

NORTHLAND REGIONAL COUNCIL EXTERNALLY MANAGED INVESTMENT FUNDS

RESPONSIBLE INVESTMENT REPORT 31 DECEMBER 2022

14 FEBRUARY 2023

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INTRODUCTION

The Eriksens Responsible Investment Survey is conducted bi-annually, as at 30 June and 31 December. All managers with which our clients are invested are surveyed on individual fund exposure to various economic, social and governance sub-industries, as per the MSCI Global Industry Classification Standard (GICS). In 1999, the GICS was developed by MSCI in collaboration with S&P Dow Jones Indices to provide an efficient, detailed and flexible tool for use in the investment process. It is designed to respond to the global financial community's need for a global, accurate, complete and widely accepted approach to defining industries and classifying securities by industry.

We aim to promote the importance of responsible investing by providing each of our clients with a detailed breakdown how their money is invested across a range of Environmental, Social and Governance (ESG) categories, along with highlighting how this aligns with their social and environmental views and policies.

The team at Eriksens are experts in responsible investment products and practices and can advise how best to incorporate RI beliefs into governance documents and restructure investment portfolios to align with these beliefs. We stay up to date with established and emerging RI practices and firmly believe in the benefits these products deliver to our clients' portfolios and the wider community, as they help to support a healthy and sustainable society, environment and economy. If you would like to understand RI a little better or have questions about how we could integrate or improve RI investment policies and procedures in your portfolio, then please get in touch.

IMPACT INVESTING

In response to an increased interest from investors on Impact Investing, we have expanded our Survey to include an evaluation of portfolio involvement in bringing real benefits to consumers, other businesses and citizens.

Our data has been sourced from Morningstar's Portfolio Impact Metrics which uses the Sustainalytics ESG Impact Framework to help investors evaluate a company's environmental and social impacts, as well as how these play out within an investor's portfolio. The Sustainalytics ESG Impact Framework has been designed to enhance understanding of business- and government-related ESG impacts and support informed investor decisions and reporting.

The analysis focuses on five core impact investing "themes" which was influenced by the United Nations 17 Sustainable Development Goals (adopted by all United Member States). See [THE 17 GOALS | Sustainable Development \(un.org\)](https://www.un.org/sustainabledevelopment/) for further information on these goals.

NEW REPORT LAYOUT

Our report has been split into two sections:

1. Analysis of negative factors within the portfolio:
 - a. Alcohol
 - b. Armaments
 - c. Distribution of fossil fuels
 - d. Extraction and processing of fossil fuels
 - e. Gambling and gaming
 - f. Modern slavery
 - g. Payday (predatory) lending
 - h. Prostitution or pornography
 - i. Tobacco
2. Analysis of positive factors within the portfolio:
 - a. Human development
 - b. Resource security
 - c. Climate action
 - d. Basic needs
 - e. Healthy ecosystems

Please see the Glossary and Impact Investing Themes Definitions and Methodology sections at the end of this report for a more detailed explanation of these factors.

RESULTS

Extraction and Processing of Fossil Fuels makes up more than 1.0% of both the LTF and the STF.

Distribution of Fossil Fuels makes up more than 1.0% of the STF. This will be remedied after the divestment of holdings in QuayStreet Income Fund.

The total portfolio holds more than 1.0% in the Extraction and Processing of Fossil Fuels due to investments in Milford Active Growth and Milford Diversified Income. The Milford Active Growth Fund holds 5.85% in this category due to investments in Occidental Petroleum Corporation, Shell, BP, Karoon Energy, Santos, Carnarvon Energy, Cooper Energy, EOG Resources, Woodside Energy Group, Viva Energy, Ampol, Paladin Energy and Whitehaven Coal. The Milford Diversified Income Fund holds a total of 3.28% due to investments in Shell, BP, Santos, EOG, Woodside Energy Group, Ampol, Paladin Energy and Whitehaven Coal.

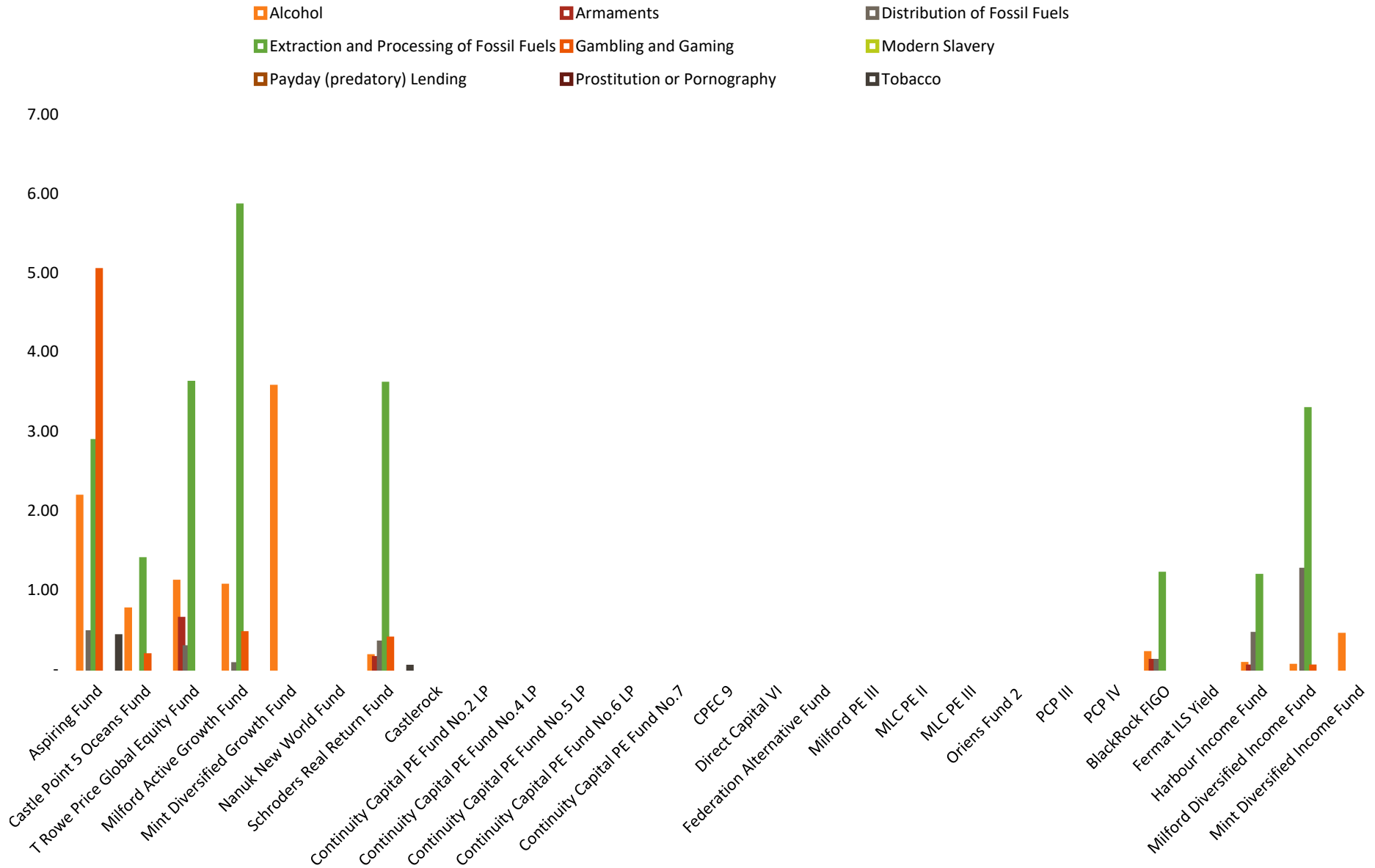
The Fund does not hold more than 1.0% in any other ESG sub-industry surveyed.

It is positive to note that 21.48% are within impact investing themes with higher allocations to Resource Security and Climate Action.

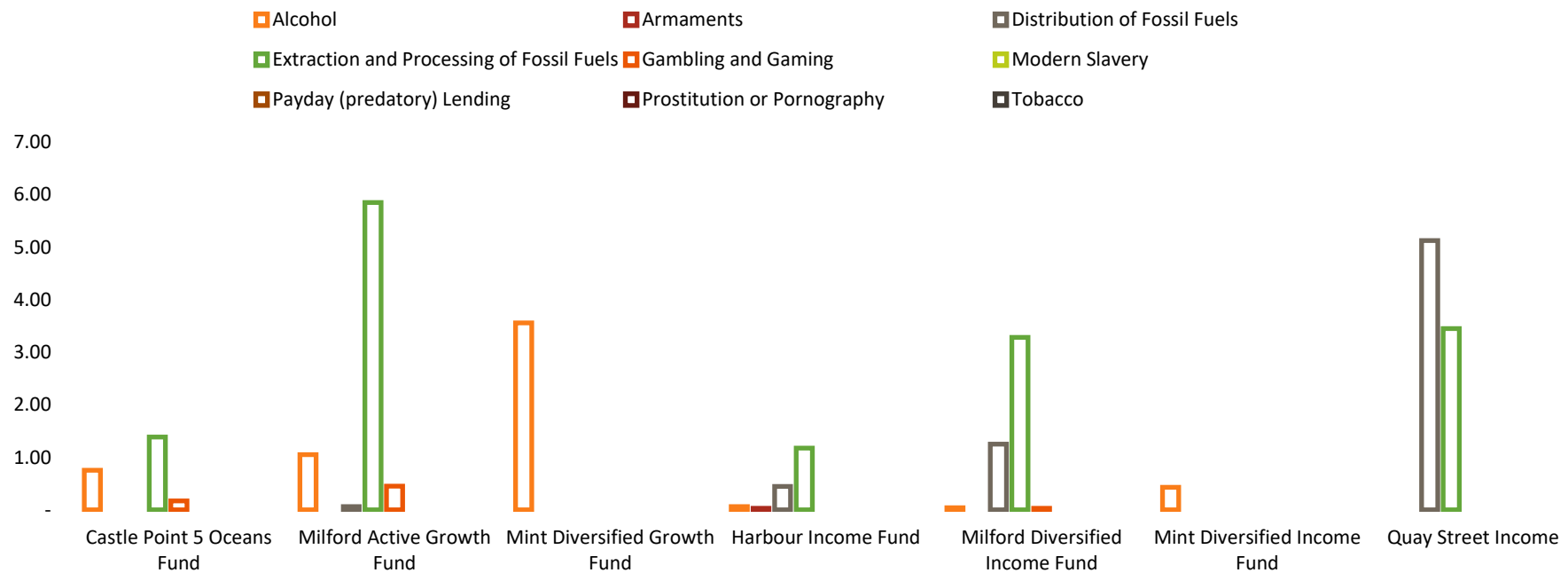
ANALYSIS OF NEGATIVE FACTORS

INDIVIDUAL MANAGER HOLDINGS

LTF	Alcohol	Armaments	Distribution of Fossil Fuels	Extraction and Processing of Fossil Fuels	Gambling and Gaming	Modern Slavery	Payday (predatory) Lending	Prostitution or Pornography	Tobacco
Aspiring Fund	2.17	-	0.46	2.87	5.03	-	-	-	0.41
Castle Point 5 Oceans	0.75	-	-	1.38	0.17	-	-	-	-
T Rowe Price Global Equity	1.10	0.63	0.27	3.61	-	-	-	-	-
Milford Active Growth	1.05	-	0.06	5.85	0.45	-	-	-	-
Mint Diversified Growth	3.56	-	-	-	-	-	-	-	-
Nanuk New World	-	-	-	-	-	-	-	-	-
Schroders Real Return	0.16	0.14	0.33	3.60	0.38	-	-	-	0.03
Castlerock	-	-	-	-	-	-	-	-	-
Continuity Capital PE Fund No.2 LP	-	-	-	-	-	-	-	-	-
Continuity Capital PE Fund No.4 LP	-	-	-	-	-	-	-	-	-
Continuity Capital PE Fund No.5	-	-	-	-	-	-	-	-	-
Continuity Capital PE Fund No.6 LP	-	-	-	-	-	-	-	-	-
Continuity Capital PE Fund No.7	-	-	-	-	-	-	-	-	-
CPEC 9	-	-	-	-	-	-	-	-	-
Direct Capital VI	-	-	-	-	-	-	-	-	-
Federation Alternative	-	-	-	-	-	-	-	-	-
Milford PE III	-	-	-	-	-	-	-	-	-
MLC PE II	-	-	-	-	-	-	-	-	-
MLC PE III	-	-	-	-	-	-	-	-	-
Oriens Fund 2	-	-	-	-	-	-	-	-	-
PCP III	-	-	-	-	-	-	-	-	-
PCP IV	-	-	-	-	-	-	-	-	-
BlackRock FIGO	0.20	0.10	0.10	1.20	-	-	-	-	-
Fermat ILS Yield	-	-	-	-	-	-	-	-	-
Harbour Income	0.06	0.03	0.44	1.17	-	-	-	-	-
Milford Diversified Income	0.04	-	1.25	3.28	0.03	-	-	-	-
Mint Diversified Income	0.43	-	-	-	-	-	-	-	-

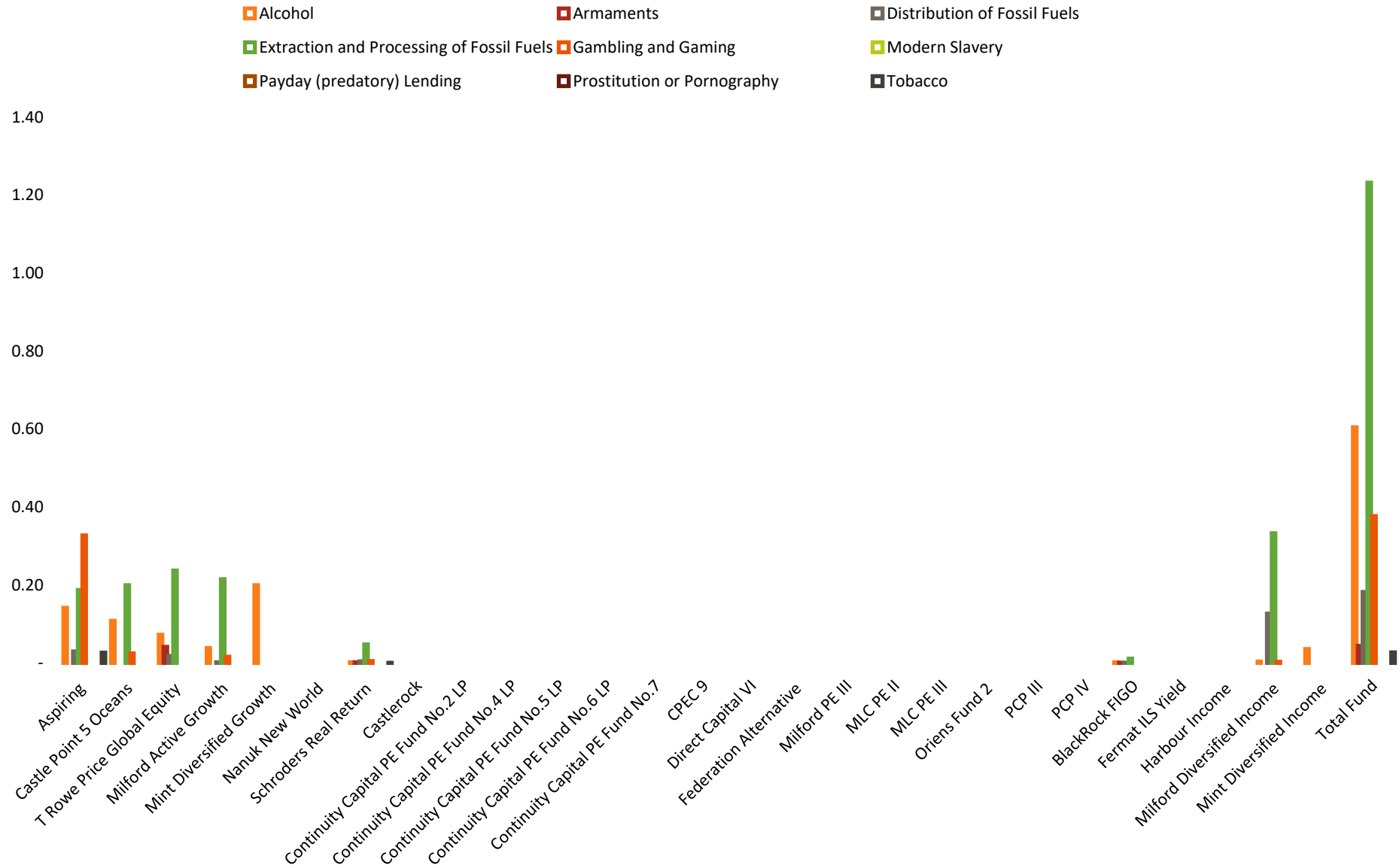


STF	Alcohol	Armaments	Distribution of Fossil Fuels	Extraction and Processing of Fossil Fuels	Gambling and Gaming	Modern Slavery	Payday (predatory) Lending	Prostitution or Pornography	Tobacco
Castle Point 5 Oceans	0.75	-	-	1.38	0.17	-	-	-	-
Milford Active Growth	1.05	-	0.06	5.85	0.45	-	-	-	-
Mint Diversified Growth	3.56	-	-	-	-	-	-	-	-
Harbour Income	0.06	0.03	0.44	1.17	-	-	-	-	-
Milford Diversified Income	0.04	-	1.25	3.28	0.03	-	-	-	-
Mint Diversified Income	0.43	-	-	-	-	-	-	-	-
QuayStreet Income	-	-	5.13	3.45	-	-	-	-	-

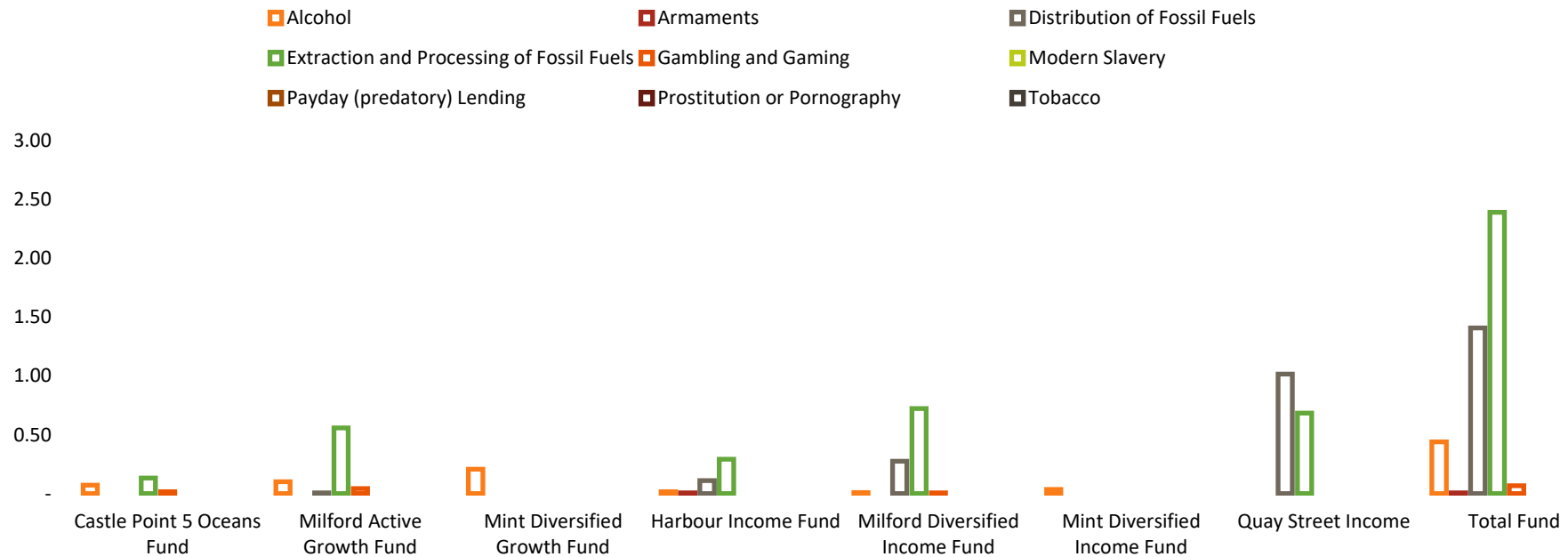


PRORATED HOLDINGS WITHIN PORTFOLIO

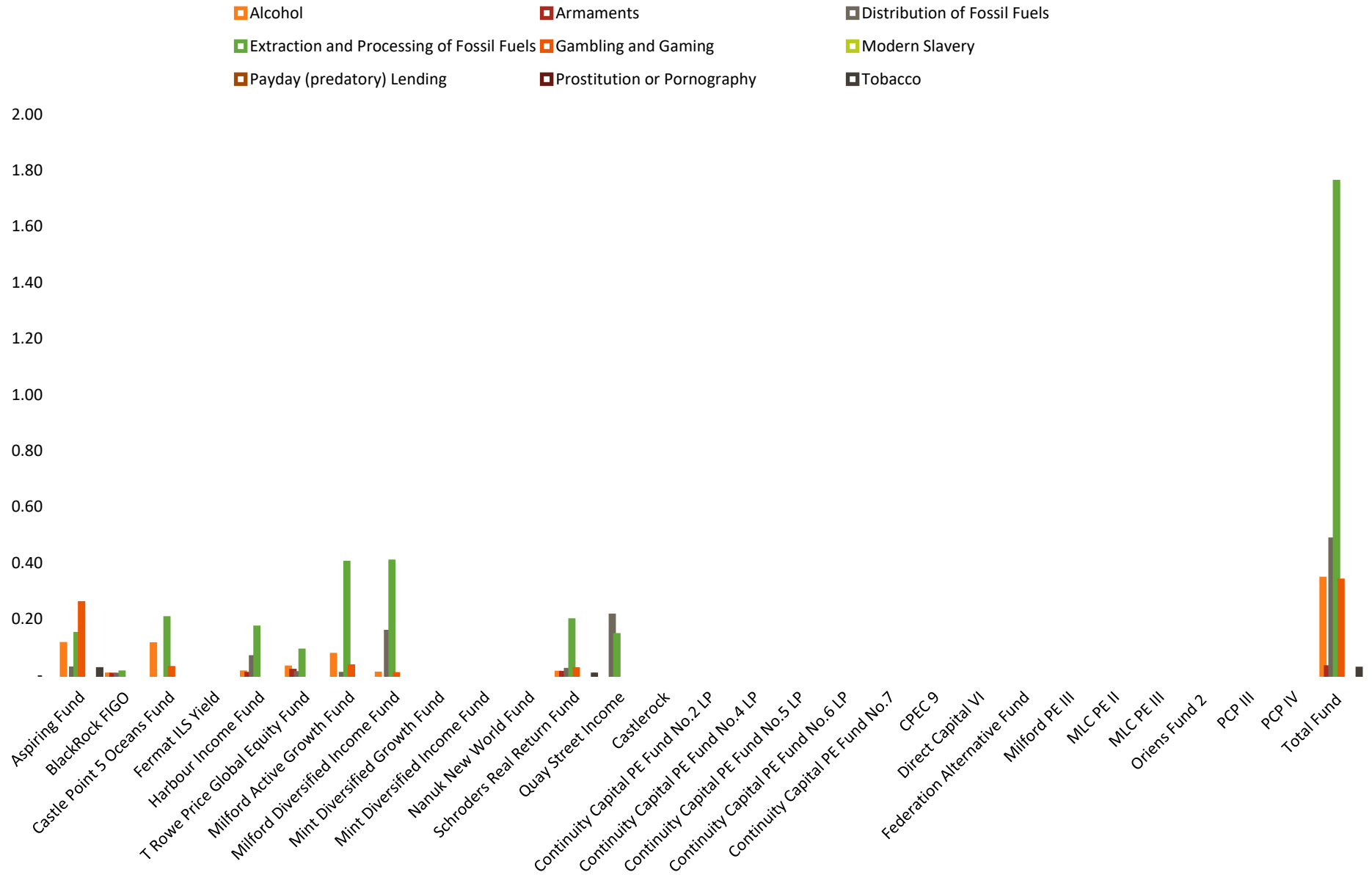
LTF	Alcohol	Armaments	Distribution of Fossil Fuels	Extraction and Processing of Fossil Fuels	Gambling and Gaming	Modern Slavery	Payday (predatory) Lending	Prostitution or Pornography	Tobacco
Aspiring	0.14	-	0.03	0.19	0.33	-	-	-	0.03
Castle Point 5 Oceans	0.11	-	-	0.20	0.02	-	-	-	-
T Rowe Price Global Equity	0.07	0.04	0.02	0.24	-	-	-	-	-
Milford Active Growth	0.04	-	0.00	0.22	0.02	-	-	-	-
Mint Diversified Growth	0.20	-	-	-	-	-	-	-	-
Nanuk New World	-	-	-	-	-	-	-	-	-
Schroders Real Return	0.00	0.00	0.00	0.05	0.01	-	-	-	0.00
Castlerock	-	-	-	-	-	-	-	-	-
Continuity Capital PE Fund No.2 LP	-	-	-	-	-	-	-	-	-
Continuity Capital PE Fund No.4 LP	-	-	-	-	-	-	-	-	-
Continuity Capital PE Fund No.5	-	-	-	-	-	-	-	-	-
Continuity Capital PE Fund No.6 LP	-	-	-	-	-	-	-	-	-
Continuity Capital PE Fund No.7	-	-	-	-	-	-	-	-	-
CPEC 9	-	-	-	-	-	-	-	-	-
Direct Capital VI	-	-	-	-	-	-	-	-	-
Federation Alternative	-	-	-	-	-	-	-	-	-
Milford PE III	-	-	-	-	-	-	-	-	-
MLC PE II	-	-	-	-	-	-	-	-	-
MLC PE III	-	-	-	-	-	-	-	-	-
Oriens Fund 2	-	-	-	-	-	-	-	-	-
PCP III	-	-	-	-	-	-	-	-	-
PCP IV	-	-	-	-	-	-	-	-	-
BlackRock FIGO	0.00	0.00	0.00	0.01	-	-	-	-	-
Fermat ILS Yield	-	-	-	-	-	-	-	-	-
Harbour Income	-	-	-	-	-	-	-	-	-
Milford Diversified Income	0.00	-	0.13	0.33	0.00	-	-	-	-
Mint Diversified Income	0.04	-	-	-	-	-	-	-	-
Total Fund	0.60	0.04	0.18	1.23	0.38	-	-	-	0.03



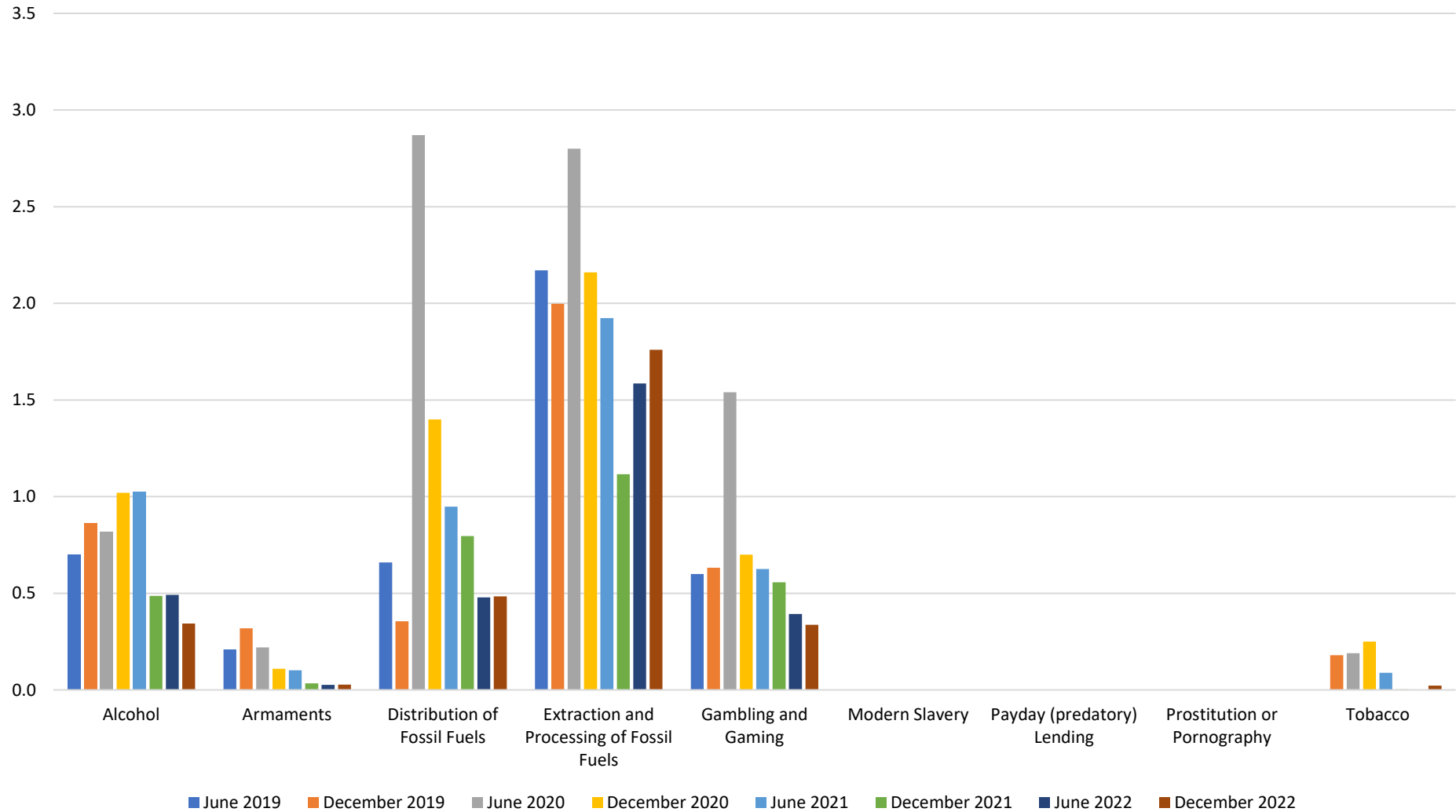
STF	Alcohol	Armaments	Distribution of Fossil Fuels	Extraction and Processing of Fossil Fuels	Gambling and Gaming	Modern Slavery	Payday (predatory) Lending	Prostitution or Pornography	Tobacco
Castle Point 5 Oceans	0.07	-	-	0.13	0.02	-	-	-	-
Milford Active Growth	0.10	-	0.01	0.56	0.04	-	-	-	-
Mint Diversified Growth	0.21	-	-	-	-	-	-	-	-
Harbour Income	0.02	0.01	0.11	0.29	-	-	-	-	-
Milford Diversified Income	0.01	-	0.28	0.72	0.01	-	-	-	-
Mint Diversified Income	0.04	-	-	-	-	-	-	-	-
Quay Street Income	-	-	1.02	0.68	-	-	-	-	-
Total Fund	0.44	0.01	1.41	2.39	0.07	-	-	-	-



NRC	Alcohol	Armaments	Distribution of Fossil Fuels	Extraction and Processing of Fossil Fuels	Gambling and Gaming	Modern Slavery	Payday (predatory) Lending	Prostitution or Pornography	Tobacco
Aspiring Fund	0.11	-	0.02	0.15	0.26	-	-	-	0.02
BlackRock FIGO	0.00	0.00	0.00	0.01	-	-	-	-	-
Castle Point 5 Oceans Fund	0.11	-	-	0.20	0.03	-	-	-	-
Fermat ILS Yield	-	-	-	-	-	-	-	-	-
Harbour Income Fund	0.01	0.00	0.06	0.17	-	-	-	-	-
T Rowe Price Global Equity Fund	0.03	0.02	0.01	0.09	-	-	-	-	-
Milford Active Growth Fund	0.07	-	0.00	0.40	0.03	-	-	-	-
Milford Diversified Income Fund	0.00	-	0.15	0.41	0.00	-	-	-	-
Mint Diversified Growth Fund	-	-	-	-	-	-	-	-	-
Mint Diversified Income Fund	-	-	-	-	-	-	-	-	-
Nanuk New World Fund	-	-	-	-	-	-	-	-	-
Schroders Real Return Fund	0.01	0.01	0.02	0.20	0.02	-	-	-	0.00
Quay Street Income	-	-	0.21	0.14	-	-	-	-	-
Castlerock	-	-	-	-	-	-	-	-	-
Continuity Capital PE Fund No.2 LP	-	-	-	-	-	-	-	-	-
Continuity Capital PE Fund No.4 LP	-	-	-	-	-	-	-	-	-
Continuity Capital PE Fund No.5	-	-	-	-	-	-	-	-	-
Continuity Capital PE Fund No.6 LP	-	-	-	-	-	-	-	-	-
Continuity Capital PE Fund No.7	-	-	-	-	-	-	-	-	-
CPEC 9	-	-	-	-	-	-	-	-	-
Direct Capital VI	-	-	-	-	-	-	-	-	-
Federation Alternative Fund	-	-	-	-	-	-	-	-	-
Milford PE III	-	-	-	-	-	-	-	-	-
MLC PE II	-	-	-	-	-	-	-	-	-
MLC PE III	-	-	-	-	-	-	-	-	-
Oriens Fund 2	-	-	-	-	-	-	-	-	-
PCP III	-	-	-	-	-	-	-	-	-
PCP IV	-	-	-	-	-	-	-	-	-
Total Fund	0.34	0.03	0.48	1.76	0.34	-	-	-	0.02



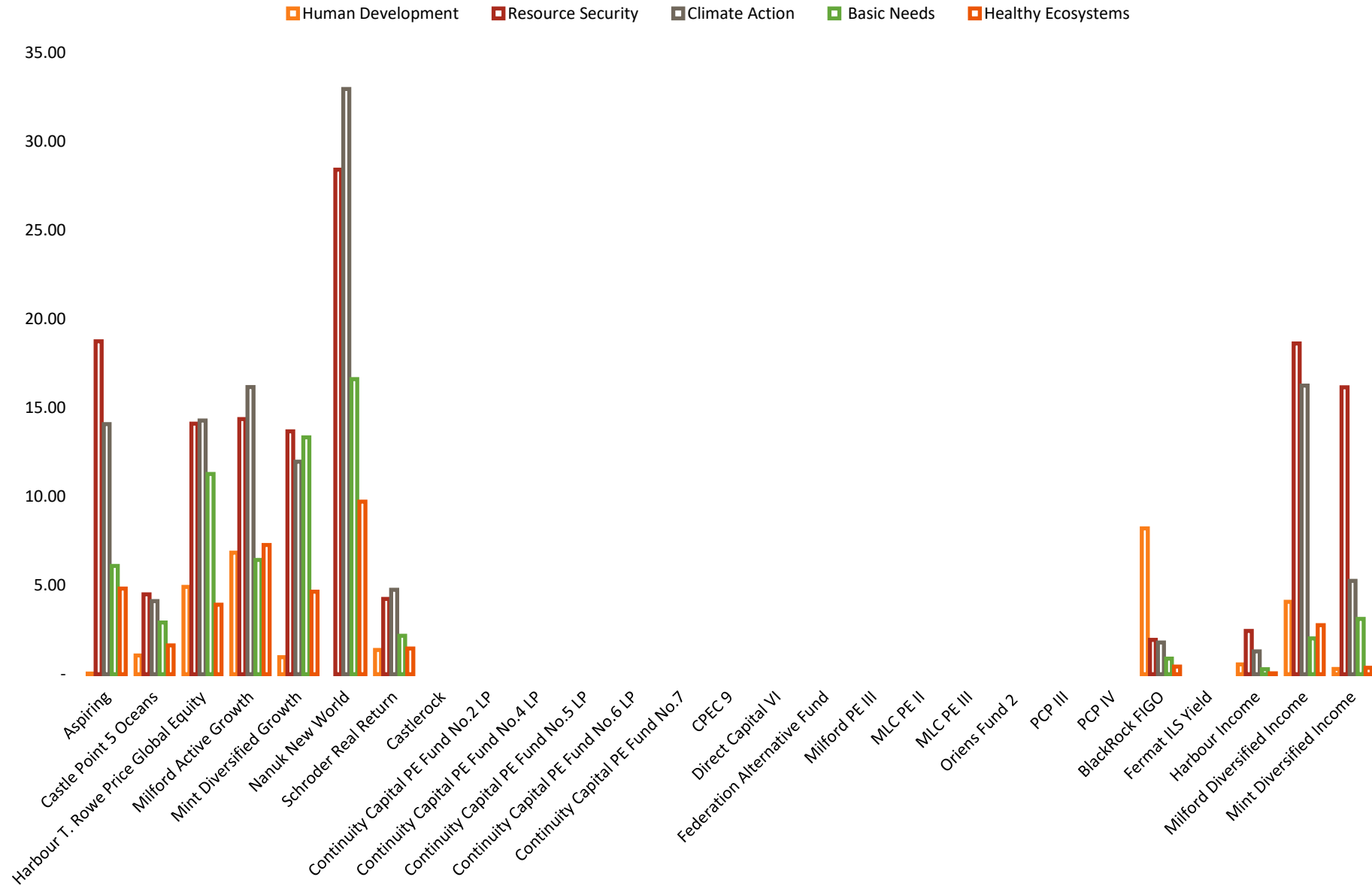
PRORATED NEGATIVE FACTOR HOLDINGS WITHIN PORTFOLIO OVER TIME



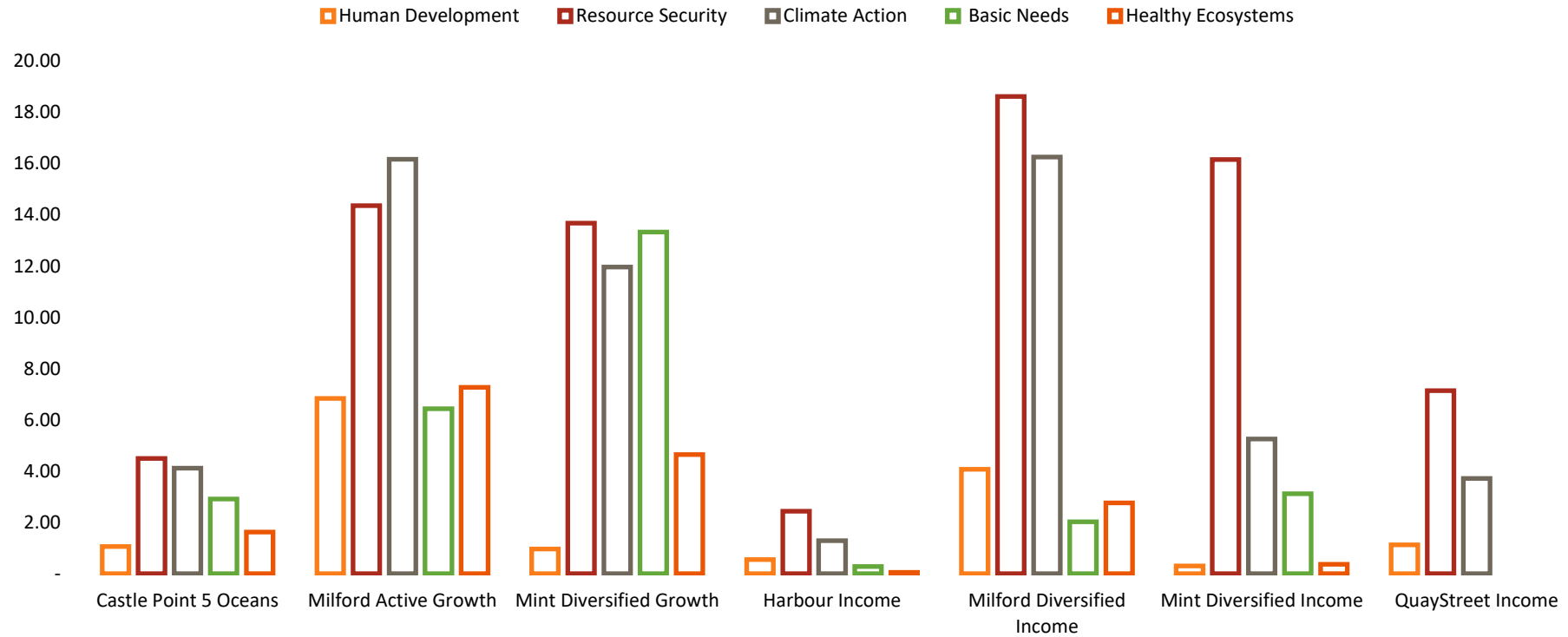
ANALYSIS OF POSITIVE FACTORS

INDIVIDUAL MANAGER HOLDINGS

LTF	Human Development	Resource Security	Climate Action	Basic Needs	Healthy Ecosystems
Aspiring	0.04	18.74	14.07	6.10	4.82
Castle Point 5 Oceans	1.06	4.49	4.11	2.91	1.62
Harbour T. Rowe Price Global Equity	4.92	14.11	14.29	11.27	3.92
Milford Active Growth	6.84	14.36	16.16	6.44	7.27
Mint Diversified Growth	0.96	13.67	11.96	13.33	4.64
Nanuk New World	-	28.40	32.94	16.62	9.72
Schroder Real Return	1.36	4.24	4.75	2.16	1.45
Castlerock	-	-	-	-	-
Continuity Capital PE Fund No.2 LP	-	-	-	-	-
Continuity Capital PE Fund No.4 LP	-	-	-	-	-
Continuity Capital PE Fund No.5	-	-	-	-	-
Continuity Capital PE Fund No.6 LP	-	-	-	-	-
Continuity Capital PE Fund No.7	-	-	-	-	-
CPEC 9	-	-	-	-	-
Direct Capital VI	-	-	-	-	-
Federation Alternative	-	-	-	-	-
Milford PE III	-	-	-	-	-
MLC PE II	-	-	-	-	-
MLC PE III	-	-	-	-	-
Oriens Fund 2	-	-	-	-	-
PCP III	-	-	-	-	-
PCP IV	-	-	-	-	-
BlackRock FIGO	8.21	1.93	1.79	0.88	0.44
Fermat ILS Yield	-	-	-	-	-
Harbour Income	0.55	2.43	1.29	0.28	0.05
Milford Diversified Income	4.08	18.62	16.25	2.02	2.76
Mint Diversified Income	0.30	16.15	5.26	3.12	0.36

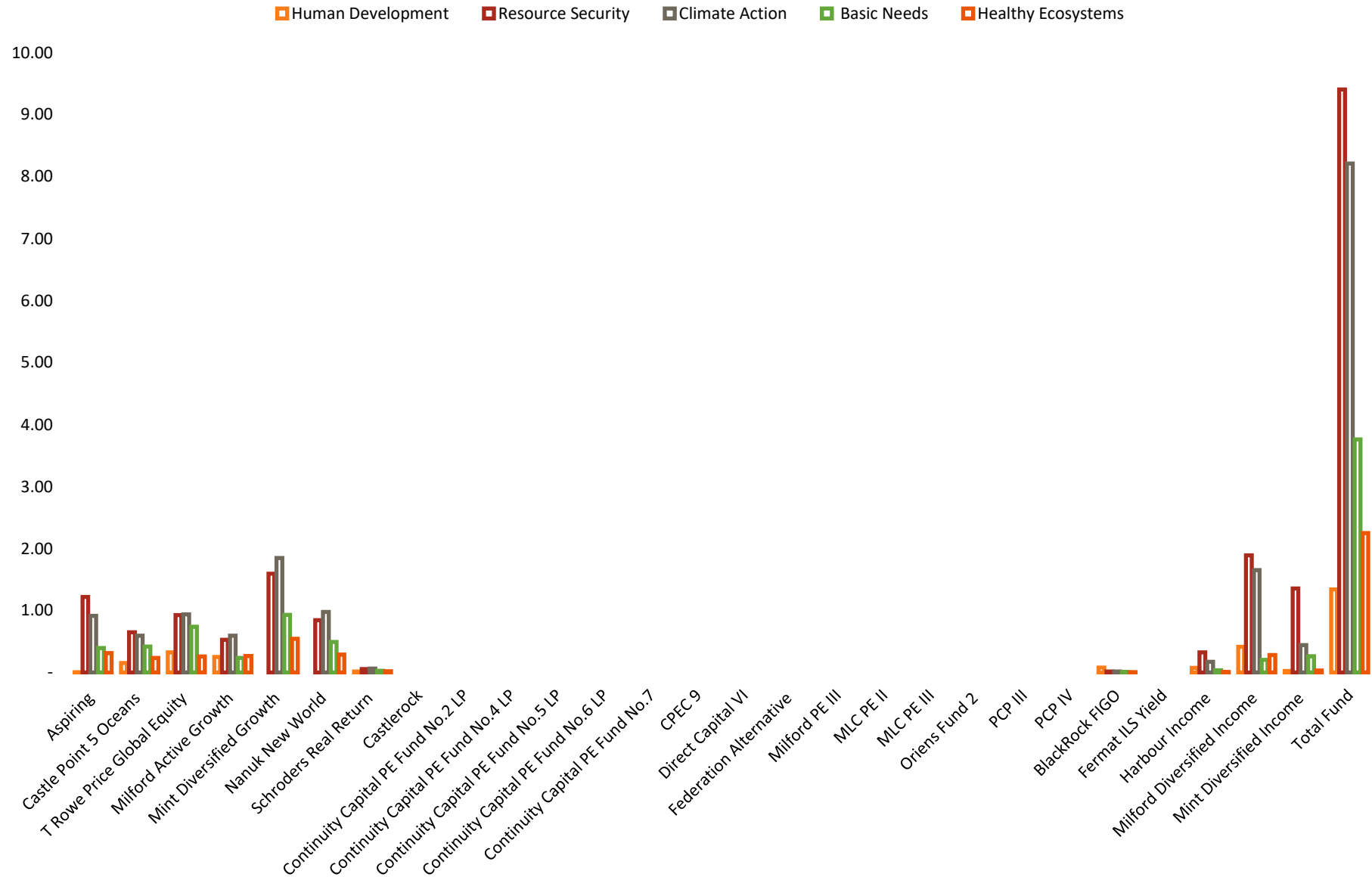


STF	Human Development	Resource Security	Climate Action	Basic Needs	Healthy Ecosystems
Castle Point 5 Oceans	1.06	4.49	4.11	2.91	1.62
Milford Active Growth	6.84	14.36	16.16	6.44	7.27
Mint Diversified Growth	0.96	13.67	11.96	13.33	4.64
Harbour Income	0.55	2.43	1.29	0.28	0.05
Milford Diversified Income	4.08	18.62	16.25	2.02	2.76
Mint Diversified Income	0.30	16.15	5.26	3.12	0.36
QuayStreet Income	1.12	7.13	3.71	-	-

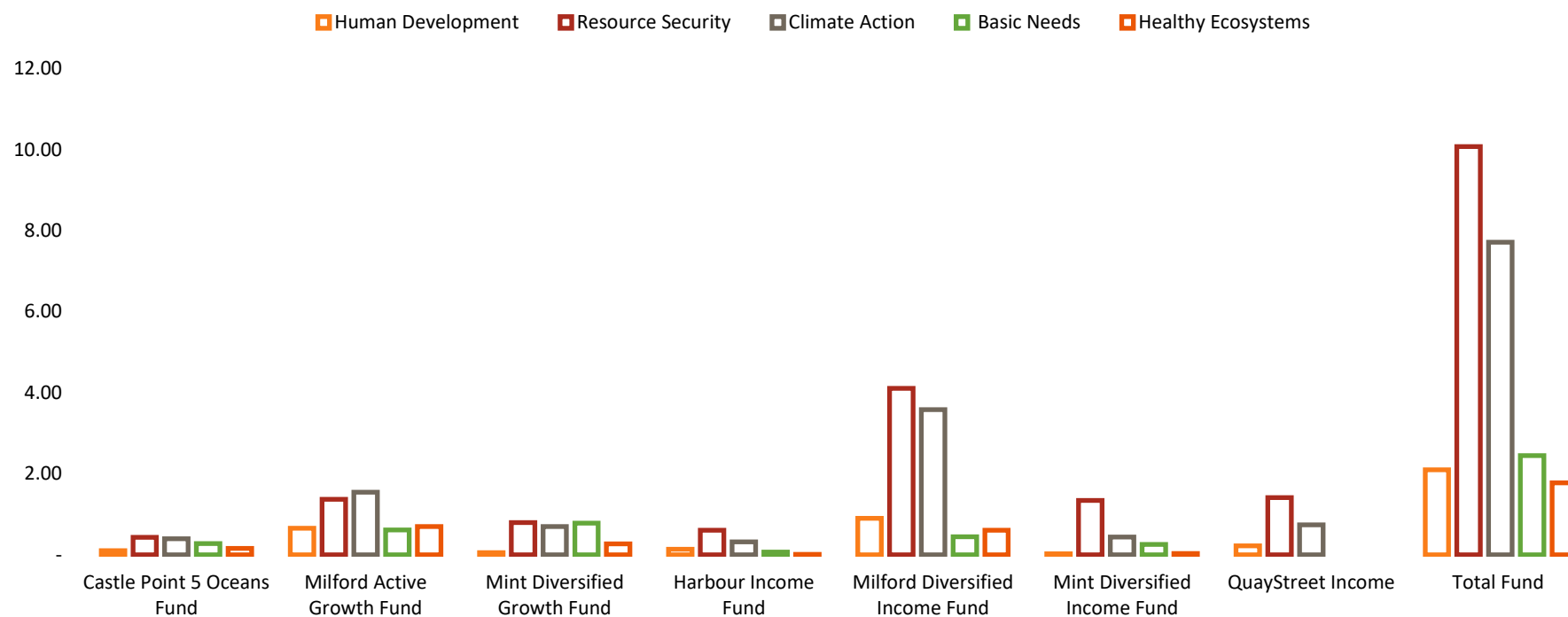


PRORATED WITHIN PORTFOLIO

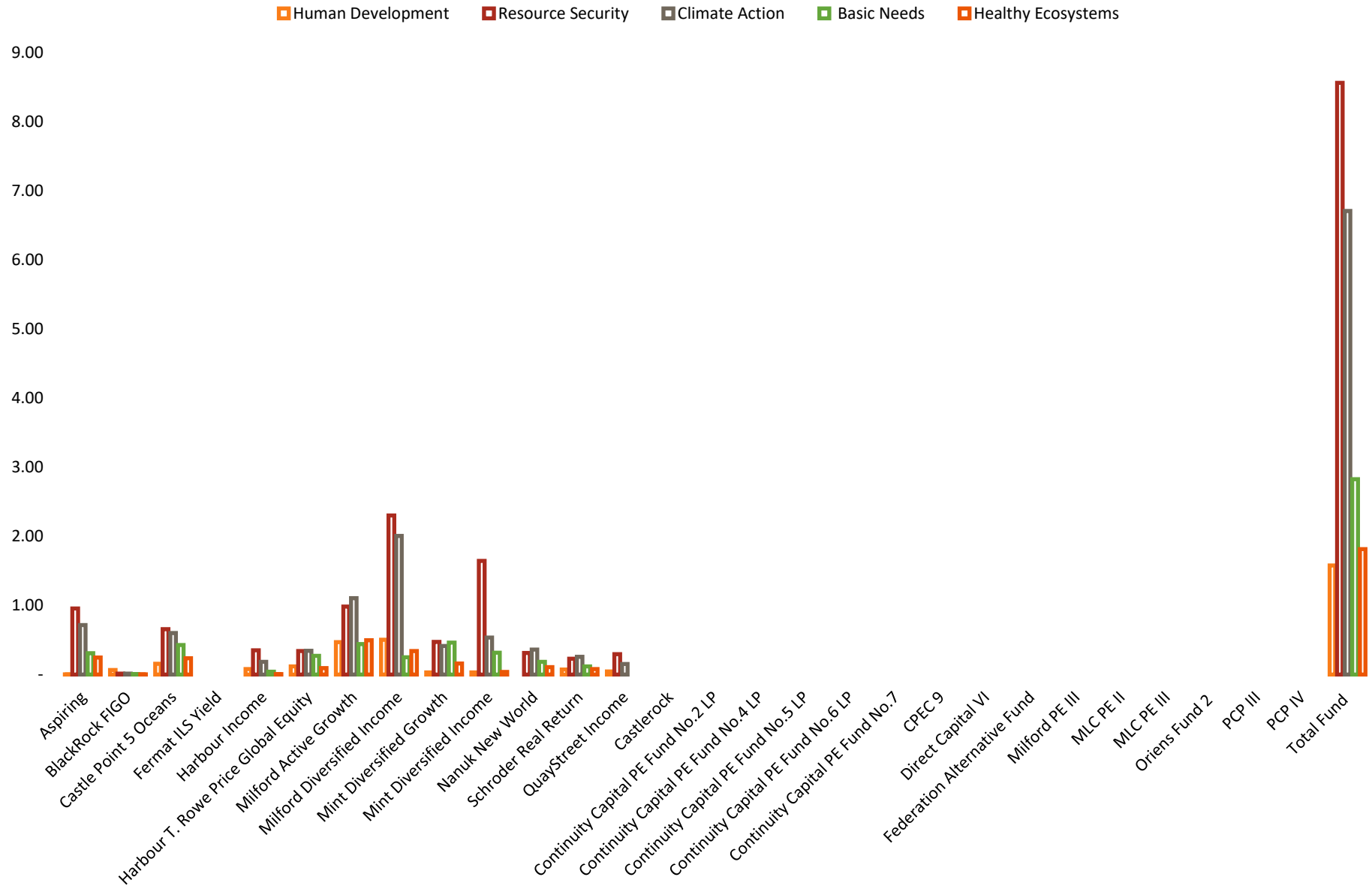
LTF	Human Development	Resource Security	Climate Action	Basic Needs	Healthy Ecosystems
Aspiring	0.00	1.22	0.92	0.40	0.31
Castle Point 5 Oceans	0.15	0.65	0.59	0.42	0.23
Harbour T. Rowe Price Global Equity	0.32	0.93	0.94	0.74	0.26
Milford Active Growth	0.25	0.53	0.59	0.24	0.27
Mint Diversified Growth	-	1.59	1.85	0.93	0.55
Nanuk New World	-	0.84	0.98	0.49	0.29
Schroders Real Return	0.02	0.06	0.06	0.03	0.02
Castlerock	-	-	-	-	-
Continuity Capital PE Fund No.2 LP	-	-	-	-	-
Continuity Capital PE Fund No.4 LP	-	-	-	-	-
Continuity Capital PE Fund No.5 LP	-	-	-	-	-
Continuity Capital PE Fund No.6 LP	-	-	-	-	-
Continuity Capital PE Fund No.7	-	-	-	-	-
CPEC 9	-	-	-	-	-
Direct Capital VI	-	-	-	-	-
Federation Alternative	-	-	-	-	-
Milford PE III	-	-	-	-	-
MLC PE II	-	-	-	-	-
MLC PE III	-	-	-	-	-
Oriens Fund 2	-	-	-	-	-
PCP III	-	-	-	-	-
PCP IV	-	-	-	-	-
BlackRock FIGO	0.08	0.02	0.02	0.01	0.00
Fermat ILS Yield	-	-	-	-	-
Harbour Income	0.07	0.33	0.17	0.04	0.01
Milford Diversified Income	0.41	1.89	1.65	0.21	0.28
Mint Diversified Income	0.03	1.36	0.44	0.26	0.03
Total Fund	1.34	9.41	8.21	3.76	2.25



STF	Human Development	Resource Security	Climate Action	Basic Needs	Healthy Ecosystems
Castle Point 5 Oceans	0.10	0.43	0.39	0.28	0.16
Milford Active Growth	0.65	1.37	1.54	0.62	0.70
Mint Diversified Growth	0.06	0.80	0.70	0.78	0.27
Harbour Income	0.14	0.60	0.32	0.07	0.01
Milford Diversified Income	0.90	4.11	3.58	0.45	0.61
Mint Diversified Income	0.03	1.34	0.44	0.26	0.03
QuayStreet Income	0.22	1.41	0.74	-	-
Total Fund	2.09	10.07	7.71	2.45	1.78



NRC	Human Development	Resource Security	Climate Action	Basic Needs	Healthy Ecosystems
Aspiring	0.00	0.96	0.72	0.31	0.25
BlackRock FIGO	0.07	0.02	0.01	0.01	0.00
Castle Point 5 Oceans	0.16	0.66	0.60	0.43	0.24
Fermat ILS Yield	-	-	-	-	-
Harbour Income	0.08	0.35	0.19	0.04	0.01
Harbour T. Rowe Price Global Equity	0.12	0.34	0.35	0.27	0.09
Milford Active Growth	0.47	0.98	1.11	0.44	0.50
Milford Diversified Income	0.50	2.30	2.01	0.25	0.34
Mint Diversified Growth	0.03	0.47	0.41	0.46	0.16
Mint Diversified Income	0.03	1.64	0.54	0.32	0.04
Nanuk New World	-	0.31	0.36	0.18	0.11
Schroder Real Return	0.07	0.23	0.26	0.12	0.08
QuayStreet Income	0.05	0.29	0.15	-	-
Castlerock	-	-	-	-	-
Continuity Capital PE Fund No.2 LP	-	-	-	-	-
Continuity Capital PE Fund No.4 LP	-	-	-	-	-
Continuity Capital PE Fund No.5	-	-	-	-	-
Continuity Capital PE Fund No.6 LP	-	-	-	-	-
Continuity Capital PE Fund No.7	-	-	-	-	-
CPEC 9	-	-	-	-	-
Direct Capital VI	-	-	-	-	-
Federation Alternative Fund	-	-	-	-	-
Milford PE III	-	-	-	-	-
MLC PE II	-	-	-	-	-
MLC PE III	-	-	-	-	-
Oriens Fund 2	-	-	-	-	-
PCP III	-	-	-	-	-
PCP IV	-	-	-	-	-
Total Fund	1.58	8.56	6.70	2.83	1.81



LEGISLATION

	Key Regulations	Description	Status
European Union	Non-Financial Reporting Directive (NFRD)	Required corporate disclosure on key ESG issues. Applies to EU listed companies and financial firms with more than 500 employees.	Issued into law (2018)
	Shareholder Rights Directive II (SRD II)	Applies to companies, investment managers, proxy advisors etc. Investment managers now have a duty to disclose their approach to shareholder engagement and approach to ESG integration.	Issued into law (2019)
	EU Benchmarks Regulation	Standardise methodology for environmental/climate based benchmarks and ESG disclosures.	Issued into law (2021)
	EU Sustainable Finance Taxonomy	EU Taxonomy classification system, driven by the EU Commission, us the first global attempt to classify economic activities as sustainable or not. Very significant for ESG investing, implementation by the end of 2021.	Issued into law (2021)
	EU Green Bond Standards	Standardisation of Green bonds in order to improve comparability and transparency.	In progress
Australia	ESG Reporting Guide for Australian Companies (AU FSC)	This Guidance is supported and promoted by ASX and aims to help companies produce sustainability data that is useful to investors.	Issued into law (2011)
	Australian Principles of internal Governance and Asset	Encourages higher standards of internal governance and stewardship practices; provide better information for clients and other stakeholders. Non-prescriptive disclosure for best practice, utilising a 'comply or explain' rationale.	Issued into law (2017)
	Modern Slavery Act	The proposed reporting requirement will require large corporations and other entities operating in Australia to publish annual statements outlining their actions to address modern slavery in their operations and supply chains.	Issued into law (2018)
New Zealand	NZX Corporate Governance Code	This Code aims to 'promote good corporate governance, recognising that boards are in place to protect the interests of shareholders and to provide long-term value'. NZX companies must disclose an a 'comply or explain' basis.	Issued into law (2017)
	Climate Change Response Zero Carbon Amendment Act	This Act provides a framework by which New Zealand can develop and implement clear and stable climate change policies.	Issued into law (2019)
	Hard Cap on Emissions Allowances	This regulation has been introduced into the NZ Emissions Trading System. The ETS provisional budget is set at 354m tonnes of CO2-e between 2021-2025. 160m of this budget will be capped over the same period, of which 43m worth of carbon credits will be allocated to heavy emitters to avoid 'carbon leakage'.	Issued into law (2020)
	Climate-related Financial Disclosures	This proposal plans to require reporting consistent with the taskforce on Climate-related Financial Disclosures (TCFD) recommendations for public companies and large insurers, banks and asset managers. A reporting would take place from 2023 on a 'comply or explain' basis.	Issued into law (2021)
	Consultation on Modern Slavery and Worker Exploitation	Proposal on new legislation that aims to achieve freedom, fairness and dignity in the operations and supply chains of entities to address modern slavery and worker exploitation both in New Zealand and internationally.	In progress

GLOSSARY

All terminology used in this report are in accordance with the Global Industry Classification Standard (GICS) definitions.

In 1999, MSCI and S&P Dow Jones Indices developed the Global Industry Classification Standard (GICS), seeking to offer an efficient investment tool to capture the breadth, depth and evolution of industry sectors.

GICS is a common global classification standard used by thousands of market participants across all major groups involved in the investment process: asset managers, brokers (institutional and retail), custodians, consultants, research teams and stock exchanges

Companies are classified quantitatively and qualitatively. Each company is assigned a single GICS classification at the Sub-Industry level according to its principal business activity.

Alcohol – holdings in producers of beer and malt liquors, and distillers, vintners and producers of alcoholic beverages.

Armaments – holdings in manufacturers of civil or military aerospace and defence equipment, parts or products. Includes defence electronics and space equipment.

Distribution of Fossil Fuels – holdings in companies engaged in the storage and/or transportation of oil, gas and/or refined products. Includes diversified midstream natural gas companies, oil and refined product pipelines, coal slurry pipelines and oil & gas shipping companies.

Extraction and Processing of Fossil Fuels – holdings in a) integrated oil companies engaged in the exploration & production of oil and gas, as well as at least one other significant activity in either refining, marketing and transportation, or chemicals; b) companies engaged in the exploration and production of oil and gas not classified elsewhere; c) companies engaged in the refining and marketing of oil, gas and/or refined products; d) companies primarily involved in the production and mining of coal, related products and other consumable fuels related to the generation of energy.

Gambling and Gaming – holdings in operators of casinos and gaming facilities. Includes companies providing lottery and betting services.

Modern Slavery – no apparent GICS code. Holdings in companies practising severe exploitation of staff that cannot leave due to threats, violence or deception. It includes forced labour, debt bondage, forced marriage, slavery, and human trafficking.

Payday (predatory) Lending – no specific GICS code, within broader sub-industry “Consumer Finance”, code 402022010. Any lending practice that imposes unfair and abusive loan terms on borrowers including high-interest rates, high fees, and terms that strip the borrower of equity.

Prostitution or Pornography – no apparent GICS code. Holdings in companies providing adult entertainment.

Tobacco – holdings in companies manufacturing cigarettes and other tobacco products.

IMPACT INVESTING THEMES DEFINITIONS AND METHODOLOGY

DEFINITIONS

Climate Action: This theme is concerned with the global effort to curb the Earth's temperature rise and cope with unavoidable consequences. It includes measures to promote clean energy, limitations on greenhouse gas emissions (GHG), and climate change adaptation measures.

Healthy Ecosystems: This theme is concerned with the safeguarding of ecologically sound environments on land, air, and water. It does not include GHG emissions and water consumption as these are covered under other themes.

Resource Security: This theme is concerned with the contribution to resource security through efficient use and circular economies. Resources of concern include water, timber, metals, minerals, gases, and all types of manufactured materials.

Basic Needs: This theme is concerned with addressing the basic needs of humans and focuses particularly on lower-income individuals. Basic needs include providing access to food, housing, essential healthcare concerning major and neglected diseases, clean water, and energy for underserved populations. It also addresses human safety, including safe workplaces and communities.

Human Development: This theme is concerned with enhancing human capabilities and promoting human progress. It includes measures that support education, improve equality, provide employment opportunities, and advance healthcare.

METHODOLOGY

The Sustainalytics ESG Impact Framework captures a company's environmental and social impacts. The impact themes are considered exhaustive and are intended to encompass all potential environmental and social impacts that can be attributed to an entity's activities. Furthermore, they are meant to capture direct and indirect impacts across the value chain.

At the micro level, the Impact Framework comprises impact metrics, which are quantitative measures of environmental or social outcomes (either positive or negative) attributable to the activities of an entity. At the micro level, the Impact Framework comprises impact metrics, which are quantitative measures of environmental or social outcomes (either positive or negative) attributable to the activities of an entity.

Using the Sustainalytics ESG Impact Framework at the company level as a basis, Morningstar leverages its vast database of mutual fund holdings to map the company-level data to portfolio holdings and calculate impact metrics at the portfolio level, following the standard aggregation methodology. This methodology has been created to help investors assess the impact of their mutual fund portfolios, or other types of portfolios they may own.

The calculation is performed upon the collection of the portfolio, regardless of date, and so is calculated on intra-month and month-end portfolios. Only data that is available to the market on the portfolio date will be used in the calculation of the aggregate values.