

THE NT WORLD QUALITY ESG FUND

Supplement dated 18 December 2023 to the Prospectus dated 14 August 2023 for Northern Trust Investment Funds plc

The NT World Quality ESG Fund

*This Supplement contains specific information in relation to The NT World Quality ESG 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**").*

See below section titled "Borrowing and Leverage" for details of the leverage effect of investing in FDI.

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 or as otherwise provided herein, 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 actively managed.

The Fund may invest in financial derivative instruments ("FDI") for hedging and efficient portfolio management ("EPM") purposes (as detailed below).

INVESTMENT OBJECTIVE AND POLICIES

Investment Objective

The investment objective of the Fund is to deliver long-term capital growth by investing in securities which exhibit quality and have favourable environmental, social and governance characteristics ("ESG") and excluding securities that do not meet certain ESG criteria.

Investment Policy

The Fund seeks to achieve its investment objective through investment primarily in a diversified portfolio of 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 MSCI World Index (the "**Index**"). The Equity and Equity Related Securities invested in by the Fund will exhibit quality and have favourable ESG characteristics (both as determined based on the Investment Manager's proprietary scoring as further outlined below), whilst constraining the exposure to certain securities in accordance with the ESG criteria. The Fund also seeks a significant reduction in carbon intensity and potential emissions from fossil fuels relative to the Index.

Further details concerning the Index are set out below.

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. The Fund shall not invest in contingent convertible securities. 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 not comprised within the Index provided they are within the list of Markets set out in Appendix 1 of the Prospectus.

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 in a reasonable amount of time taking into account the best interests of the Shareholders and no later than the next portfolio rebalance. In addition, certain Equity and Equity Related Securities which the Fund may hold may 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 Fund may invest in FDI for EPM purposes and may be fully or partially hedged back to the Base Currency in accordance with the powers and restrictions set out by the Central Bank in relation to techniques for efficient portfolio management purposes as further disclosed 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.

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.

The investment process is to establish the securities eligible for investment by excluding from the list of securities within the Index, companies that do not meet certain ESG criteria chosen by the Investment Manager, as detailed in the Annex.

The Investment Manager will then apply its proprietary scoring which is constructed using data from multiple sources including company financial statements and historical stock price movements. The scoring is applied to all of the investible securities, assessing quality based on three categories of financial signals (profitability, management efficiency, and cash generation). The process aims to achieve meaningful improvement in ESG characteristics of the portfolio relative to the Index and whilst aiming for a significant reduction of the operational carbon intensity of the portfolio and reduced exposure to fossil fuels relative to the Index, tilting towards those companies better positioned to manage a transition to a low carbon economy. This enables the construction of an optimal portfolio which maximises expected risk-adjusted performance based on the return forecasts. The bottom quintile of securities ranked by the Investment Manager's proprietary scoring will typically be removed from the investible universe, subject to specified stock level limits. As noted above, risk is controlled by limiting the exposure to certain securities, exposure by industry and exposure by region and country, as well as exposures to other risk factors relative to the Index. The Investment Manager makes final investment decisions based on the quantitative model described, divesting of securities that no longer score beyond a pre-determined threshold score based upon the evaluation criteria stated above, and to ensure optimal portfolio diversification. The Fund's holdings and exposures are regularly monitored, and, where appropriate, traded efficiently using the aforementioned portfolio construction process to ensure alignment with the investment objectives.

Index Description

The Index is a free float-adjusted market capitalisation weighted index that captures large and mid-cap representation across Developed Markets.

The valuation function within MSCI is functionally independent of the design of the Index. The Index is reviewed quarterly for any necessary rebalancing – in February, May, August and November with the objective of reflecting change in the underlying equity markets in a timely manner, while limiting undue index turnover. The rebalancing frequency will have minimal impact on the strategy of the Fund or on transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case.

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

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 will not invest more

than 10% of Net Asset Value in other CIS in aggregate.

Risk Factors. In addition, the prices of these instruments may be imperfectly correlated to the prices of the underlying securities, for example, because of transaction costs and interest rate movements and the use of these instruments may further expose the Fund to the risk that the legal documentation of the relevant counterparty may not accurately reflect the intention of the parties.

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

The purpose of EPM should be in line with the best interests of Shareholders and is to achieve for one or more of the following: the reduction of risk; the reduction of cost; or the generation of additional capital or income for the Fund with no, or with an acceptably low level of risk.

The Fund may use forwards and exchange traded futures for EPM and hedging purposes as further described in 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**.

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 carry out 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 assets that can be subject to Securities Financing Transactions can be as much as 100%, i.e. all of the assets of the Fund.

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 Investment Manager shall not invest in repurchase/reverse repurchase agreements or Total Return Swaps.

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

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

The general risk factors set out in the **Risk Factors** section of the Prospectus apply to the Fund.

INVESTMENT MANAGER AND SUB-INVESTMENT MANAGER

The Manager has appointed Northern Trust Global Investments Limited as the Investment Manager of the Fund. The Investment Manager has appointed Northern Trust Investments, Inc as the sub-investment manager of the Fund.

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 12.00

p.m. (Irish time) on the Business Day immediately preceding each Dealing Day. Any applications received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion in exceptional circumstances, otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such request(s) have been received prior to the Valuation Point for the particular Dealing Day.

Initial Offer Period

The Initial Offer Period in respect of A USD, B USD and C USD is closed.

The Initial Offer Period in respect of all other Share Classes will commence at 9.00 a.m. (Irish time) on 15 August 2023 and shall continue until 5.00 p.m. (Irish time) on 13 February 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 two 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 Prospectus in the section 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

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

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

Fees of the Manager, the Investment Manager, the Depositary, any sub-custodian and the Administrator

The Investment Manager will be entitled to receive out of the assets of the Fund an annual fee of up to 0.50% of the Net Asset Value of the Fund in respect of the class A, B, C, D, E, F, G and H (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 0.08% 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 estimated not to exceed EUR 25,000. These costs shall be borne by the Fund and will be amortised 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.

Product name:
The NT World Quality ESG Fund ("the Product")

Legal entity identifier:
635400CKQBBXI9WVOQ04

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ Yes

☐ 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: __%

☐ No

☐ 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?

The investment objective of the Product is to deliver long-term capital growth by investing in securities which exhibit quality and have favourable environmental, social and governance (ESG) characteristics and excluding securities that do not meet certain ESG criteria.

The Product has the following environmental and/or social ("E/S") characteristics: (i) applies environmental, social and governance ("ESG") exclusions that impact the investment universe of the Product; (ii) excludes companies which have faced controversies pertaining to ESG issues; and (iii) tilts towards companies benefiting from the energy transition.

The Investment Manager will seek a reduction of the operational carbon intensity of the portfolio and reduced exposure to fossil fuels relative to the MSCI World Index (the "Index"), tilting towards those companies better positioned to manage a transition to a low carbon economy.

Please refer to the sustainability indicators stated below for further detail

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

The Product's investment universe comprises companies within the Index after the exclusion of companies that do not meet certain ESG criteria, using the NT Custom ESG screening criteria.

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

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



Below is a list of exclusions providing sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted by this Product using the NT Custom ESG screening:

- i. companies that are in breach of global norms such as UN's Global Compact Ten Principles due to being directly involved in ongoing controversies classified as "very severe" in the areas of Environment, Human Rights and Community, Labour Rights and Supply Chain, or Governance. For further details on the UN Global Compact Ten Principles, please refer to www.unglobalcompact.org/aboutthegc/thetenprinciples/index.html
- ii. companies that derive any revenue from the production of tobacco, or 5% or more of their revenue from the distribution of tobacco, supply of key products for the production of tobacco, or the retail of tobacco;
- iii. 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;
- iv. companies that manufacture civilian firearms or retail civilian firearms and derive 5% or more revenue from this sector;
- v. companies that manufacture conventional weapons or derive 5% or more revenue from weapons sales or from military contracting;
- vi. companies that derive 5% of revenue or more from mining thermal coal;
- vii. companies that derive 30% of revenue or more from coal-fired energy generation or 5% or more revenue if their transition risk preparedness or carbon management is considered weak;;
- viii. companies that derive 5% or more revenue from unconventional oil and gas such as oil sands and shale gas or 1% or more revenue from arctic oil and gas and their management of carbon in their own operations is assessed as weak;
- ix. companies that derive 5% or more revenue from for profit prisons and;
- x. companies whose MSCI ESG rating is CCC.

referred to hereafter as the "**NT Custom ESG screening criteria**".

The NT Custom ESG screening methodology is reviewed annually. The sustainability indicators are non-exhaustive and subject to change.

Furthermore, the Product aims for lower carbon emissions and reduced exposure to fossil fuels relative to the Index, by tilting towards those companies better positioned to manage a transition to a low carbon economy.

In addition, the Product will generally employ investment restrictions that are in accordance with rules regarding cluster munitions laid down in the relevant national legislation adopting the Convention on Cluster Munitions.

Hermes EOS has been appointed to carry out corporate engagement with carefully selected companies held within the Product. Please refer to the Prospectus for further detail on this appointment.

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 defined by the data provider and as listed below. Our definition of positive contribution includes minimum percentage revenues deriving from activities linked with the following objectives alongside companies assessed to have credible carbon reduction targets such as The Science Based Targets Initiative ("SBTI"):

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

The Investment Manager of the Product will seek lower carbon emissions and reduced exposure to fossil fuels relative to the Index which contribute towards climate change mitigation and climate change adaptation and pollution prevention and control.

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, greenhouse gas emissions ("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 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; the NT Custom ESG screening criteria, active tilts towards companies better positioned to manage a transition to a low carbon economy and reduced carbon emissions and exposure to fossil fuels. The NT Custom ESG criteria 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. Added to this, we have secured access to a range of ESG data providers and datasets to help us to carry out this assessment and ongoing monitoring.

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.

For further detail on the investment strategy, please see the section entitled "Investment Policy" of the Supplement.

- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human

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.

Rights? Details:

The Product applies the NT Custom ESG screening methodology 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 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 no 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

☐ No

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”):

- PAI 1: GHG emissions (Scope 1 and Scope 2);
PAI 2: Carbon footprint;
PAI 3: GHG intensity;
PAI 4: Exposure to companies active in the fossil fuels sector
PAI 10: Violations of UNGC principles and OECD Guidelines for Multi-national Enterprises;
and
PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).

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.



What investment strategy does this financial product follow?

The Product is an active strategy, that seeks to deliver long-term capital growth by investing in securities which exhibit quality and have favourable ESG characteristics, while excluding securities that do not meet specific ESG criteria.

The Product's investment universe comprises companies within the Index after the exclusion of companies based on ESG criteria selected by the Investment Manager which excludes companies not considered to meet certain sustainability principles.

The Investment Manager applies proprietary scoring to all of the investible securities, assessing quality based on three categories of financial signals whilst aiming for a significant reduction of the operational carbon intensity of the portfolio and reduced exposure to fossil fuels relative to the Index. The process aims to achieve meaningful improvement in ESG characteristics of the portfolio relative to the Index and tilt towards those companies better positioned to manage a transition to a low carbon economy.

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 of the strategy used to promote the environmental or social characteristics include the NT Custom ESG screening criteria which excludes a range of companies, or sectors, typically based on a prescribed revenue threshold and extend to companies that:

- do not comply with UN Global Compact Principles;
- derive revenue from the production or distribution of tobacco;
- manufacture civilian firearms, controversial and conventional weapons;
- derive revenue from thermal coal power, thermal coal mining, unconventional oil and gas, for-profit prisons.

In addition, an example metric is the MSCI ESG Rating to identify companies that have demonstrated an ability to manage their ESG risks and opportunities effectively compared to peers. Companies are excluded if they have an MSCI ESG Rating of 'CCC'.

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.

Please refer to previous responses to the question on "sustainability indicators" for a complete list of the NT Custom ESG exclusions that form part of the Product's binding criteria

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 investment 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 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.



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 aligned with environmental and/or social characteristics 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.

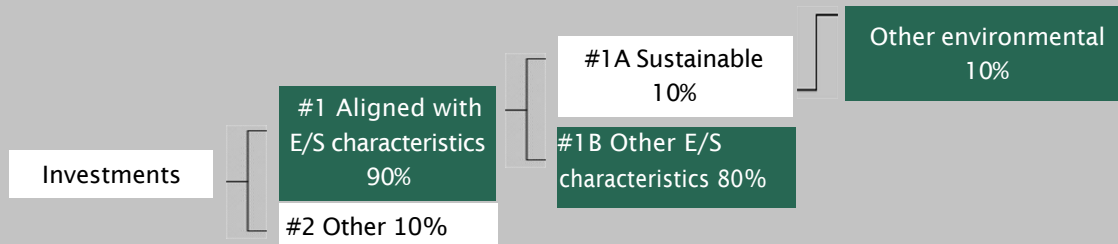
The remaining allocation of the Product is expected to be made in cash, for hedging and other ancillary purposes.

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.



#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.

#2 Other 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.

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

The Product uses derivatives for hedging and efficient portfolio management purposes. 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?

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.

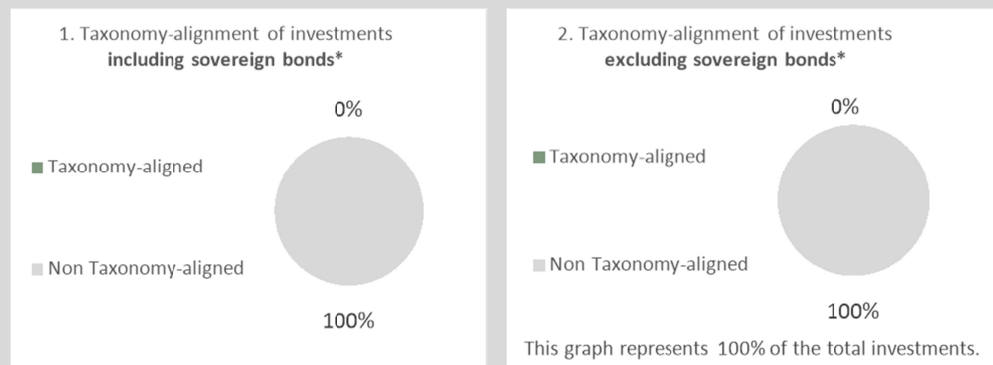
The Product presently intends to invest 0% of its assets in investments that contribute to environmentally sustainable economic activities in accordance with the Taxonomy Regulation.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

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 as 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, which includes 0% of its assets in enabling activities and 0% of its assets in transitional activities towards climate change mitigation.

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

0% of the Product's 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 0% investment in socially sustainable investments is anticipated.

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.
- Derivatives: The Product may use derivatives for efficient portfolio management

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

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.

purposes and/or to protect against exchange rate risk.



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?

No, the Product does not have a specific Index designated as a reference benchmark with E/S characteristics.

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

This is not applicable as the Product does not have a specific ESG designated Index.

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

This is not applicable as the Product does not have a specific ESG designated Index.

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

This is not applicable as the Product does not have a specific ESG designated Index.

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

This is not applicable as the Product does not have a specific ESG designated Index.



Where can I find more product specific information online?

More specific information regarding the Product can be found here.