 10% will be invested in sustainable investments with an environmental objective.

The Product presently intends to invest 0% of its assets in investments that contribute to environmentally sustainable economic activities in accordance with the Taxonomy Regulation. The “other” allocation of the Product is expected to be for cash, hedging and other ancillary purposes.

MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and the related internal/external control mechanism?

The Product's E/S characteristics are primarily monitored as part of the Product's rebalance with investee names added or divested as appropriate to ensure compliance with the ESG criteria. Where possible, the Product's E/S characteristics are coded into our investment management system to enable pre and post trade monitoring. Certain targets and thresholds, that are relevant to the Product's strategy, are monitored by the investment team and independently monitored by the risk team and reported to the Product's board of directors. Other monitoring is undertaken in a variety of ways, including but not limited to:

- Reviews to reconcile against data providers to ensure the Index is reflective of the ESG Screening Criteria.
- Reviews of the proxy voting policy on a periodic basis, including voting principles in relation to ESG topics. Changes to the policy are presented to the Proxy Voting committee.
- Reviews of the Product to test that the Product is operating in line with disclosures made.

METHODOLOGIES

What are the methodologies to measure how the social or environmental characteristics promoted by the financial product are met?

The Index aims to represent the performance of a strategy that is designed to exclude or tilt towards companies based on various ESG criteria, PAB requirements and ecosystem loss and water pollution considerations. The Product uses research and data from our third party data provider. More information on the methodology for the Index can be found [here](#). Please refer to the Product supplement and annex for the methodology used to measure the attainment of the E/S promoted by this Product found [here](#).

DATA SOURCES AND PROCESSING

What are the data sources used to attain each of the environmental or social characteristics? Describe the measures taken to ensure data quality, describe how data are processed and describe the proportion of data that are estimated.

The investment manager's ESG integration team which is part of our Sustainable Investment and Stewardship team assists in identifying the most relevant and suitable data sources needed to attain the sustainability characteristics of the strategies. The selection of the data provider goes through an extensive due diligence process to evaluate various parameters including, but not limited to, robustness of data providers research process, methodological approach, quality assurance, coverage.

The investment manager has agreements in place with multiple third party ESG data providers to ensure we have access to diverse views and utilising the best available options. We may use one or more of these providers' as deemed fit to attain each of the environmental or social characteristics in the portfolio construction, reporting, research and analysis process of our products.

Company reported data may not be available for all securities in the investible universe or may not be in a format that allows comparability or aggregation at the portfolio level. As such the investment manager and/or our ESG data provider(s) may use estimated or modelled data as a proxy. It is currently complex to report sufficiently accurate yet broad metrics on the proportion of data that is estimated. The share of modelled data will vary over time and across funds based on the investible universe. We continue to monitor developments in data availability and regularly review the datasets and tools available vis-à-vis new and emerging alternatives in terms of data coverage and quality.

LIMITATIONS TO METHODOLOGIES AND DATA

The primary limitation to the methodology or data source is the lack of corporate disclosure particularly in relation to companies outside of the EU. We do not expect the corporate reporting landscape to change significantly until the anticipated introduction of Corporate Sustainability Reporting Directive ("CSRD") in 2025 and even then, we envisage continued challenges in markets outside of the EU. Additionally, like other industry participants, adequate information on the PAI indicators has been challenging. To overcome this issue, we leverage multiple data providers to enable us to have a more holistic view from different perspectives. At present, we observe gaps in disclosures of PAI indicators by corporates resulting in the use of certain proxies or estimations by the third party providers and where we have found limitations, and resorted to a relevant proxy, we have clearly designated it as such.

In terms of methodology, we frequently see divergence in the way that data vendors deal with certain topics. For instance, for GHG emissions, some vendors blend corporate reporting with modelled data. It has been a common experience to note that 'reported' data can vary between providers due to conflicting policies, quality assurance and other case-by-case

factors. This has been evidenced by the numerous reports from industry associations and trade bodies such as Irish Funds and the Investment Association on the quality and transparency of ESG data products.

DUE DILIGENCE

What is the due diligence carried out on the underlying assets and what are the internal and external controls in place?

Due diligence is carried out on the underlying assets throughout the life cycle of the Product. Starting from product development, ESG objectives and criteria are determined from the outset with due diligence carried out on the investment universe. As part of its due diligence the investment manager assesses to ensure compliance with these requirements. ESG metrics of third party data providers will typically be used to conduct this due diligence, based on the product offering documentation.

The selection of the data provider goes through an extensive due diligence process evaluating them on various parameters including, but not limited to, robustness of data providers research process, methodological approach, quality assurance etc.

During the life of the Product, ESG criteria is monitored through the review of ESG data published by the selected data providers to determine whether the product and its investments remain in line with its ESG objective. Product level ESG exclusions and screens are coded into our investment management system to enable pre and post trade monitoring (where applicable) as well as on-going independent oversight. You can find out more about our sustainability risk policy [here](#).

ENGAGEMENT POLICIES

Describe the engagement policies implemented where engagement is part of the environmental or social investment strategy, including any management procedures applicable to sustainability-related controversies in investee companies

The holdings of the Product are subject to the investment manager's engagement program. In addition to our direct engagements in EMEA, we appointed Hermes EOS to act as agent of the majority of our pooled funds in EMEA. Hermes EOS' engagements are focused on ensuring companies are responsibly-governed and well managed to deliver sustainable long-term value as well as improving the lives of employees, promoting diversity and supporting communities.

Proposals for engagement, whether generated by Hermes EOS or the Product directly, usually involve risks and concerns relating to strategic, operational, legal, social, environmental, ethical or governance principles, or a breach of the Hermes responsible ownership principles or its regional policies.

Engagements may relate to longer-term strategic, ESG issues, which may not have immediate stock-specific impacts, for example where the company's shares are fully valued, and the intent is to preserve that value. Hermes EOS will escalate its engagement according to the nature and severity of the concerns.

Hermes EOS conducts engagements with companies that are constituents of the Funds to seek positive change for investors, the companies and the societies in which they operate. Hermes EOS adopt their three-year engagement plans to explain their short-and-medium-term priorities and the links to the United Nations' Sustainable Development Goals.

Hermes EOS shall undertake portfolio company-specific engagements where it is believed that:

- Engagement will lead to an increase in the value of a company's shares over the long term; or
- Engagement will prevent or limit a decrease in the value of a company's shares over the long term.

Our engagement policy is available [here](#) for our EMEA pooled funds.



DESIGNATED REFERENCE BENCHMARK

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes? If yes, how that index is aligned with the environmental or social characteristics promoted by the financial product, and where can one find information with regards to input data, methodologies used to select those data, the rebalancing methodologies and index calculations?

The Product has a designated reference benchmark, MSCI World Natural Capital Paris-Aligned Equity Select Index, a custom Index calculated by MSCI based on predetermined ESG criteria.

Alignment of the investment strategy is ensured through the tracking of the Index which incorporates the various ESG criteria. To the extent possible, the investment guidelines and ESG criteria are coded into our investment management systems to provide pre- and post-trade controls.

The methodology used for the designated Index can be found [here](#). Please search by benchmark name.

IMPORTANT INFORMATION

This Information Statement is issued for information purposes only and is not intended as legal or investment advice, an offer or a recommendation about managing or investing assets and should not be used as the basis for any investment decision.

The information contained herein is current as of June 2023 and is subject to change without notice.

Issued by Northern Trust Fund Managers (Ireland) Limited (NTFMIL). Registered Office: George's Court, 54-62 Townsend Street, Dublin 2, D02R156.

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