

Australian Sustainability Impact Report



AUGUST 2021

Fund summary

GRNV gives investors access to a diversified portfolio of sustainable Australian companies selected on the basis of in-depth analysis by world leading research agency MSCI ESG Research.

GRNV tracks the MSCI Australia IMI Select SRI Screened Index, which aims to represent the performance of a diversified portfolio of Australian companies that have high Environmental, Social and Governance (ESG) performance by:

- Excluding companies that own any fossil fuel reserves or derive revenue from mining thermal coal or from oil and gas related activities;
- Excluding companies with business activities that are not socially responsible investments (SRI); and
- Targeting companies with high ESG ratings.

For full details of the methodology, visit vaneck.com.au/grnv/index

Quarterly commentary

- During the 3 months ending 31 August 2021, GRNV's ESG score remained at 10 and the overall ESG rating remained at AAA.
- 11.2% of the constituents saw upgrades in their ESG ratings. Notable upgrades include ANZ Banking Group (4.8%), Scentre Group (.83%) and Medibank Private (1.2%).
- None of the constituents saw downgrades in their ESG ratings.
- 100% of the companies continue to have an ESG rating of "A" or above with the percentage in ESG Leaders (ESG ratings AA and AAA) increasing (57% to 63%).
- Carbon emissions improved from 60t CO₂e/\$m invested to 57t CO₂e/\$m invested remaining around 60% less than that of the S&P/ASX 200 Index.

Carbon exposure vs benchmark

	GRNV Index	S&P/ASX 200
Carbon Emissions (t CO ₂ e/\$m invested)	57	134
Carbon intensity (t CO ₂ e/\$m sales)	194	330
Weighted average Carbon intensity (t CO ₂ e/\$m sales)	179	202
Potential carbon emissions (t CO ₂ e/\$m invested)	0	9,218
Coal reserves (%)	0	7.9
Fossil fuel reserves (%)	0	10.3

Source: MSCI, as at 31 August 2021. Potential emissions represents potential carbon dioxide emissions of the coal, oil and gas reserves owned by a company, computed using a formula from the Potsdam Institute for Climate Impact while carbon emissions represents the company's most recently reported or estimated Scope 1 + Scope 2 greenhouse gas emissions (if available). Scope 1 emissions are those from sources owned or controlled by the company, typically direct combustion of fuel as in a furnace or vehicle. Scope 2 emissions are those caused by the generation of electricity purchased by the company.

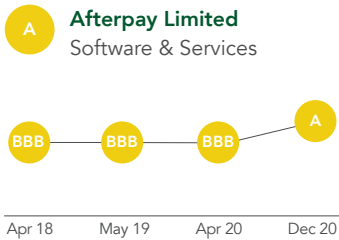
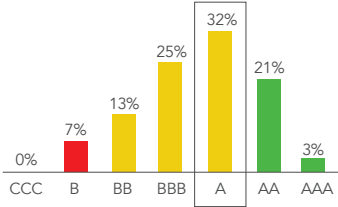
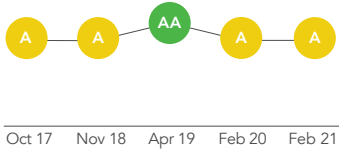
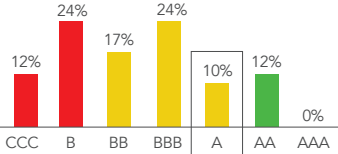
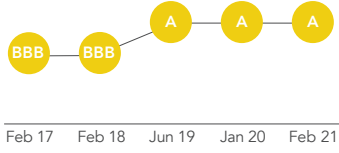
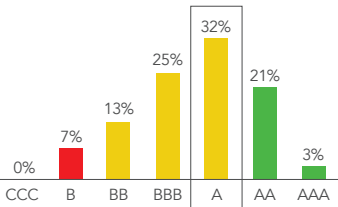
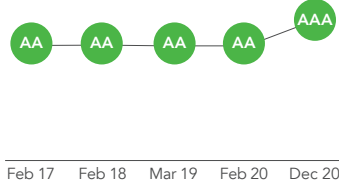
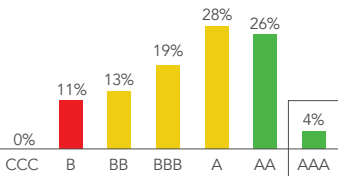
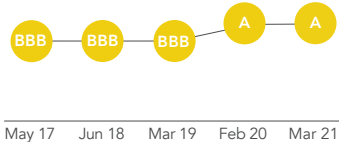
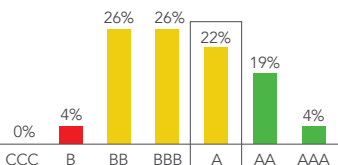
August 2021 rebalance

Additions

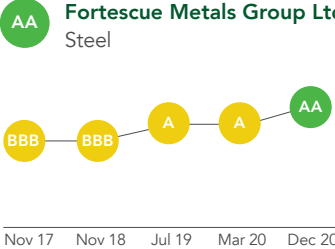
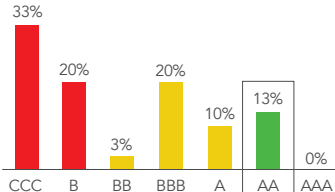
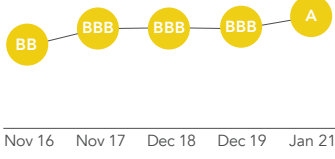
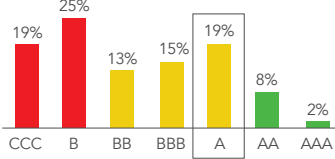
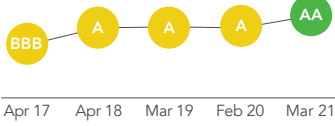
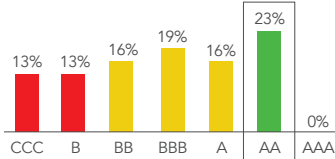
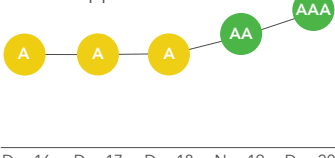
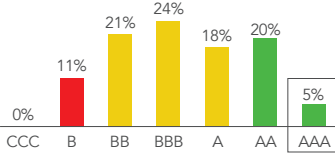
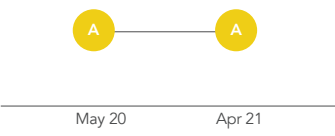
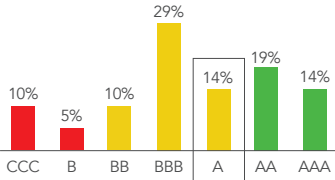
Security name	Research comments
JB Hi-Fi	
Medibank Private	Now meets the minimum rating threshold. Rating improvement from BBB to A.
Scentre Group	
Bendigo and Adelaide Bank	ESG Controversy Score upgrade of Orange to Yellow

There were no securities deleted from the MSCI Australia IMI Select SRI Screened Index in the August 2021 rebalance.

Top 5 holdings: The top performing holdings by contribution to fund performance



#	Weighting	Holding \ Sector Rating history	ESG rating distribution within sector	Key commentary from last review
1	3.71%	<p>Afterpay Limited Software & Services</p> 		<p>Afterpay has been upgraded to 'A' from 'BBB'. The inclusion of the Corporate Behavior theme in our governance assessment is a key contributor to the upgrade due to the company's relatively strong business ethics policies and practices. Afterpay has an anti-corruption framework supported by a comprehensive policy, whistleblower protection system, and regular employee training on business ethics.</p>
2	4.96%	<p>CSL Limited Biotechnology</p> 		<p>CSL's rating is unchanged at 'A'. CSL has a formal anti-corruption policy that is reinforced with audits and whistleblower protection mechanisms, which may help it mitigate the high exposure to corruption risk inherent in its business in medical biological products. We also note CSL's R&D initiatives and products for hemophilia, hereditary angioedema and COVID 19.</p>
3	0.70%	<p>WiseTech Global Ltd Software & Services</p> 		<p>WiseTech Global's rating is unchanged at 'A'. WiseTech Global is among industry leaders in taking initiatives to mitigate risks related to data privacy. As a software company, it handles limited volumes of personal data, lowering risk exposure linked to data breaches and misuse. Evidence indicates the company undertakes strong measures to pre-empt unethical business practices with anti-corruption policies backed by provision for whistleblower protection, and mandatory personnel training on ethical business conduct.</p>
4	2.12%	<p>ASX Limited Diversified Financials</p> 		<p>ASX has been upgraded to 'AAA' from 'AA'. ASX Limited's improved ESG performance is driven by strong corporate behavior practices. ASX maintains a majority independent board with separate CEO and chairman roles. It has fully independent audit, risk and pay committees, which are considered best practices for financial reporting, risk management, and executive pay oversight, respectively.</p>
5	2.07%	<p>Suncorp Group Limited Property & Casualty Insurance</p> 		<p>Suncorp's rating is unchanged at 'A'. As a signatory to the UN Principle for Responsible Investment (UNPRI), Suncorp states its commitment to integrating responsible investment principles into its asset allocation strategy. It applies negative and positive ESG screening into investment decisions, and makes use of proxy voting in investee companies, stressing on sustainable behavior as a key focus. In FY 2020 it invested USD 236 million in low carbon solutions, supporting efforts to drive towards a low carbon society.</p>



Bottom 5 holdings: The bottom performing holdings by contribution to fund performance

#	Weighting	Holding \ Sector Rating history	ESG rating distribution within sector	Key commentary from last review
1	4.32%	Fortescue Metals Group Ltd Steel 		Fortescue's 'AA' rating is due to the company's relatively strong business ethics policies and practices relative to peers. Fortescue implements an anti-corruption policy with board oversight on ethics issues.
2	1.21%	Mineral Resources Limited Metals and Mining Non-Precious Metals 		MRL has been upgraded to 'A' from 'BBB'. Methodology enhancements to the Corporate Behavior theme have resulted in a greater emphasis on business ethics practices and exposure to risks related to corruption. To mitigate its impact on biodiversity, the company has adopted species conservation programs and established an environment policy in 2020 focusing on sustainable resource management.
3	2.74%	Newcrest Mining Limited Metals and Mining Precious Metals 		Newcrest has been upgraded to 'AA' from 'A'. While the company operates mining activities that expose it to potential workplace disruptions in case of injuries, Newcrest's strong safety performance drives the upgrade, it had zero fatalities in the four years through FY 2020. Meanwhile, water management has improved, with Newcrest having conducted water risk assessments in all operating sites in 2020.
4	2.12%	Cochlear Limited Health Care Equipment & Supplies 		Cochlear has been upgraded to 'AAA' from 'AA'. Methodology enhancements to the corporate behavior theme led to a greater emphasis on business ethics practices and on companies' exposure to corruption-related risks. Although Cochlear remains exposed to corruption-related risks due to its focus on surgical supplies, its strong business ethics practices, relative to peers, primarily contribute to the upgrade.
5	0.91%	Reece Limited Trading Companies & Distributors 		Reece's rating is unchanged at 'A'. The company's governance structures seem on par with those of industry peers. Specifically, its ownership and control practices appear to promote equitable representation among all shareholders.

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