NORTHERN TRUST
ASSET MANAGEMENT

Sustainable Investment Definition

At Northern Trust Asset Management ("NTAM"), we believe organisations with a demonstrated commitment to corporate social responsibility and sustainable investing create greater value for shareholders and key stakeholders. Our definition of sustainable investing acknowledges that the long-term financial success of our clients and shareholders is dependent on a healthy global environment; a stable society; and well-functioning, well-governed companies. As such, we believe that material environmental, social and governance issues are business issues; when managed well, these factors can position a company for success. When managed poorly, they can lead to negative externalities that can result in reputational and financial risk. This belief is key to our Sustainable Investment Definition.

The following documents the framework that underpins our definition of Sustainable Investments (the Definition), in line with the requirements set out by Regulation (EU) 2019/2088 on Sustainable Finance Disclosure Regulation ("SFDR"), in particular Article 2(17) (sustainable investment).

NTAM's Sustainable Investments ("SI") methodology adopts a three-pillar approach based on a proprietary set of eligibility criteria applied to underlying investee companies[1]. The three pillars address positive contribution to a social or environmental objective, the Do No Significant Harm ("DNSH") principle, and good governance practices. Our approach considers companies' existing economic activities that contribute positively to these pillars and forward-looking commitments at the corporate sustainability level, in addition to leveraging best-practise external frameworks such as the United Nations Sustainable Development Goals ("UN SDGs") and Science-Based Targets Initiative ("SBTi"). The below section explains our approach for different asset classes.

Listed Equities

The Definition allows NTAM to apply a consistent measure of Sustainable Investment across all Article 8 and Article 9 equity funds. This document provides transparency and context for our investors by setting Sustainable Investment commitments in fund precontractual disclosures, as well as periodic reporting on the attainment of these commitments. We have adopted a quantitative measure of Sustainable Investment (SI) on our listed equities universe. Additionally, we will continue to review our approach to reflect new guidance or requirements from the European Supervisory Authorities ("ESAs").

The three-pillar approach

1. Positive contribution to environmental or social objectives

Eligible companies for positive contribution must meet any of the three following criteria to be classified as positively contributing to environmental or social objectives. The investment will be captured as the full weighted holding, as long as it passes our Good Governance and DNSH thresholds outlined below.

[1] Defined under Regulation (EU) 2020/852 as: 'environmentally sustainable investment' means an investment in one or several economic activities that qualify as environmentally sustainable under this Regulation.

1. The company derives at least 20% of its revenue from products or services with positive impact on the society and the environment. The impact categories are defined as below:

Environmental	Social
Alternative energy	Nutrition
Energy efficiency	Major disease treatments
Green building	Sanitation
Sustainable Water	Affordable real estate
Pollution prevention and control	SME finance
Sustainable agriculture	Education
	Connectivity – digital divide

2. The company has adopted emissions reduction targets approved by the Science-based Targets Initiative (SBTi). Science-based targets show how much and how quickly a company needs to reduce greenhouse gas (GHG) emissions to prevent the worst effects of climate change. The SBTi, a not-for-profit, defines and promotes best practice in science-based target setting through a range of target-setting resources and guidance, and independent assessment of companies' targets in line with its strict criteria.

3. Through its products, services and operations, the company has a significant positive contribution to at least one UN SDG and has an overall non-negative contribution across all of the goals. This assessment is based on data from our preferred data provider.

NTAM has developed the methodology criteria for the positive contribution test under this Sustainable Investment definition. We may continue to review and enhance the proprietary criteria periodically to reflect further clarifications from European Supervisory Authorities and market developments. The criteria can be implemented across applicable Article 8 and Article 9 products using one or more of our preferred ESG data providers should it be required.

2. Do No Significant Harm ("DNSH")

The SFDR principle of Do No Significant Harm ("DNSH") focuses on ensuring investments benefit a particular environmental or social objective sufficiently, considering other such objectives. For example, targets and metrics used to assess investments in reducing emissions should not come at the expense of other important environmental goals such as water, waste and biodiversity management. DNSH will help ensure that companies doing well on one environmental aspect meet a minimum baseline standard across others. The objective is to bring the 'Do No Significant Harm' disclosures under SFDR Article 2, point (17) in line with the minimum safeguards in Article 18 of the Taxonomy Regulation.

Our DNSH approach requires that companies are not involved in activities and incidents associated with negative social and environmental impact, as well as negative alignment with the UN SDGs. A company meeting any of the below criteria would not be eligible as a Sustainable Investment.

- Any tie to Controversial Weapons (cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding leasers, non-detectable fragments, incendiary weapons).
- At least 5% total annual revenue (reported or estimated) from the mining of thermal coal (including lignite, bituminous, anthracite and steam coal) and its sale to external parties.
- At least 30% total annual revenue (reported or estimated) from thermal coal-based power generation.

- Any company that manufactures tobacco products (including cigars, blunts, cigarettes, e-cigarettes, inhalers, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco. This also includes companies that grow or process raw tobacco leaves.
- At least 5% total annual revenues (reported or estimated) from the distribution of tobacco products, retail sale of tobacco products, or supply of products essential to the tobacco industry.
- Direct involvement in any Very Severe, ongoing controversy case within the thematic areas of Environment, Human Rights & Community Impact, Labour Rights & Supply Chain, Customers and Governance. This approach is aligned with international norms and standards such as the UN Global Compact, UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Principles.
- Significant negative alignment to at least one UN SDG through products, services and operations. This assessment is based on data from our preferred data provider.

3. Good governance

We believe good governance is key to a well-functioning, well-governed company, enabling it to deliver long-term financial success for its shareholders and key stakeholders. Although companies typically tend to focus on short-term goals, it is material corporate governance risks that often manifest themselves over long time horizons. These pose the greatest challenges, affecting a business at many levels. Managing these risks is key and requires strategic investments aimed at strengthening the company's resilience to emerging risks, alongside the development of adaptive strategies to create an agile business that can be responsive to change.

We firmly believe that maintaining a long term, sustainable footprint is a critical factor to the success of all firms, and therefore important to all investors. Our primary objective as an asset manager is to create long-term value for our clients and beneficiaries. Good governance is the foundation to our evaluation of Sustainable Investing and as such, NTAM EU-domiciled funds categorised as Article 8 and Article 9 meet a set of minimum standards related to corporate governance through companies' alignment with the following global norms and frameworks (these are also included within our NTAM Proprietary Screens):

- OECD Guidelines for Multinational Enterprises, which cover areas relevant to management structures, employee relations and tax compliance;
- UN Global Compact (UNGC), which covers principles relevant to management structures employee relations; and
- ILO Declaration on Fundamental Principles and Rights at Work, which covers areas relevant to employee relations and remuneration of staff.

These standards align with the four elements of "good governance" in SFDR – sound management structures, employee relations, remuneration of staff and tax compliance. To be eligible as a Sustainable Investment an issuer must not be in violation to any of the above norms. Determining whether or not a company is in violation occurs through the use of controversies as proxies, with companies being assessed on the negative environmental, social and governance impact of operations, products and services. Within our Sustainable Investment definition, we leverage multiple data sources in order to increase coverage and account for differences, inconsistencies and discrepancies between the individual providers. The controversy research evaluation frameworks of the data providers that are used in this context are designed to be consistent with the aforementioned international norms. The controversies, which are assessed based on their scale and severity, are used to identify breaches of the enshrined principles.

Fixed Income

NTAM integrates ESG into its investment process using both quantitative and fundamental methodologies. For our definition of a Sustainable Investment within our Fixed Income funds, we have adopted an approach which uses the listed equities methodology, explained earlier in the document, for corporate bonds, though with additional criteria added to differentiate between corporate and sovereign issuers. Due to data limitation, bond types beyond corporate and sovereign bonds are currently out of scope of our Sustainable Investment methodology (except for within the methodology for the NT Global Green Bond Fund).

1. Positive contribution to environmental or social objectives

Corporates

For corporate issuers, the calculation to determine positive contribution follows the same methodology as for listed equities, but additionally includes securities which are labelled as ‘Green Bonds’ according to our chosen data provider. Green Bonds are labelled fixed incomes securities where the use of proceeds is specifically earmarked for projects with a positive environmental impact. Best practice for a green bond is to follow the International Capital Markets Association (ICMA) Green Bond Principles which cover: use of proceeds; process for project evaluation and selection; management of proceeds; and ongoing reporting.

Sovereigns

For sovereign issuers, it is not appropriate or relevant to use the same framework as for corporate issuers. As such, the calculation for positive contribution combines two elements:

- **Security-level:** for security-level analysis, the same ‘Green Bond’ indicator criteria is used as for the corporate fixed income calculation, OR
- **Issuer-level:** to create a robust benchmark for establishing whether or not a country is having a positive impact, a country needs to have a score of 80 or above on the SDG Index (scores are on a scale of 0-100 where higher the better). The SDG Index is published as part of the Sustainable Development Report, which annually reviews progress made at the country level towards the UN SDGs. Countries are assessed on individual quantitative indicators which are aggregated up to the SDG level, from which an overall Index score is calculated.

2. Do No Significant Harm (“DNSH”)

Corporates

For corporate issuers, our approach to DNSH requires the same criteria as for listed equities, described above.

Sovereigns

Similarly, DNSH at the sovereign level necessitates a different approach to corporates. Sovereign-issued fixed income securities will not be included as a Sustainable Investment if the sovereign issuer is involved in negative environmental or social impacts measured through the three below indicators (these are aligned with sovereign-level Principle Adverse Impact indicators):

- Securities belonging to the bottom 5% of the benchmark holdings ranked by issuer country-level GHG intensity (measured as Tons of CO_2e per EUR million GDP of the country).
- Securities issued by countries which are subject to current European Union economic sanctions.

- Securities issued by countries with extremely weak freedom of the press, measured by a score below 50 (scores are on a scale of 0-100 where higher the better) on the World Press Freedom Index as published by Reporters Beyond Borders.

3. Good governance

Corporates

For corporate issuers, our approach to good governance requires the same criteria as for listed equities, referenced above.

Sovereigns

As a proxy to measure good governance at the sovereign level, we use a government level ESG rating from our chosen data provider. To be eligible as a Sustainable Investment, a sovereign issuer must score above 4.5 (scores are on a scale of 0-10 where higher the better) on the assessment for the Governance pillar, which focuses on financial governance and political governance risk through the below factors:

- Financial Capital and Trade Vulnerability
- Financial Management
- Institutions
- Stability and Peace
- Judicial and Penal System
- Corruption Control
- Governance Effectiveness
- Political Rights and Civil Liberties

NT Global Green Bond Fund

To calculate a proportion of Sustainable Investments within our NT Global Green Bond fund we follow an approach where at the issuance level, all the securities in the fund have undergone an initial assessment, and subsequent annual assessments, to ensure alignment with the ICMA Green Bond Principles. Through the relevant disclosures, the instruments have demonstrated:

- Over 90% of proceeds allocated to relevant green categories of Alternative Energy, Pollution Prevention and Control, Sustainable Water, Green Building, Climate Adaptation and other (covering mainly protection of biodiversity, sustainable forestry and sustainable agriculture). The remaining 10% should have positive environmental benefits but does not necessarily have to be aligned with a category, and any proceeds allocated to certain environmentally damaging activities lead to ineligibility.
- Process for project evaluation and selection.
- Process for management of proceeds.
- Commitment to ongoing reporting.

In order to implement a second layer of assurance and ensure the integrity of the environmental benefits and positive outcomes, we screen the fund holdings using a Green Bond dataset from a second data provider, different to the original index provider. In order to be classified as a Sustainable Investment, securities must be identified as Green Bonds within both datasets.

Definitions and Notes

Data providers

NTAM has agreements in place for the use of ESG data from a number of preferred providers, including MSCI ESG Research, Morningstar Sustainalytics and ISS ESG. We may use one or more of these providers' ESG datasets for portfolio construction, reporting, research and analysis.

NTAM has established a vendor management program which integrates minimum standards on vendor selection, due diligence and ongoing monitoring. A centralised Market Data team manages vendor relationships in collaboration with relevant business units, including Sustainable Investing and Stewardship and Procurement. In addition, as it related to datasets for use in regulatory implementation and reporting, Compliance and Risk management teams may become involved in any of the stages of vendor management.

ESG data quality and availability

NTAM regularly reviews the information, datasets and tools available to in relation to new and emerging alternatives. We have secured access to data from the largest ESG data providers as well as access to smaller providers with niche datasets. As of the date of the latest review of ESG data available to us, we have concluded that data quality and availability is not yet at the level required by SFDR Level II. Our view is reflected in the choice of proxies for SFDR Potential Adverse Impact's.

Environmentally sustainable economic activities

NTAM uses a revenue-based proxy for environmentally sustainable economic activities for the purpose of applying the SI Definition. NTAM uses data on the relative share of revenues that a company in any applicable investment universe derives from the following environmentally sustainable economic activities: Alternative energy (Renewables), Energy efficiency, Green building, Sustainable water, Pollution prevention, and Sustainable agriculture. This data is available in the datasets of our preferred ESG data providers.

Socially sustainable economic activities

NTAM uses a revenue-based proxy for socially sustainable economic activities for the purpose of applying the SI definition. NTAM uses data on the relative share of revenues that a company in any applicable investment universe derives from the following socially sustainable economic activities: Nutrition, Major disease treatments, Sanitation, Affordable real estate, SME finance, Education and Connectivity – Digital divide.

Sustainable Investment

Sustainable Investment means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labor relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

Sustainability factors

Means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Risk Disclosures

ESG Data reliance

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

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

Index Provider Liability

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

IMPORTANT INFORMATION

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

The information contained herein is current as of March 2025 and is subject to change without notice.

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