NORTHERN TRUST
ASSET MANAGEMENT

Information Statement on the Integration of Sustainability Risks in the Investment Decision-Making Process

1. Purpose, Scope and Oversight

This Information Statement sets out the framework as to how Northern Trust Fund Managers (Ireland) Limited ("**NTFMIL**"), oversees the delegation of the integration of sustainability risks in the decision making process by the Investment Manager of the relevant Product.[1] NTFMIL delegates the portfolio management function of the Products to the Investment Manager, who is responsible for the investment decision-making process and pre-trade assessments in accordance with the investment guidelines for the relevant Product. NTFMIL has an oversight programme in place to identify, measure and mitigate risks arising from the delegation of the portfolio management function and monitors the quality of service of the Investment Manager on an ongoing basis as part of its delegation oversight duties.

This Information Statement is accurate as at: 31 March 2024

2. Identification of Sustainability Risks

Sustainability risk is an environmental, social, or governance ("ESG") event, or condition that, if it occurs, could cause an actual or a potential negative impact on the value of the investment. ESG factors are pre-financial indicators that can affect a company's future financial viability and clients' long-term risk-adjusted investment returns. When managed well, they can position a company for success and when mismanaged, they can result in increased risks.

As investors should be compensated for the risks they take, evaluating companies' performance using ESG criteria enhances a forward-looking view of risks and opportunities. Sustainability risk is multi-dimensional and can apply differently to different asset classes, geographies and approaches. The Investment Manager identifies relevant sustainability risks that it believes are financially impactful and industry specific, using a range of ESG datasets, scores and frameworks to factor into the overall assessment. This is integrated in a number of ways across Products dependent upon asset class, approach and level of ESG integration.

3. Integration of Sustainability Risks

Article 6 Products

Article 6 Products do not promote environmental or social characteristics in a way that meets the specific criteria contained in Article 8 of Sustainable Finance Disclosure Regulation ("SFDR") or have sustainable investment as their objective as per the requirements of Article 9 of SFDR.

Notwithstanding the Article 6 classification and consistent with the requirements applicable to it under the Undertakings for Collective Investment in Transferable Securities (UCITS) Regulations, NTFMIL is required to take sustainability risks into account in the process of selection and ongoing monitoring of investments and the Investment Manager will evaluate and integrate sustainability risks where relevant throughout the investment process. However, due to the fact that the Article 6 Products are often passive in nature and designed to replicate a designated index that may not have any ESG characteristics, sustainability risk considerations may not be a primary consideration for an investment decision and the Investment Manager does not expect that the assessment of likely impacts of sustainability risks will negatively impact the expected risk or return characteristics of the Article 6 Products.

[1] This information statement is issued by Northern Trust Fund Managers (Ireland) Limited (NTFMIL). NTFMIL is authorised by the Central Bank of Ireland as an UCITS authorised Management Company to EU domiciled funds ("**Funds**") and as an investment manager of segregated managed accounts ("**Mandates**"). Funds and Mandates together referred to as the "**Product(s)**"). References to the delegated Investment Manager includes Northern Trust Investments, Inc. (NTI) and Northern Trust Global Investments Limited (NTGIL).

Reference to Northern Trust Asset Management ("NTAM") includes the following legal entities: NTI, NTGIL, NTFMIL, Northern Trust Global Investments Japan, K.K. (NTKK), NT Global Advisors, Inc., 50 South Capital Advisors, LLC, , Northern Trust Asset Management Australia Pty Ltd and investment personnel of The Northern Trust Company of Hong Kong Limited (TNTCHK) and The Northern Trust Company (TNTC).

NTFMIL considers that the Article 6 Products are managed responsibly through its corporate engagement programme with selected companies held within the Product's portfolio. Irrespective of SFDR Classification, investment restrictions are applied across all Funds that are in accordance with rules regarding cluster munitions laid down in the relevant national legislation adopting the Convention on Cluster Munitions.

Article 8 and 9 Products

Article 8 Funds and Article 9 Products will include specific and binding environmental or social criteria that are monitored and assessed so that sustainability risks are considered throughout the life cycle of the relevant Product. The Investment Manager integrates a sustainability risk assessment into its investment decision-making and portfolio construction both initially and on an ongoing basis for the duration of the period the relevant Product holds an investment or pursues a particular investment strategy. Relevant sustainability risks which are financially impactful and industry specific are identified by the Investment Manager using a range of ESG datasets, scores and frameworks. These are integrated into the overall assessment in a number of ways across the relevant Fund dependent upon asset class, approach and level of ESG integration. The Investment Manager considers that factoring an assessment of the likely impact of sustainability risk into the investment design and decision-making process has the potential to impact the returns of the Product. Accordingly, an Article 8 or 9 Fund may perform differently relative to other comparable funds that do not promote environmental and/or social characteristics.

Sustainability Risk Integration Tools

Sustainability risks and ESG metrics are assessed and integrated in the investment decisions and oversight of portfolios by the Investment Manager of the relevant Product across equities, fixed income or liquidity strategies. The Investment Manager may use a number of different tools and data sets to embed sustainability considerations into the asset selection and portfolio construction of the Products which may include:

- The use of ESG metrics of third-party data providers in order to screen the relevant investment against sustainability risk by applying an exclusion policy (whereby potential investments do not meet certain sustainability criteria);

- Leveraging proprietary frameworks of measurable ESG targets through a mix of leading industry standard frameworks, such as IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB) and Task Force on Climate-related Financial Disclosures (TCFD);

- Integrating additional ESG approaches such as tilting portfolios towards ESG factors, using ESG criteria within optimisation-based approaches and selecting companies that perform better than industry competitors in the desired metric (for example, carbon intensity), and so are likely to be less exposed to sustainability risks;

- By investing with the intention to generate a measurable, positive social or environmental impact along with financial return, such as through ESG labelled fixed income instruments with dedicated use of proceeds.

During the life of the investment, sustainability risk is monitored through the review of ESG data published by the issuer or selected data provider to determine whether the level of sustainability risk has changed since the initial assessment has been conducted and has increased beyond the ESG risk appetite for the relevant Product. Outside of investment decision-making, key sustainability themes also feature in the investment management process as active shareholders through proxy voting and engagement activities. The following sections explain how sustainability risk is integrated across the portfolio management of the Products by asset class and approaches.

3.1 Exclusions – Northern Trust Custom ESG Screens

The Northern Trust ("NT") Custom ESG screens, a suite of proprietary ESG screens, has been developed for application across our passive, active, quant and factor based ESG Products. The ESG screening methodology is rules-based and generates a list of exclusions which align with global norms and provides a strong ethical foundation.

For Products that invest in Developed Markets and Emerging Markets the Northern Trust Custom ESG exclusion list excludes, according to specified thresholds. This list includes companies that:

- do not comply with global norms such as the UN Global Compact Principles and International Labour Organisation Conventions;
- produce tobacco or derive revenues from the distribution, retail or supply of tobacco products or tobacco alternatives;
- manufacture controversial weapons such as cluster bombs, landmines, nuclear weapons, depleted uranium weapons, biological/chemical weapons, (or their strategic components), blinding laser weapons, incendiary weapons (white phosphorus) and non-detectable fragments;
- derive revenues from the manufacture of conventional weapons and civilian firearms;
- derive revenues from activities related to for-profit prisons and detention centres;
- derive revenues from thermal coal mining;
- derive revenues from thermal coal power generation, unconventional oil and gas (e.g. shale gas and oil sands) and Arctic oil, and are assessed to have weak low carbon transition management.

Within Emerging Markets, additional corporate governance and human rights-based exclusions are also applied for relevant Products.

The NT ESG Screening criteria is non-exhaustive and can be subject to change.

NTFMIL also offers clients the opportunity to apply the NT Custom ESG screening methodology into the investment process of the relevant Mandate and/or to customise the Mandate in accordance with client specific exclusions, screens and ESG integration requirements.

3.2 Index Strategies

Index strategies primarily use a positive or negative screen to reflect a sustainable investing view; through screening companies based on certain criteria and thresholds. Much of this activity involves exclusions based on the breach of standards and norms, regulations or certain ethical or other exclusionary tactics. For example, involvement in controversial weapons or violations of international norms such as the UN Global Compact are screens that are commonly applied across index strategies. In addition to targeted negative exclusions, certain strategies seek to include a positive element; by increasing exposure to companies that demonstrate superior management of ESG risks and opportunities. ESG indices are constantly evolving, and NTAM continues to develop a range of custom ESG indices to meet our clients' growing ESG needs..

3.3 Quantitative Equity

The quantitative approach to sustainable investing seeks to obtain a desired factor and ESG exposures with limited tradeoffs. Portfolios target factors such as quality, low volatility and value. Equally important is our approach to risk management that explicitly manages uncompensated and unintended risk. This framework is highly compatible with investors aiming to achieve multiple sustainable investing objectives alongside traditional risk and return targets. In designing factors, the Investment Manager considers ESG information, held to the same rigor as other datasets for inclusion. In addition, certain factors or combinations of factors can pair with thematic investing goals, such carbon screened portfolios. Beyond thematic investing goals, the Investment Manager works with a wide array of ESG datasets that are used for specific purposes. This includes business involvement, norms-based data, proprietary and external ESG Ratings, climate data (carbon, low carbon transition), UN Sustainable Development Goals ("SDG") data, and more.

3.4 Fixed Income

The Fixed Income research analysts can incorporate ESG criteria into their analysis for a more holistic view of a company's risk profile. Corporate governance considerations are key in this asset class and are typically incorporated in the initial credit evaluation process and company engagement prior to integration. The Investment Manager applies a consistent set of screens in equity and for corporate issuers in fixed income portfolios. Please see Section 3.1 for further information on Northern Trust Custom ESG screens. Furthermore, ESG criteria can also be applied for sovereign issuers through metrics such as country-level GHG emissions and governance scores. The fixed income portfolio managers have access to ESG datasets and scores and may apply additional screens and tilts to further manage sustainability risk.

3.5 Client Directed Mandates

Clients who may have different sustainability risk appetites to the Products outlined above, may direct the Investment Manager to integrate a different sustainability risk profile in their specific Mandate according to their investment objectives. In those cases where the holdings are dictated according to client defined methodologies, stewardship services are available. In these instances, the SFDR classification of the Mandate will follow the proprietary criteria including those pertaining to sustainability risk. Further information on Stewardship can be found here.

4 Proxy Voting and Engagement

Engagement and proxy voting can exert the most influence when applied in tandem. By using proactive dialogue with companies, this reinforces voting power, and encourages investee companies to adopt sustainable business practices.

Proactive dialogue with companies, reinforced by voting power, encourages companies to improve practices that strengthen sustainability.

As a leading index investor representing permanent capital in more than 10,000 companies globally, voting at shareholder meetings is one of the most effective ways to further stewardship goals on behalf of clients.

Established proxy voting policies, procedures and guidelines provide a thoughtful approach to voting on ESG issues. The Proxy Committee - which comprises senior investment and compliance officers - has responsibility for the content, interpretation and application of the Proxy Guidelines. NTAM has delegated to an independent third-party proxy voting service, the responsibility to review proxy proposals and to make voting recommendations to the Proxy Committee in a manner consistent with the Proxy Guidelines. NTAM has delegated responsibility to review proxy proposals and to make voting recommendations to the Proxy Committee to an independent third party. For proxy proposals that are to be voted on a case-by case basis, supplementary instructions are provided to the third party. The proxy voting service has been instructed not to exercise discretion in making vote recommendations. Instead, they should seek guidance whenever they encounter situations either not captured by the guidelines or where their application is unclear. The Proxy Committee reviews the proxy voting service annually, assessing matters such as: capacity and competency, staffing and personnel, robust policies and procedures, and the ability to identify and address any real or potential conflicts of interests.

Engagement

Engagement is a fundamental aspect of sustainability risk integration. To maximise the scope of impact, NTAM engages through a variety of mechanisms and partnerships. In addition to direct engagements managed in-house, NTAM conducts collaborative and outsourced engagement activities. Collaborative engagements tend to entail a partnership of asset owners and managers with similar long term sustainability views. They are conducted with the weight of the group's pooled assets behind them and can be a very effective tool for underscoring the relevance and importance of ESG issues. This is exemplified by involvement in initiatives like Climate Action 100+ and FAIRR.

In addition to these mechanisms, NTAM have an agreement with EOS at Federated Hermes to provide monitoring and engagement services for specific Funds and certain Mandates. To influence companies to adopt more sustainable practices, NTAM identifies the areas that represent the greatest threats to sustainability and focus on where the greatest difference can be made. Please refer to the Global Engagement Policy that can be found here.

Risk Disclosures

ESG Data reliance

The scope of SFDR is expansive, covering a very wide range of financial products and financial market participants. It seeks to achieve more transparency regarding how financial market participants integrate Sustainability Risks into their investment decisions and consideration of adverse sustainability impacts in the investment process. Data constraint is one of the biggest challenges when it comes to sustainability related information to end-investors, especially in the case of principal adverse impacts of investment decisions, and there are limitations on sustainability and ESG-related data provided by market participants in relation to comparability. Disclosures may develop and be subject to change due to ongoing improvements in the data provided to, and obtained from, financial market participants and financial advisers to achieve the objectives of SFDR in order to make sustainability-related information available.

An Article 8 Fund or an Article 9 Fund may underperform or perform differently relative to other comparable funds that do not promote environmental and/or social characteristics or pursue a sustainable investment objective.

Index Provider Liability

The Investment Manager cannot guarantee the accuracy or the completeness of the underlying index or any data included therein. The coverage and quality of ESG-related data on issuers and issuances may vary based on asset class, market exposure or instrument types.

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 March 2024 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.

Northern Trust Asset Management (NTAM) is composed of Northern Trust Investments, Inc. (NTI), Northern Trust Global Investments Limited (NTGIL), Northern Trust Fund Managers (Ireland) Limited (NTFMIL), Northern Trust Global Investments Japan, K.K. (NTKK), NT Global Advisors, Inc., 50 South Capital Advisors, LLC, , Northern Trust Asset Management Australia Pty Ltd and investment personnel of The Northern Trust Company of Hong Kong Limited (TNTCHK) and The Northern Trust Company (TNTC).