

This Information Statement is accurate as at: August 2024.

Northern Trust High Dividend ESG World Equity Feeder Fund ("the Fund")

LEI : 635400Y4TML22IXBXY92

Financial Product Website Disclosure

SUMMARY

The Fund promotes environmental or social characteristics but does not have a sustainable investment objective. The Fund will not make any sustainable investments.

The Fund does not have a designated reference benchmark. The Fund promotes environmental and social characteristics through its investment in the Master fund. The Master Fund's investment universe comprises companies within the MSCI World Index (the "Index") after the exclusion of companies that do not meet specific ESG criteria.

The Master Fund promotes environmental characteristics as listed below:

- (i) reduction of carbon intensity and potential emissions associated with fossil fuels relative to the Index;
- (ii) avoiding investment in unconventional oil and gas exploration;
- (iii) targets an improvement in ESG characteristics to favour companies that are more effective at managing ESG risks and opportunities.

The Fund also, by virtue of its investment into the Master Fund, promotes the following social characteristics related to social norms and conventions:

- (i) avoiding specific investment in business activities with adverse health and social impacts including tobacco, nuclear weapons, civilian firearms, controversial weapons, conventional weapons, and for-profit prisons; and
- (ii) human rights, labour rights, supply chain and anti-bribery and corruption as set out in the principles of the UN Global Compact.

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

The Fund is a feeder fund which will invest 85% or more of its Net Asset Value permanently in the Master Fund. The Master Fund is an active strategy, that seeks to deliver long-term capital growth by investing in a diverse portfolio of high quality, dividend-paying companies whilst controlling for market risk and aiming for an improvement in the environmental, social and governance ('ESG') characteristics of the portfolio..

The Fund will invest 85% or more of its Net Asset Value permanently in the Master Fund. The Master Fund intends to invest at least 90% of its net asset value in companies that are aligned with the environmental or social characteristics promoted by the Fund. Of this, a minimum of 10% of its net asset value will be invested in sustainable investments with an environmental objective. The "other" assets are expected to be cash and derivatives for hedging and other ancillary purposes.

The Investment Manager performs regular reviews so that the Fund continues to be aligned with each of the binding environmental or social characteristics promoted. Where possible, investment guidelines and restrictions are coded in the Investment Manager's order management system to enable pre- and post-trade monitoring.

The following sustainability indicators are used to measure how the environmental and social characteristics are attained:

- MSCI Red Flag ESG Controversies, defined as very severe, ongoing controversies that a company is directly involved in;
- specific revenue thresholds regarding tobacco, nuclear weapons, civilian firearms, for profit prisons, unconventional oil and gas, arctic oil, thermal coal mining (not including metallurgical coal), thermal coal-based power generation;
- any tie to controversial weapons (cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons);
- Scope 1 and Scope 2 carbon emissions intensity (t/USD million sales);
- Fossil fuels reserves; and

- Targeted 20% improvement in ESG characteristics of the portfolio relative to the Index, This is achieved by integrating ESG characteristics to favour companies that are more effective at managing ESG risks and opportunities including:
 - Up to 20% increase in the portfolio weighted average MSCI ESG Intangible Value Assessment score of the portfolio, and,
 - At least 20% upweighting of exposure to ESG Leaders, i.e. those with MSCI ESG ratings of AAA and AA.

The Investment Manager has agreements in place for the use of third party ESG data from a number of data providers and may use one or more of these providers' ESG datasets to attain each of the environmental and social characteristics in the construction, reporting, research and analysis process of our products.

The ESG data landscape is rapidly developing and data quality, availability and differing methodologies present industry-wide challenges. Further challenges include the lack of corporate disclosure (particularly for issuers outside of the EU) and evolving regulatory requirements. Such constraints make it difficult to compare datasets between providers, at the asset and fund level and can often result in very different ESG outcomes.

The Investment Manager is heavily reliant on the ESG data provided by its third-party providers as it does not undertake in-house company research of its own.

The selection of the ESG data provider goes through a due diligence process evaluating them on various parameters including, but not limited to, robustness of the research process, methodological approach, quality assurance and coverage.

The holdings of the Fund are subject to the Investment Manager's engagement program. In addition to the direct engagement and voting in EMEA, engagement activities are also performed by the Investment Manager's outside engagement partner, Hermes EOS, with the aim to encourage investee companies to improve their ESG practices and disclosures. More information on our engagement and voting activity can be found [here](#) for our EMEA pooled funds.

Financial Product Website Disclosure

NO SUSTAINABLE INVESTMENT OBJECTIVE

This Fund promotes environmental or social characteristics but does not have as its objective a sustainable investment. The Fund will not make any sustainable investments.

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?

The Fund will not make any sustainable investments. With respect to the Master Fund, in order to deem an investment a sustainable investment, the investee company must 'do no significant harm' (DNSH) to the environment or society through its product and services. The assessment of harm involves a set of diverse environmental and social indicators to assess whether a company with potentially positive environmental or social contributions, has other significant adverse environmental and/or social impacts.

The Investment Manager considers each of the Principal Adverse Impacts (PAI) indicators within Table 1, Annex 1 of the Regulatory Technical Standards (RTS) of SFDR and applies a proprietary threshold to each indicator. In circumstances where the Investment Manager feels that the data integrity behind an indicator is lacking, a relevant proxy is applied.

These thresholds represent a value or metric at which Investment Manager believes there is a risk of significant harm. In practice, this means that an investee company can only be deemed a sustainable investment whereby: (i) it does not breach the PAI threshold as set by the Investment Manager; (ii) meets the minimum positive contribution test (please see response to "what are the objective of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives" for further details on the positive contribution test); and (iii) follows good governance practices and are aligned with minimum norms-based safeguards such as the [United Nations Global Compact](#) and [Organisation for Economic and Cooperation and Development \(OECD\) Guidelines for Multinational Enterprises on Responsible Business Conduct](#).

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Fund takes adverse impacts on sustainability factors into account through its investment in the Master Fund. In addition to the DNSH test detailed in the previous response, the Master Fund considers certain adverse impacts as part of the investment strategy through:

- excluding companies found to be directly involved in 'very severe' and 'ongoing' violation of international norms;

- excluding certain companies not considered to meet ESG characteristics as defined by the Investment Manager;
- excluding certain companies with exposure to carbon emissions intensity and fossil fuel reserves.

These criteria may be updated over time as new ESG data providers and datasets arise to help us to carry out this assessment and ongoing monitoring.

For sustainable investments specifically, the Master Fund's assessment of harm involves the use of a set of diverse environmental and social indicators with thresholds that represent a value or metric at which the Investment Manager believes there is a risk of significant harm. Examples include avoidance of controversial weapons and human rights violations and reducing exposure to thermal coal.

How are the sustainable investments aligned with the OECD guidelines for multinational enterprises and the UN Guiding Principles on Business and Human Rights? details:

The Fund will not make any sustainable investments.

The Master Fund applies ESG controversy screening criteria to identify and exclude companies that do not adhere to international norms and conventions.

The implementation of these exclusions is based on any investee company being directly involved in very severe and ongoing controversies in relation to its operations, products and services. In practice, this means that all investee companies that form part of the Fund are expected to be aligned with these minimum safeguards, not only the sustainable investments.

ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

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

The Fund does not have a designated reference benchmark.

The Fund promotes environmental and social characteristics through its investment in the Master Fund. The Master Fund's investment universe comprises companies within the MSCI World Index (the "Index") after the exclusion of companies that do not meet specific ESG criteria.

The Fund promotes environmental characteristics as listed below:

- (i) reduction of carbon intensity and potential emissions associated with fossil fuels relative to the Index;
- (ii) avoiding investment in unconventional oil and gas exploration
- (iii) targets an improvement in ESG characteristics to favour companies that are more effective at managing ESG risks and opportunities.

The Fund also, by virtue of its investment into the Master Fund, promotes the following social characteristics related to social norms and conventions:

- (i) avoiding specific investment in business activities with adverse health and social impacts including tobacco, nuclear weapons, civilian firearms, controversial weapons, conventional weapons, and for-profit prisons; and
- (ii) human rights, labour rights, supply chain and anti-bribery and corruption as set out in the principles of the UN Global Compact.

INVESTMENT STRATEGY

What investment strategy used to meet the environmental or social characteristics promoted by the product follow?

The Fund is a feeder fund which will invest 85% or more of its Net Asset Value permanently in the Master Fund. The Master Fund is an active strategy, that seeks to deliver long-term capital growth by investing in a diverse portfolio of high quality, dividend-paying companies whilst controlling for market risk and aiming for an improvement in the ESG characteristics of the portfolio..

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

An assessment of good governance of investee companies forms a foundational part of the ESG screening criteria applied to the Index. The ESG Controversy screen is 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. A very severe, ongoing controversy that directly implicates a company through its operations, products and services will result in that company's exclusion from the Index.

PROPORTION OF INVESTMENTS

What is the asset allocation planned for this financial product?

The Fund will invest 85% or more of its Net Asset Value permanently in the Master Fund.

The Master Fund intends to invest at least 90% of its net asset value in companies that are aligned with the

environmental or social characteristics promoted by the Fund. Of this, a minimum of 10% of its net asset value will be invested in sustainable investments with an environmental objective. The “other” assets are expected to be cash and derivatives used for hedging and other ancillary purposes.

MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and the related internal/external control mechanism?

Where possible, the Fund’s environmental or social characteristics and sustainability indicators are coded into the investment management system to enable pre- and post-trade monitoring. Certain targets and thresholds, which are relevant to the Fund strategy, are monitored by the investment team and independently monitored by the risk team and reported to the Fund’s board of directors.

METHODOLOGIES

What are the methodologies to measure how the social or environmental characteristics promoted by the financial product are met?

The Fund aims to exclude companies based on various ESG criteria. The Fund is aligned with each of the environmental or social characteristics of the Fund based on the binding elements detailed in the Fund Supplement, which are applied to the Fund constituents. The Investment Manager evaluates the application of the binding elements through regular reviews so that the Fund continues to be aligned with each of the environmental or social characteristics promoted. Please refer to the Fund supplement and annex for the methodology used to measure the attainment of the environmental and social characteristics promoted by this Fund found [here](#).

In addition, and where possible, investment guidelines and restrictions are coded in the Investment Manager's order management system to enable pre and post-trade monitoring.

DATA SOURCES AND PROCESSING

What are the data sources used to attain each of the environmental or social characteristics? Describe the measures taken to ensure data quality, describe how data are processed and describe the proportion of data that are estimated.

The Investment Manager has agreements in place for the use of third party ESG data from a number of data providers and may use one or more of these providers’ ESG datasets to attain each of the environmental and social characteristics in the construction, monitoring, reporting, research and analysis process of our products.

The selection of the data provider goes through a due diligence process evaluating them on various parameters including, but not limited to, robustness of their respective research process, methodological approach, quality assurance and coverage. Developments in data availability are monitored and reviews of datasets and tools available performed vis-à-vis new and emerging alternatives in terms of data coverage and quality.

LIMITATIONS TO METHODOLOGIES AND DATA

The ESG data landscape is rapidly developing and data quality, availability and differing methodologies present industry-wide challenges. Further challenges include the lack of corporate disclosure (particularly for issuers outside of the EU) and evolving regulatory requirements. Such constraints make it difficult to compare datasets between providers, at the asset and fund level and can often result in very different ESG outcomes.

Additionally, as for other industry participants, adequate information on the Principle Adverse Impact indicators has been challenging. To overcome this issue, multiple data providers have been utilized to help achieve a more holistic view from different perspectives. Further to this, gaps persist in disclosures of PAI indicators resulting in the use of proxies or estimations by the third-party providers. Any such limitations found, or proxies used have been clearly disclosed by the Investment Manager.

In terms of methodology, divergence exists between data vendors on certain topics. For instance, for GHG emissions, some vendors blend corporate reporting with modelled data. It has been a common experience to note that ‘reported’ data can vary between providers due to conflicting policies, quality assurance and other case-by-case factors. This has been evidenced by the numerous reports from industry associations and trade bodies on the quality and transparency of ESG data products.

DUE DILIGENCE

Describe the due diligence carried out on the underlying assets of the financial product, including the internal and external controls on that due diligence.

The selection of ESG data providers involves a due diligence process evaluating them on various parameters including, but not limited to, robustness of the research process, methodological approach, quality assurance and coverage.

During the life of the Fund, ESG criteria is monitored through the review of ESG data published by the selected data providers to determine whether the Fund and its investments remain in line with its ESG objectives. Where possible, Fund level ESG exclusions and screens are coded into the investment management system to enable pre- and post-trade monitoring (where applicable) as well as on-going independent oversight and reporting to relevant committees and/or Boards.

ENGAGEMENT POLICIES

Describe the engagement policies implemented where engagement is part of the environmental or social investment strategy, including any management procedures applicable to sustainability-related controversies in investee companies.

The holdings of the Master Fund are subject to the Investment Manager's engagement program. In addition to our direct engagement and voting in EMEA, engagement activities are also performed by the Investment Manager's outside engagement partner, Hermes EOS, with the aim to encourage investee companies to improve their ESG practices and disclosures.

DESIGNATED REFERENCE BENCHMARK

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes? If yes, how that index is aligned with the environmental or social characteristics promoted by the financial product, and where can one find information with regards to input data, methodologies used to select those data, the rebalancing methodologies and index calculations?

The Fund does not have a reference benchmark to determine whether it is aligned with the environmental and/or social characteristics that it promotes.

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 August 2024 and is subject to change without notice.

Issued by Northern Trust Fund Managers (Ireland) Limited (NTFMIL). Registered Office: George's Court, 54-62 Townsend Street, Dublin 2, D02R156.

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