THE NT EMERGING MARKETS NATURAL CAPITAL PAB INDEX FUND

NTAC:3NS-20

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Supplement dated 14 December 2023 to the Prospectus dated 14 August 2023 for Northern Trust Investment Funds plc

The NT Emerging Markets Natural Capital PAB Index Fund

*This Supplement contains specific information in relation to The NT Emerging Markets Natural Capital PAB Index Fund (the "**Fund**"), a Fund of Northern Trust Investment Funds plc (the "**Company**") an open-ended investment company with variable capital established as an umbrella fund with segregated liability between Funds governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**").*

This Supplement forms part of and should be read in conjunction with the Prospectus.

*The Directors of the Company, whose names appear in the **Management and Administration** section of the Prospectus, accept responsibility for the information contained in the Prospectus, this Supplement and the Annex. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.*

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

*The Fund meets the criteria pursuant to Article 8 of the Sustainable Finance Disclosure Regulation (Regulation EU/2019/2088) as amended ("**SFDR**") to qualify as a financial product which promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics and provided that the companies that the Fund invests in follow good governance practices. Please refer to the Annex appended hereto which has been prepared for the purpose of meeting the specific financial product level disclosure requirements contained in SFDR applicable to an Article 8 Fund.*

An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

A typical investor is prepared to accept a degree of medium to high volatility. A typical investor will be seeking to achieve exposure across developed market equities and will be seeking to achieve a return on investment in the medium to long term.

Investment in the Fund may be appropriate for professional or retail investors who have knowledge of, and investment experience in, this particular financial product and understand and can evaluate the strategy, characteristics and risks in order to make an informed investment decision. This Fund is passively managed.

The Fund may invest in financial derivative instruments ("FDI") for hedging and efficient portfolio management purposes ("EPM") (as detailed below). See below section titled "Borrowing and Leverage" for details of the leverage effect of investing in FDI.

INVESTMENT OBJECTIVE AND POLICIES

Investment Objective

The investment objective of the Fund is to closely match the risk and return characteristics of the MSCI Emerging Markets Natural Capital Paris-Aligned Equity Select Index (the "**Index**") with net dividends reinvested.

Any change of Index shall only be made with the prior approval of the Shareholders.

Investment Policies

The Fund seeks to achieve its investment objective through investment primarily in a diversified portfolio of freely transferable Equity and (where considered by the Investment Manager to be necessary or appropriate) Equity Related Securities issued by companies or linked to companies within the Index.

Such Equity and Equity Related Securities shall be listed on stock exchanges or regulated markets in countries (within the list of Markets set out in Appendix 1 of the Prospectus) comprised within the Index, details of which are set out under the heading "**Index Description**" below. Where direct access to the equity markets in those countries is not practicable, indirect exposure may be achieved through investment in Equities and/or Equity Related Securities listed on markets elsewhere. In order to access Equity and Equity Related Securities issued by companies or linked to companies located in China or listed/traded on stock exchanges in China, the Fund may trade through the Shanghai and Shenzhen Stock Connect programmes. The Fund may from time to time hold Equity and Equity Related Securities which are not included in the Index constituents as a result of corporate actions and other such activities. In such event, the Fund will sell such securities as soon as reasonably practicable taking into account the best interests of the Shareholders. In addition, certain Equity and Equity Related Securities which the Fund may holdmay experience more market price volatility than other securities and could, in certain circumstances, result in high volatility levels. The Net Asset Value of the Fund may reflect this volatility.

The Investment Manager will use an index tracking/replication strategy as further set out in the section "**Index Tracking Strategy**" below. The Fund will measure its performance against the Index.

The Fund may invest in FDI for EPM purposes further details of the techniques and instruments that the Fund may employ for EPM purposes are set out in the **Efficient Portfolio Management, Financial Derivative Instruments and Securities Financing Transactions** section of the Prospectus. The Fund may invest in FDI as set out in the section titled **"Use of Efficient Portfolio Management Techniques, Financial Derivative Instruments and Securities Financing Transactions**" below.

Subject to any derogation that may be obtained from the Central Bank during the initial six months from approval of the Fund from the requirements of Regulation 73 of the UCITS Regulations, the Fund may also invest (up to 10% of its Net Asset Value) indirectly in Equities and Equity Related Securities comprised within the Index through holdings in open-ended collective investment schemes (CIS) (including UCITS exchange traded funds (ETFs)). Any such CIS shall be listed / traded on Regulated Markets and will have investment objectives which are materially similar to the Fund.

Index Tracking Strategy

The Fund operates an index tracking strategy whereby it seeks to track the risk and return characteristics of the Index through the investment directly in assets that are Index constituents (i.e. a physical replication model).

The Fund typically holds securities at, or very close to, Index weight and an annualised ex-post tracking error of up to 1% should be anticipated due to transaction costs, potential taxation of market returns in some markets and the liquidity impact of the Fund's index tracking/replication strategy. As outlined in the "**Investment Policies**" section, the Fund may obtain exposure through FDI, other CIS (including ETFs) where it is more efficient to do so, and/or may underweight certain stocks in order to achieve representative exposure in the more liquid and accessible securities within the Index. The Fund may therefore not hold all the securities in the Index at a given point in time where direct investment is not achievable or practicable taking into account factors such as liquidity or weighting e.g. where a security has a low weighting within the Index.

As the Fund does not pursue a synthetic index replication strategy, there is no corresponding counterparty risk related to the index replication strategy.

As outlined above the Fund seeks to track certain characteristics of the Index. The Fund may therefore avail of the increased diversification limits as outlined in Regulation 71(1)(a) of the Regulations and may therefore invest up to 20% of its Net Asset Value in Equity and Equity Related Securities issued by the same body. This increased limit may only be utilised where the Fund is investing directly in constituents of the Index.

Index Description

The Index is designed to meet the standards of the EU Paris Aligned Benchmark ("**PAB**"), aiming to reduce the weighted average greenhouse gas intensity relative to the MSCI Emerging Markets Index (the "**Parent Index**") by 50% and reduce the weighted average greenhouse gas ("**GHG**") intensity by 7% on an annualized 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 starting universe for the Index corresponds with the Parent Index, the MSCI Emerging Markets Index which captures large and mid-cap representation across 24 emerging markets, covering approximately 85% of the free float-adjusted market capitalisation in each country.

The eligible screened universe is constructed by excluding from the Index securities of companies based on exclusion criteria which are incorporated to align with the objectives detailed in the PAB and which are further supplemented pursuant to the following environmental, social and governance ("**ESG**") criteria:

i) companies which cause environmental harm, meaning all companies which have faced controversies classified as "very severe" and "severe" pertaining to environmental issues;

ii) companies that are in breach of the UN's Global Compact Ten Principles due to being involved in controversies classified as "very severe" in the areas of Environment, Human Rights & Community, Labour Rights & Supply Chain, or Governance;

iii) companies that derive any revenue from the production of tobacco, or those deriving 5% or more revenue from the distribution or retail of tobacco products, or those deriving 5% or more revenue from the supply of key products to the tobacco industry;

iv) companies that manufacture controversial weapons, such as cluster bombs, landmines, nuclear weapons, depleted uranium weapons, biological/chemical weapons, (or their strategic components), blinding laser, non-detectable components, or incendiary weapons;

v) companies that manufacture civilian firearms or retail civilian firearms and derive 5% or more revenue from this sector;

vi) companies that manufacture conventional weapons or provide support services to and derive 5% or more revenue from this sector;

vii) companies that derive 1% of revenue or more from the mining and sale of thermal coal;

viii) companies that derive 50% or more aggregate revenue from thermal coal, oil (liquid fuel), and/or natural gas-based power generation;

ix) companies deriving 30% or more revenue from thermal coal-based power generation;

x) companies that derive 5% or more revenue from thermal coal-based power and face asset stranding risk;

xi) companies that derive 10% or more revenue from oil and gas production, refining, distribution or transportation;

xii) companies that derive 5% or more of their total annual revenues (either reported or estimated) from unconventional oil and gas (oil sands, oil shale, shale gas, shale oil, coal bed methane and coal seam gas) or companies that derive 1% or more of their total annual revenues (either reported or estimated) from arctic oil and face asset stranding risk;

xiii) companies that derive 5% or more of their total annual revenues (either reported or estimated) from activities related to For Profit Prisons.

In addition, emerging markets companies shall be excluded which do not confirm with all four of the following criteria:

- the individual shareholders of the relevant company must not hold 30% or more of the voting rights, and
- at least half of the relevant company's board of directors must be independent, and
- at least half of members of the company's audit committee must be independent, and
- at least half of the members of the company's remuneration committee must be independent

Furthermore, the company must have a clean (non-qualified) auditor opinion. Finally, companies that are domiciled within countries identified by Freedom House as having a lower degree of freedom in terms of civil liberties and political rights and as being not free in terms of press freedom, shall be excluded if they also meet criteria for super majority state ownership or face a recent, severe human rights controversy.

The Index also excludes companies linked to ecosystem loss and water pollution as per the following criteria:

i) companies with an environment pillar controversy score of 1 or lower;

ii) companies that derive 5% or more of revenues from production or distribution of palm oil and less than 50% of their palm holdings are certified by the Roundtable on Sustainable Palm Oil;

iii) companies with a raw material sourcing score in the bottom industry quartile for material issues with a score in the bottom raw material sourcing quartile;

iv) companies with a water stress score (which considers consumption and intensity) in the bottom industry quartile for material issues, excepting those which are water utilities; and

v) companies which score as "strongly mis-aligned" to SDG 14 (Life below Water) or to SDG 15 (Life on Land), and those which score as "mis-aligned" where they derive less than 20% green revenue, being cumulative revenue derived from clean technology themes including alternative energy, energy efficiency, green building, pollution prevention, sustainable water, or sustainable agriculture.

The Index will also seek to tilt the screened universe by reweighting the Index constituents such that, compared to the Parent Index:

i) there is a positive uplift in exposure to companies with revenues from clean technology themes, including alternative energy, energy efficiency, green building, pollution prevention and control, sustainable agriculture and water ; and

ii) there is a positive uplift in exposure to 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.

This exclusion lists and tilting rules is non-exhaustive and subject to change.

Further details of the Index constituents, weightings and methodology can be navigated to from the following links: https://www.msci.com/index-methodology https://www.msci.com/constituents and https://www.msci.com/custom-indexes.

The Index is reviewed semi-annually for any necessary rebalancing – in May and November – with the objective of reflecting changes 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. Risk is controlled by applying a turnover constraint and limiting, relative to the Parent Index, the weights of securities exposure by industry and country.

INVESTMENT RESTRICTIONS

The general investment restrictions set out under the heading **Investment Restrictions** in the Prospectus shall apply.

It is noted in particular that the Fund may not invest more than 10% of Net Asset Value in CIS in aggregate.

USE OF EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES, FINANCIAL DERIVATIVE INSTRUMENTS AND SECURITIES FINANCING TRANSACTIONS

The Fund may use currency forwards and exchange-traded futures for hedging and EPM purposes. Further details of the techniques and instruments that the Fund may employ for EPM purposes are set out in the **Efficient Portfolio Management, Financial Derivative Instruments and Securities Financing Transactions** section of the Prospectus.

The Fund may also enter into certain currency related transactions in order to hedge exchange rate fluctuation risks between the denominated currencies of the Fund's assets and the designated currency of the relevant Share Class.

As a result of currency hedging, hedged Share Classes may be exposed to counterparty risk as further detailed in the section of the Prospectus entitled **Credit Risk and Counterparty Risk**.

The Fund may use securities lending transactions (i.e. Securities Financing Transactions) in accordance with the requirements of SFTR and the Central Bank Rules. Any type of assets that may be held by the Fund in accordance with its investment objective and policies may be subject to such Securities Financing Transactions. There is no restriction on the proportion of assets that may be subject to Securities Financing Transactions and therefore the maximum and expected proportion of the Fund's asserts that can be subject to Securities Financing Transactions can be as much as 100%, i.e. all of the assets of the Fund. Use of repurchase/reverse repurchase agreements and Total Return Swaps by the Fund is not envisaged. In any case the most recent semi-annual and annual report of the Company will express as an absolute amount and as a percentage of the Fund's assets the amount of Fund assets subject to Securities Financing Transactions.

Collateral or margin may be passed by the Fund to a counterparty or broker in respect of EPM techniques or Securities Financing Transactions. Please refer to the section of the Prospectus entitled **Collateral Policy** for further details.

The use of FDI and Securities Financing Transactions for the purposes outlined above may expose the Fund to the risks disclosed under the section of the Prospectus titled **Risk Factors**.

BORROWING AND LEVERAGE

The Fund may borrow up to 10% of its Net Asset Value on a temporary basis.

Global exposure and leverage as a result of its investment in FDI as described above shall not exceed 100% of the Net Asset Value of the Fund. Global exposure will be measured using the commitment approach.

RISK FACTORS

In addition to the general risk factors set out in the **Risk Factors** section of the Prospectus, the following additional risk factors apply specifically to the Fund:

Stock Connect Risks;
Emerging Market Risks; and
Currency Hedging at Share Class Level Risk.

DIVIDEND POLICY

Accumulating Shares

No dividends will be declared in respect of the Accumulating Shares.

Distributing Shares

In respect of the Distributing Shares, the Directors intend to declare and pay all net income of the Fund attributable to each class annually as a dividend to the Shareholders of each relevant class of Shares on the register of members as at the close of business on the relevant Dealing Day.

Further details on the distribution policy are set out in Prospectus under the heading **Dividend Policy.**

KEY INFORMATION FOR BUYING AND SELLING

Share Classes

Shares may be issued as Accumulating Shares or (where specifically identified as such) Distributing Shares.

Base Currency

USD

Business Day

Any day (except Saturday or Sunday) on which the banks in Ireland are open generally for business, or such other day as the Directors may determine and notify to Shareholders.

Dealing Day

The Dealing Day for the Fund will be every Business Day or such other day or days as the Directors may determine and notify in advance to Shareholders, provided that there shall be at least one Dealing Day per fortnight. In determining whether a day should be treated as a Dealing Day, the Directors may take into account whether there are sufficient market exchanges open as determined by the Investment Manager to allow the normal liquidity trading of the portfolio. The Investment Manager maintains a list of any non- Dealing Days on the Website.

Dealing Deadline

In respect of a Dealing Day, the Dealing Deadline is 2.00 p.m. (Irish time) on the Business Day immediately preceding each Dealing Day.

Initial Offer Period

The Initial Offer Period in relation to all Share Classes shall commence at 9.00 a.m. (Irish time) on 15 December 2023 and will continue until 5.00 p.m. (Irish time) on 14 June 2024 or such earlier or later date as the Directors may determine.

After the Initial Offer Period, the Fund will be continuously open for subscriptions on each Dealing Day.

Settlement Date

In the case of applications, proceeds must be received no later than two Business Days after the relevant Dealing Day or as otherwise determined by the Manager.

In the case of repurchases proceeds must be remitted to investors no later than three Business Days after the relevant Dealing Day (assuming the receipt of the relevant duly signed repurchase documentation) or as otherwise determined by the Manager provided that in all cases proceeds are paid within ten Business Days.

Preliminary Charge

There will be no Preliminary Charge for this Fund.

Redemption Charge
There is no Redemption Charge for this Fund.

Anti-Dilution Levy
The Directors or the Manager (or their duly appointed delegate) may impose a swing-pricing adjustment as further detailed in the section of the Prospectus entitled **Anti-Dilution Levy**.

Valuation Point
With respect to: (i) currencies and currency-related transactions only, 4pm (London time); and (ii) all other assets, the close of business of the relevant market that closes last on each Dealing Day, which in all cases shall be after the Dealing Deadline.

Initial Issue Price
For Euro denominated Share Classes €100 per Share, for USD denominated Share Classes $100 per Share, for Sterling denominated Share Classes, £100 per Share.

Classes of Shares Available
A, B, C, D, E, F, G, H

Each of the above referenced Share Classes are available as Accumulating Shares and Distributing Shares.

Currencies Available
Each of the Share Classes are available in Euro, Sterling and U.S. Dollar.

Currency Hedged Share Classes
Each Share Class is available as either a hedged or an unhedged Share Class.

Minimum Shareholding
For all Shares Classes USD100,000 (or its equivalent in the relevant Share Class currency) subject to the discretion of the Directors to allow lesser amounts.

Minimum Initial Investment Amount
For all Shares Classes USD100,000 (or its equivalent in the relevant Share Class currency) subject to the discretion of the Directors to allow lesser amounts.

German Taxation
The Fund will invest and be managed such that it qualifies as an Equity Fund as defined in the Prospectus.

FEES AND EXPENSES
The Investment Manager will be entitled to receive an annual fee of up to 0.50% in respect of the Share Classes A, B, C, D, E, F, G and H Shares (plus VAT thereon, if any).

Such fee shall accrue and be calculated on each Dealing Day and be payable monthly in arrears. The Investment Manager shall be entitled to be reimbursed out of the assets of the Fund for its reasonable out-of-pocket expenses incurred in the performance of its duties.

The Manager shall not receive a fee but shall be entitled to be reimbursed out of the assets of the Fund for the reasonable out-of-pocket expenses incurred in the performance of its duties.

The Administrator shall be entitled to receive out of the Net Asset Value of the Fund an annual fee, accrued and calculated on each Dealing Day and payable monthly in arrears at an annual rate which will not exceed 0.08% of the Net Asset Value of the Fund (plus VAT, if any). The Administrator is entitled to be repaid out of the assets of the Fund all of its reasonable agreed upon transaction and other charges (which will be at normal commercial rates) and other out-of-pocket expenses(plus VAT thereon, if any).

The Depositary shall be entitled to receive out of the Net Asset Value of the Fund an annual fee, accrued and calculated on each Dealing Day and payable monthly in arrears, at an annual rate which will not exceed 0.2% of the Net Asset Value of the Fund (plus VAT thereon, if any).

The Depositary is also entitled to be repaid out of the assets of the Fund sub-custodian's fees (which will be charged at normal commercial rates) as well as agreed upon transaction charges (which will be at normal commercial rates) and other out-of- pocket expenses (plus VAT thereon, if any).

In addition to the fees outlined above, the Fund will also be responsible for the fees of Hermes EOS (for its services in respect of the Fund, as described in the Prospectus), up to 0.02% of the Net Asset Value of the Fund per annum. Such fee shall accrue and be calculated on each Dealing Day and be payable quarterly in arrears.

This section should be read in conjunction with the section entitled **Fees and Expenses of the Funds** in the Prospectus.

Establishment costs
The organisational and establishment expenses relating to the creation of the Fund are expected not to exceed €25,000 and will be borne by the Fund and will be amortised by the Fund over the first five accounting periods of its operation (or such other period as may be determined by the Directors at their discretion

MISCELLANEOUS

Reporting
Some Shareholders may receive additional information and/or reports in relation to the Fund on a frequent basis. Any such information will be available to all investors in the Fund on request. Any such information will only be provided on a historical basis and after the relevant Dealing Day to which the information relates. Please contact your relationship manager to discuss any reporting needs.

Other Funds
The other Funds of the Company are listed in the Global Supplement to the Prospectus.

New Funds may be created from time to time by the Directors with the prior approval of the Central Bank in which case further Supplements incorporating provisions relating to those Funds will be issued by the Company.

ANNEX II

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

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

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

Product name: The NT Emerging Markets Natural Capital PAB Index Fund (the "Product")

Legal entity identifier: 635400UYDPHZK7LS3297

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

- ☐ **Yes**
- ☒ **No**

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

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

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

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments

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

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

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

As its investment strategy, the Product aims to closely match the risk and return characteristics of the MSCI Emerging Markets Natural Capital Paris-Aligned Equity Select Index (the "**Index**") with net dividends reinvested.

The Index is designed to meet the standards of the EU Paris Aligned Benchmark ("**PAB**"), aiming to reduce the weighted average greenhouse gas intensity relative to the MSCI Emerging Markets Index (the "Parent Index") by 50% and reduce the weighted average greenhouse gas ("**GHG**") intensity by 7% on an annualised basis.

The Product promotes the following environmental and social characteristics:

- Reduction of greenhouse gas emissions intensity;
- Reduction of exposure to companies associated with adverse impacts on natural resources, including those linked to ecosystem loss and water pollution; and
- Increased exposure to companies 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 exclusion criteria which are incorporated to align with the objectives detailed in the PAB and which are further supplemented with the environmental, social and governance criteria detailed below.

Please refer to the criteria within the sustainability indicators stated below for further detail.

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

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

The application of the criteria set out below are used to measure the attainment of each of the environmental or social characteristics promoted by the Product.

The eligible screened universe for the Product is constructed by excluding from the Index securities of companies based on the following exclusion criteria which are incorporated to align with the objectives detailed in the PAB and which are further supplemented pursuant to the following environmental, social and governance ("**ESG**") criteria:

i) companies which cause environmental harm, meaning all companies which have faced controversies classified as "very severe" and "severe" pertaining to environmental issues;

ii) companies that are in breach of the UN's Global Compact Ten Principles due to being involved in controversies classified as "very severe" in the areas of Environment, Human Rights & Community, Labour Rights & Supply Chain, or Governance;

iii) companies that derive any revenue from the production of tobacco, or those deriving 5% or more revenue from the distribution or retail of tobacco products, or those deriving 5% or more revenue from the supply of key products to the tobacco industry;

iv) companies that manufacture controversial weapons, such as cluster bombs, landmines, nuclear weapons, depleted uranium weapons,

biological/chemical weapons, (or their strategic components), blinding laser, non-detectable components, or incendiary weapons;

v) companies that manufacture civilian firearms or retail civilian firearms and derive 5% or more revenue from this sector;

vi) companies that manufacture conventional weapons or provide support services to and derive 5% or more revenue from this sector; vii) companies that derive 1% of revenue or more from the mining and sale of thermal coal;

vii) companies that derive 50% or more aggregate revenue from thermal coal, oil (liquid fuel), and/or natural gas-based power generation

viii) companies deriving 30% or more revenue from thermal coal-based power generation;

ix) companies that derive 5% or more revenue from thermal coal-based power and face asset stranding risk;

x) companies that derive 10% or more revenue from oil and gas production, refining, distribution or transportation;

xi) companies that derive 5% or more of their total annual revenues (either reported or estimated) from unconventional oil and gas (oil sands, oil shale, shale gas, shale oil, coal bed methane and coal seam gas) or companies that derive 1% or more of their total annual revenues (either reported or estimated) from arctic oil and face asset stranding risk;

xii) companies that derive 5% or more of their total annual revenues (either reported or estimated) from activities related to For Profit Prisons.

The Index also excludes companies linked to adverse impacts on natural resources, including those linked to ecosystem loss and water pollution as per the following criteria:

i) companies with an environment pillar controversy score of 1 or lower;

ii) companies that derive 5% or more of revenues from production or distribution of palm oil and less than 50% of their palm holdings are certified by the Roundtable on Sustainable Palm Oil;

iii) companies with a raw material sourcing score in the bottom industry quartile for material issues with a score in the bottom raw material sourcing quartile;

iv) companies with a water stress score (which considers consumption and intensity) in the bottom industry quartile for material issues, excepting those which are water utilities; and

v) companies which score as “strongly mis-aligned” to SDG 14 (Life below Water) or to SDG 15 (Life on Land), and those which score as “mis-aligned” where they derive less than 20% green revenue, being cumulative revenue derived from clean technology themes including alternative energy, energy efficiency, green building, pollution prevention, sustainable water, or sustainable agriculture.

The Index will also seek to tilt the screened universe by reweighting the Index constitutents such that compared to the Parent Index:

i) there is a positive uplift in exposure to companies with revenues from clean technology themes, including alternative energy, energy efficiency, green building, pollution prevention and control, sustainable agriculture and water; and

ii) there is a positive uplift in exposure to 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.

In addition, companies in emerging markets shall be excluded which do not conform with all four of the following criteria:

i) the individual shareholders of the relevant company must not hold 30% or more of the voting rights, and

ii) at least half of the relevant company's board of directors must be independent, and

iii) at least half of members of the company’s audit committee must be independent; and

iv) at least half of members of the company’s remuneration committee must be independent.

Furthermore, the company must have a clean (non-qualified) auditor opinion. Finally, companies that are domiciled within countries identified by Freedom House as having a lower degree of freedom in terms of civil liberties and political rights and as being not free in terms of press freedom shall be excluded if they also meet criteria for super majority state ownership or face a recent, severe human rights controversy.

In addition, the Investment Manager shall also ensure that any investments made by the Product pursuant to the foregoing strategy are in accordance with rules regarding cluster munitions laid down in the relevant national legislation adopting the Convention on Cluster Munitions.

Hermes Equity Ownership Services has been appointed to carry out corporate engagement with carefully selected companies held within the Product. Please be referred to the Prospectus for further detail on this appointment.

This methodology is reviewed periodically. These sustainability indicators are non-exhaustive and subject to change.

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

The intended objectives of the sustainable investments are to positively contribute towards any of the environmental objectives listed below:

- alternative energy (renewables),
- energy efficiency,
- green building,
- sustainable water,
- pollution prevention, and
- sustainable agriculture.

Our definition of positive contribution includes minimum percentage revenues deriving from activities linked with these objectives alongside companies assessed to have credible carbon reduction targets such as The Science Based Targets Initiative.

Investments in these areas help contribute towards the Product's environmental objectives, specifically climate change mitigation and climate change adaptation and pollution prevention and control objectives.

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

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?

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 emissions, 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:

i) meets our minimum positive contribution test;

ii) the indicators for harm are under the proprietary thresholds set at specific points in time, and

iii) that investee companies follow good governance practices and are aligned with minimum safeguards such as Organisation for Economic and Cooperation and Development ("**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 such as the ESG screening criteria, positive tilts, carbon reduction target and SDG screens. These provide a strong ethical foundation in line with international norms.

For sustainable investments specifically, and as described above, our assessment of harm involves the use of a set of diverse environmental and social indicators using 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 Product applies the 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.

For further details on the UN's Global Compact Ten Principles, please refer to http://www.unglobalcompact.org/aboutthegc/thetenprinciples/index.html

The implementation of these exclusions happens through the use of third party controversy data used as a proxy to assess the negative environmental, social and governance 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.

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

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

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

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

✖ Yes, the Product considers, as part of the investment strategy, the following principal adverse impact ("**PAI**") indicators in Annex 1, Table 1 Annex 1 of the SFDR Regulatory Technical Standards ("**SFDR RTS**"):

1. PAI 1: GHG emissions (Scope 1, 2 and 3);

2. PAI 2: Carbon Footprint;

3. PAI 3: GHG Intensity;

4. PAI 4: Exposure to companies active in the fossil fuels sector;

5: PAI 10: Violations of the UN Global Compact principles and Organisation for Economic Cooperation and Development ("**OECD**") Guidelines for Multinational Enterprises; and

6. PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).

Through the ESG exclusionary screening criteria methodology, the Product adheres to international norms by screening for violations of UN Global Compact principles and partially screens according to OECD Guidelines for Multinational Enterprises.

Lastly, adverse impacts also form part of our focused engagement and voting activity enabling us to identify where best to utilise resources for maximum social and/or environmental impact.

No

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

What investment strategy does this financial product follow?

The Product is a passive index tracking strategy which seeks to track the risk and return characteristics of the custom index - the MSCI Emerging Markets Natural Capital Paris-Aligned Equity Select Index.

The Index is designed to meet the standards of the PAB, 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 are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

  The binding elements used to promote the environmental or social characteristics form part of the Index design. The Index is a custom index calculated and screened by MSCI ESG research based on ESG criteria selected by the Investment Manager which excludes certain companies not considered to meet the ESG screening criteria.

  As set out in further detail above under the question "*What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?*" the binding elements of the ESG screening criteria excludes a range of companies, or activities, based on a prescribed revenue threshold and extend to companies that, pursuant to ESG considerations:

  - have faced very severe and severe environmental issues controversies;
  - do not comply with UN Global Compact Principles;
  - derive revenue from the production or distribution of tobacco or those deriving 5% or more revenue from the distribution of retail tobacco products or from the supply of key products to the tobacco industry;
  - manufacture controversial weapons;
  - manufacture civilian firearms and derive 5% or more revenue from this sector, or conventional weapons or provide support services to and derive 5% or more revenues from this sector;
  - derive 1% of revenue or more from the mining and sale of thermal coal;
  - derive 50% or more aggregate revenue from thermal coal, oil and/or natural gas-based power generation;

- derive 30% or more revenue from thermal coal-based power generation;
- derive 5% or more revenue from thermal coal-based power and face asset stranding risk;
- derive 10% or more revenue from oil and gas production, refining, distribution or transportation;
- derive 5% or more of their total annual revenues (either reported or estimated) from unconventional oil and gas or those that derive 1% or more of their total annual revenues (either reported or estimated) from arctic oil and face asset stranding risk;
- derive 5% or more revenues (either reported or estimated) from activities related to For Profit Prisons.

Also excluded are those companies that, pursuant to the following ecosystem loss and water pollution considerations:

- are assigned an environment pillar controversy score of 1 or lower;
- derive revenue from the production or distribution of palm oil and where less than 50% of their palm holdings are certified by the Roundtable on Sustainable Palm Oil;
- have a raw material sourcing score in the bottom industry quartile for material issues with a score in the bottom raw material sourcing quartile;
- have a water stress score in the bottom industry quartile for material issues (except water utilities);
- score as 'strongly mis-aligned' to SDG 14 (Life below Water) or to SDG 15 (Life on Land), and those which score as 'mis-aligned' where they derive less than 20% green revenue.

Please refer to previous response to the question on "sustainability indicators" for further details of the ESG exclusions.

Positive tilts that form part of the Index include the following:

- positive uplift in exposure to companies with revenues from clean technology themes, including alternative energy, energy efficiency, green building, pollution prevention and control, sustainable agriculture and water.
- positive uplift in exposure to 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.

Additionally excluded are those companies in emerging markets which do not conform to all of the following considerations:

i) the individual shareholders of the relevant company must not hold 30% or more of the voting rights, and

ii) at least half of the relevant company's board of directors must be independent, and

iii) at least half of members of the company's audit committee must be independent; and

iv) at least half of members of the company's remuneration committee must be independent.

Furthermore, the company must have a clean (non-qualified) auditor opinion. Finally, companies that are domiciled within countries identified by Freedom House as having a lower degree of freedom in terms of civil liberties and political rights and as being not free in terms of press freedom shall be excluded if they also meet criteria for super majority state ownership or face a recent, severe human rights controversy.

The Investment Manager shall also ensure that any investments made by the Product in accordance with rules regarding cluster munitions laid down in the relevant national legislation adopting the Convention on Cluster Munitions.

These exclusions and tilting rules are non-exhaustive and subject to change.

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

While the Product's investible universe is reduced as a result of the binding exclusions, it does not commit to a minimum reduction rate. As such, the reduction of the universe may be subject to change.

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

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

An assessment of good governance of investee companies forms a foundational part of the ESG index methodology. In practice, this is achieved through the use of our data provider's 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 produce the controversy, our chosen data provider assesses the negative environmental, social and governance 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.

Additionally, companies that are part of the emerging markets region are also screened to exclude majority held companies in countries with a poor human rights track record, unsound board composition and a qualified auditor's opinion.

Asset allocation describes the share of investments in specific assets.

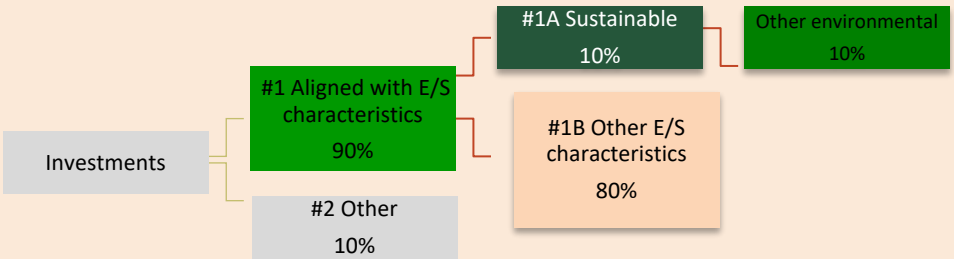
What is the asset allocation planned for this financial product?

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

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" is expected to be for cash, hedging and other ancillary purposes.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

The Product uses derivatives for managing broad market exposure. Derivatives are not used to attain the environmental or social characteristics of the Product and are not subject to any minimum safeguards.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

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.

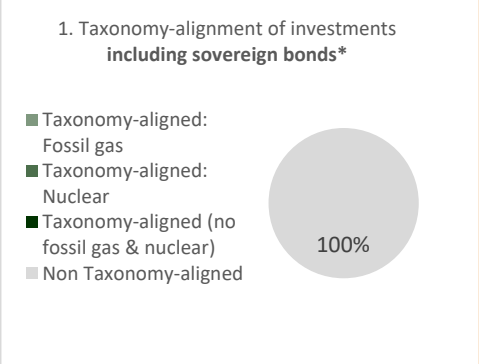
Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

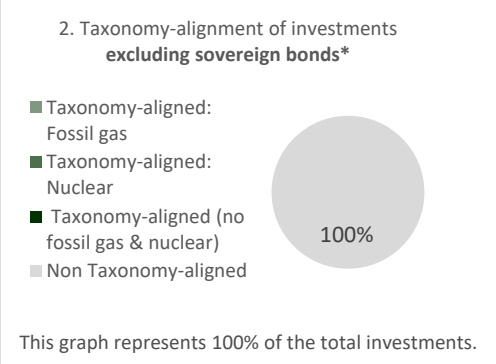
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

What is the minimum share of investments in transitional and enabling activities?

This is not applicable.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentaly sustainable economic activities under the EU Taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0% of the Product sustainable investments commitment is expected to be aligned with the EU Taxonomy.

What is the minimum share of socially sustainable investments?

The Product is not targeting socially sustainable investments hence anticipates 0% investments in socially sustainable investments.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Derivatives and cash are the only two investment types categorised as 'other' and neither is aligned with environmental or social characteristics, nor qualify as sustainable investments. Additionally, no minimum environmental or social safeguards are applied.

Investments may be marked as 'other' for the following reasons:

- Cash and cash equivalents or money market instruments: The Product may invest in cash and cash equivalents or money market instruments. Typically, the Product holds a minimum of approximately 1% in daily liquidity to take advantage of market opportunities as they arise.
- Derivatives: The Product may use derivatives for managing broad market exposure.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

The Product has a designated reference benchmark, the MSCI Emerging Markets Natural Capital Paris-Aligned Equity Select Index, a custom index calculated and screened by MSCI based on predetermined ESG criteria.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

  The index methodology includes exclusions and tilts considering selected ESG criteria as detailed above. This is reviewed semi-annually for any necessary rebalancing, in May and November respectively.

  For some securities, such data may not be published by MSCI ESG Research by the end of the month preceding the Index Review. For such securities, MSCI will use ESG data published after the end of month, when available. We evaluate the ESG

criteria with regular reviews to ensure that it continues to be aligned with each of the environmental or social characteristics promoted by the Product.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

  Alignment of the investment strategy is ensured through the tracking of the Index which incorporates the various binding ESG criteria. This means that the Product is able to own any company in the resultant investible universe (companies that do not meet the specific criteria will not appear in the universe).

  In addition, the investment guidelines and restrictions applicable to the Product are generally coded in our investment management system to enable pre and post-trade monitoring.

- ***How does the designated index differ from a relevant broad market index?***

  The Index is designed to meet the minimum standards of the PAB, reduce exposure to select indicators that are associated with adverse impact on natural resources, and increase exposure to companies that are associated with positive contribution to the environment through their products or services, or through their management of their natural capital-related risks. The Index is constructed from MSCI World Index and applies an optimisation-based approach to meet select climate change- and natural capital related objectives.

- ***Where can the methodology used for the calculation of the designated index be found?***

  The methodology used for the designated Index can be found here. Please search by benchmark name.

Where can I find more product specific information online?

More specific information regarding the Product can be found here.