

**Article 10 Information Statement**  
**Issued by Northern Trust Fund Managers (Ireland) Limited**

**In respect of**

**Northern Trust World Small Cap ESG Low Carbon Index Fund (the “Fund”), a sub-fund of Northern Trust UCITS Common Contractual Fund (the “CCF”)**

Date of initial publication of this Information Statement: 10 March 2021

This Information Statement is accurate as at: 10 March 2021

This Information Statement has been prepared for the purpose of meeting the specific website financial product level disclosure requirements contained in SFDR and, specifically, the disclosure requirements applicable to a Sustainable Investment Fund under Article 10 of SFDR.

In this Information Statement the following words and phrases have the meanings set forth below:

“European Commission Letter”	a letter from the European Commission to the European supervisory authorities on the application of SFDR dated 20 October 2020 available <a href="#">here</a> .
“ESG”	environmental, social and governance.
“ESG Orientated Fund”	a fund that meets the criteria in SFDR to qualify as a financial product (which includes a UCITS) and 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.
“SFDR”	the Sustainable Finance Disclosure Regulation (Regulation EU/2019/2088) as amended and as may be further amended from time to time.
“Sustainability Risk”	an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the 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 labour 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.
“Taxonomy Regulation”	the Regulation on the Establishment of a Framework to Facilitate Sustainable Investment (Regulation EU/2020/852) as may be amended from time to time.

All other defined terms used in this Information Statement shall have the same meaning as in the supplement for the Fund or the prospectus of the CCF, as appropriate, which are also available at <https://www.northerntrust.com/europe/what-we-do/investment-management/pooled-funds>.

## 1 Sustainable Finance Transparency

The European Union has introduced a series of legal measures (the primary one being SFDR) requiring firms that manage investment funds to provide transparency on how they integrate sustainability considerations into the investment process with respect to the investment funds they manage.

This Information Statement has been prepared for the purpose of meeting the website disclosure requirements in Article 10 of SFDR.

It is noted that the application of the regulatory technical standards ("**RTS**") to specify the details of the content, methodologies and presentation of the information to be disclosed under Article 10 of SFDR have been delayed and will not be effective when the relevant disclosure obligations in SFDR become effective.

It is noted that the European Commission Letter has recommended that from the effective date of SFDR, firms are recommended to comply with the specific disclosure obligations in SFDR that are reliant on RTS on the basis of a high-level, principles-based approach.

We therefore seek to comply on a best efforts basis with the relevant disclosure obligations and issue this Information Statement as a means of achieving this objective.

It is expected that this Information Statement will be reviewed and updated once the relevant RTS come into effect, noting in particular, that the RTS are expected to contain details on the content, methodologies and presentation of the information to be disclosed and this could therefore require a revised approach to how we seek to meet the SFDR disclosure obligations.

The Information Statement may also be updated to take account of the Taxonomy Regulation.

## 2 Article 10 Disclosures

Disclosure Requirement	Disclosure
Information on the Fund's Sustainable Investment objective	<p>The investment objective of the Fund is to closely match the risk and return characteristics of the MSCI World Small Cap Custom ESG Low Carbon Index (the "<b>Index</b>") with net dividends reinvested.</p> <p>In addition to excluding companies that do not meet certain ESG criteria, the Fund excludes certain companies:</p> <ul style="list-style-type: none"> <li>- with fossil fuel reserves;</li> <li>- in the top 50% of absolute operational carbon emissions in total; and</li> <li>- in the top 50% by operational emissions intensity in total</li> </ul> <p>The Index is constructed so as to ensure that its investments do not significantly harm any of the Environmental Objectives.</p> <p>The Fund operates an index tracking strategy whereby it seeks to track the risk and return characteristics of the Index by investing directly in assets that are Index constituents.</p>

The Index corresponds with the MSCI World Small Cap Index (the "**Parent Index**") with the exclusion of companies not considered to meet ESG criteria. The Parent Index is designed to measure the equity market performance of developed markets and captures large and mid cap representation across 23 developed markets countries.

The Index is a custom index calculated by MSCI based on predetermined ESG criteria chosen by the Investment Manager which contribute to the below Environmental Objectives:

- Climate change mitigation;
- Climate change adaptation;
- Pollution prevention and control.

By excluding companies that do not meet certain ESG criteria as listed below, the index ensures that no significant harm to environmental / social objectives is done and that it only selects companies with good governance practices.

*Exclusions*

Pursuant to the ESG criteria selected by the Investment Manager, the following companies shall be excluded from the Parent Index:

- companies that are in breach of the UN's Global Compact Ten Principles due to being involved in controversies classified as "very severe" in the areas of Environment, Human Rights & Community, Labour Rights & Supply Chain, or Governance;
- companies that derive any revenue from the production of tobacco, or 5% or more revenue from the distribution of, supply of key products for, or retail of, tobacco;
- 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;
- companies that manufacture or retail civilian firearms and derive 5% or more revenue from this sector;
- companies that manufacture conventional weapons or provide support services to and derive 5% or more revenue from this sector;
- companies that derive 5% of revenue or more from mining thermal coal;
- companies that derive 30% of revenue or more from coal-fired energy generation;
- companies classified as having "very severe" controversies relating to customer issues;

Additionally, to reduce the carbon footprint, the following companies will be excluded: i) companies with any ownership of fossil fuel reserves; ii) companies which are in the top 50% of absolute operational carbon emissions in total; and iii) companies which are in the top 50% by operational emissions intensity in total. However, those companies which are classified within the Global Industry Classification Standard as sub-industry "Renewable Electricity" will not be excluded.

	<p>In addition companies shall be excluded which do not conform with the following criteria: i) the board must have an independent director without leadership concerns; ii) the board must not be undersized; iii) the company must not, directly or indirectly, hold shares in another company by way of circular ownership (“cross shareholdings”), or be controlled via a stock pyramid, or have provisions which act as an anti-takeover defence (“poison pill provisions”), or be incorporated as a partnership limited by shares); iv) the company must have a clean (nonqualified) auditor opinion; and v) the company must not have issued golden shares (being shares which will allow a single large shareholder to override all other shareholder voting rights) or have the largest shareholder holding more than 75% of the total voting rights.</p> <p>For further details on the UN Global Compact Ten Principles, please refer to <a href="http://www.unglobalcompact.org/aboutthegc/thetenprinciples/index.html">www.unglobalcompact.org/aboutthegc/thetenprinciples/index.html</a></p> <p>This exclusion list is non-exhaustive and subject to change.</p> <p>The Investment Manager has appointed Hermes Equity Ownership Services to act as the Manager’s agent in carrying out corporate engagement with carefully selected companies held within the Fund.</p> <p>The Investment Manager shall also ensure that any investments made by the Fund pursuant to the foregoing strategy are in accordance with rules regarding cluster munitions laid down in the relevant national legislation adopting the Convention on Cluster Munitions.</p>
<p>Information on the methodologies used to assess, measure and monitor the environmental or social characteristics or the impact of the sustainable investments selected for the fund, including its data sources, screening criteria for the underlying assets and the relevant sustainability indicators used to measure the environmental or social characteristics or the overall sustainable impact of the fund</p>	<p>The Index excludes certain companies not considered to meet socially responsible principles and increases exposure relative exposure (compared to the Parent Index) to companies better aligned with a transition to a low carbon economy.</p> <p>The ESG exclusions and relevant data will be produced according to MSCI ESG research data.</p> <p>The below Sustainability Indicators are produced by the Investment Manager to measure the Environmental, Social and overall Sustainable impact of the product:</p> <ul style="list-style-type: none"> <li>- Advocacy data: Number of Engagements by theme</li> <li>- ESG Screens: Number of securities excluded and associated Market Cap for each screen</li> <li>- Potential Carbon Emissions relative to the Parent Index</li> <li>- Weighted Average Carbon Intensity relative to the Parent Index</li> </ul>

<p>Information on the manner in which sustainability risks are integrated into the investment decision-making process</p>	<p>As part of the process to undertake appropriate due diligence on investments, the Investment Manager will generally conduct a level of research on each company or issuer. This may include a consideration of fundamental and quantitative elements such as financial position, revenue, capital structure etc. It may also involve qualitative and non-financial elements such as the company's approach and/or industry relative standing to ESG factors and consideration of Sustainability Risks. The Investment Manager considers that material ESG 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.</p> <p>The Investment Manager integrates these ESG factors and this Sustainability Risk assessment into its investment research process, portfolio construction, and/or its risk management process – both initially and on an ongoing basis for the duration of the period the Fund holds an investment or pursues a particular investment strategy.</p> <p>In respect of the Funds, the Investment Manager's investment approach and decision-making processes are based on clearly defined investment objectives, investment policies, investment strategy, investment restrictions and risk management parameters, as contained in the relevant Supplement.</p> <p>Using both quantitative and qualitative processes, further details on which may be set out in the relevant Supplement, Sustainability Risk is identified, monitored and managed by the Investment Manager in the following manner:</p> <ul style="list-style-type: none"> <li>- Prior to acquiring investments on behalf of a Fund, the Investment Manager uses ESG metrics of third party data providers (“Data Providers”) in order to screen the relevant investment against Sustainability Risk and to identify whether it is vulnerable to such risk. This process incorporates applying both an exclusion policy (whereby potential investments are removed from the investment universe on the basis that they pose too great a Sustainability Risk to the Fund) and integration of additional ESG approaches, where relevant.</li> <li>- During the life of the investment, Sustainability Risk is monitored through the review of ESG data published by the issuer (where relevant) or selected Data Providers to determine whether the level of Sustainability Risk has changed since the initial assessment has been conducted. Where the Sustainability Risk associated with a particular investment has increased beyond the ESG risk appetite for the relevant Fund, where applicable, the Investment Manager will consider selling or reducing the Fund’s exposure to the relevant investment, taking into account the best interests of the Unitholders of the Fund.</li> </ul>
<p>Information on the results of the assessment of the likely impacts on sustainability risks on the returns of the Fund</p>	<p>Factoring an assessment of the likely impact of Sustainability Risk into the investment design and decision making process has the potential to impact the returns of the Fund. Accordingly, a Sustainable Investment Fund may perform differently relative to other comparable funds that do not promote environmental and/or social characteristics.</p>

	For more details on how ESG factors are integrated into the investment process please refer to <a href="https://www.northerntrust.com/europe/what-we-do/investment-management/pooled-funds">https://www.northerntrust.com/europe/what-we-do/investment-management/pooled-funds</a> .
Assessment of the Index in the context of the Fund's environmental and/or social characteristics	As outlined above, based on ESG criteria selected by the Investment Manager the Index excludes certain companies not considered to meet socially responsible principles.
Information on where the methodology of the Index may be obtained	Further details on the Index (including information on its constituents, weightings, full calculation methodology, criteria for rebalancing, calculation process and leverage effect) can be navigated to from the following links: <a href="https://www.msci.com/index-methodology">https://www.msci.com/index-methodology</a> and <a href="https://www.msci.com/constituents">https://www.msci.com/constituents</a> .

### 3 Important Information

This Information Statement is issued for information purposes only.

This Information Statement is not intended as investment advice and is not 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 the date of issuance and is subject to change without notice.

We do not make any express or implied warranties or representations as to the completeness or accuracy or accept responsibility for errors.

No risk management technique can guarantee the mitigation or elimination of risk in any market environment.

**Past performance is not a guarantee or a reliable indicator of future results and an investment could lose value. All investments involve risk, including the possible loss of capital.**

Northern Trust Fund Managers (Ireland) Limited has its registered office at 54-62 Townsend Street, Dublin 2, Ireland.

Northern Trust Fund Managers (Ireland) Limited is authorised in Ireland and regulated by the Central Bank of Ireland.