

**This Information Statement is accurate as at: March 2024.**

## **Sustainability-related investment disclosures**

Issued by Northern Trust Fund Managers (Ireland) Limited (the “Company”)

### **No sustainable investment objective**

The Company may offer to manage Individual portfolio mandates (the “Mandate(s)”) that promote environmental or social characteristics, but do not have sustainable investment as their objective. Mandates may in the future make minimum commitments to sustainable investments and environmental sustainable investments or consider principal adverse impacts.

### **Environmental/social characteristics of the financial product**

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

The Mandate’s environmental and/or social characteristics may be achieved through the use of a range of environmental, social, and governance (“ESG”) client exclusions, screens and/or positive tilts/weightings towards ESG securities which are integrated into the investment management process of the Mandate.

### **Investment strategy**

#### ***What investment strategy used to meet the environmental or social characteristics promoted by the product follow? What is the policy to assess good governance practices of the investee companies?***

Mandates may follow a range of investment strategies designed in conjunction with the respective client to meet their sustainability preferences (if so required) and/or intended outcomes. Clients may direct increased investment towards assets that meet their environmental and/or social characteristics or objectives as well as reduce exposure to assets outside of their defined sustainability risk appetite. The investment strategy of a particular Mandate may require the Company to apply certain screens and/or exclusions which may be provided by the client to meet its sustainability preferences.

In terms of good governance, certain screens may also assess investee companies to meet good governance practices and prevent investments in companies and/or sectors that are in breach of global norms or conventions represented by the [United Nations Global Compact](#) and [Organisation for Economic and Cooperation and Development \(OECD\) Guidelines for Multinational Enterprises on Responsible Business Conduct](#).

### **Proportion of investments**

#### ***What is the asset allocation planned for this financial product?***

The asset allocation will vary depending on the client requirements in respect of the specific Mandate. In some cases, the application of the exclusion lists will mean that all investments, excluding cash and any ancillary investments, will meet the Mandate’s environmental and/or social characteristics. Some Mandates may also seek a minimum percentage commitment to sustainable investments or seek to meet environmental objectives per the Taxonomy regulation. Currently, all Mandates are expected to report 0% EU Taxonomy alignment.

### **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, 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, that are relevant to the Mandate’s investment strategy, are monitored by the investment team and independently monitored by the risk team. Any breaches of a Mandate will be recorded and reported to both the client and the relevant Risk Committee.

### **Methodologies**

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

The methodologies used will differ as relevant to the management of each Mandate details of which are not disclosed publicly due to client confidentiality.



## 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 Mandate level and can often result in very different ESG outcomes. For passive Mandates, the Investment Manager is heavily reliant on the data provided by its third-party providers as it does not undertake in-house company research of its own.

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 Investment Manager conducts due diligence in respect of the index provider prior to appointment and on a regular basis thereafter. The selection of the 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 due diligence carried out on the underlying assets of the Mandate begins with consultation with the client to determine the investment parameters. Strategies can look to customise the Parent Index via exclusion lists, screens and ESG integration. Such customisation is designed to reflect the Mandate's investment objective including its ESG criteria. The Client generates a list of exclusions which align with international norms, standards, treaties and codes.

ESG criteria is monitored through the review of ESG data published by the selected data providers to determine whether the Mandate and its investments remain in line with its ESG objective. Where possible, ESG exclusions are coded into the investment Management system to enable pre and post trade monitoring (where applicable) as well as ongoing independent oversight.

## 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 engagement policies used will differ as relevant to the management of each Mandate details of which are not disclosed publicly due to client confidentiality.

## 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 index used will differ as relevant to the management of each Mandate details of which are not disclosed publicly due to client confidentiality.

**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 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.

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).

© 2024 Northern Trust Corporation. Head Office: 50 South La Salle Street, Chicago, Illinois 60603 U.S.A.