

# Australian Sustainability Impact Report



DECEMBER 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](https://vaneck.com.au/grnv/index)

## Quarterly commentary

- During the 3 months ending 30 November 2021, GRNV's ESG score remained at 10 and the overall ESG rating remained at AAA.
- 0.85% of the constituents saw upgrades in their ESG ratings. Upgrades include Iluka Resources (0.46%), IRESS Limited (0.30%) and Nearmap Ltd (0.09%).
- 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) at 60% compared to 44% in the S&P/ASX 200 Index.
- Carbon emissions improved from 57t CO<sub>2</sub>e/\$m invested to 55t CO<sub>2</sub>e/\$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 <sub>2</sub> e/\$m invested)	56	139
Carbon intensity (t CO <sub>2</sub> e/\$m sales)	173	325
Weighted average Carbon intensity (t CO <sub>2</sub> e/\$m sales)	142	205
Potential carbon emissions (t CO <sub>2</sub> e/\$m invested)	0	9,708
Coal reserves (%)	0	7.4
Fossil fuel reserves (%)	0	10.1

Source: MSCI, as at 30 November 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.

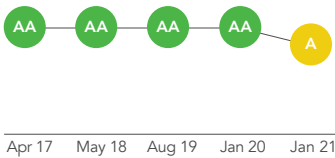
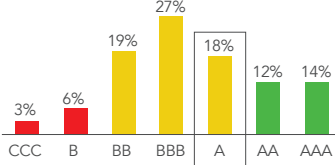
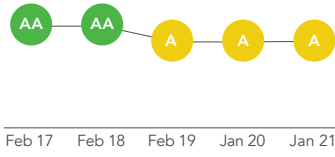
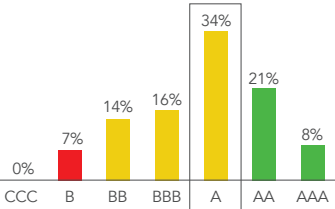
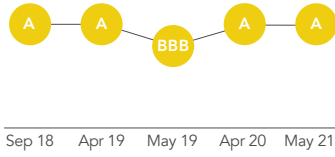
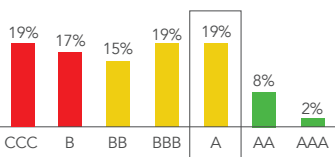
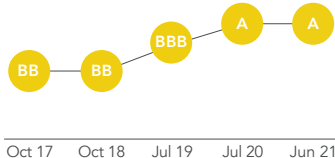
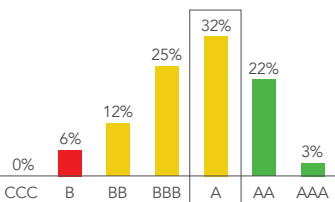
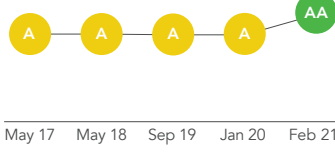
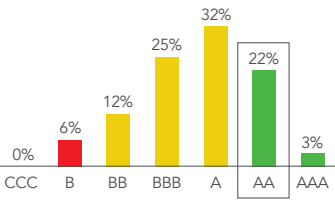
## November 2021 rebalance

### Additions

Security name	Research comments
James Hardie	Now meets the minimum rating threshold. Rating improvement from BBB to A.
Charter Hall Long Wale	
Australian Ethical Investments	Previously unrated
Bendigo and Adelaide Bank	Parent addition

There were no securities deleted from the MSCI Australia IMI Select SRI Screened Index in the November 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	4.73%	<b>Goodman Group</b> Real Estate Management & Services 		Goodman Group has been downgraded to 'A' from 'AA'. The company appears to lack industry-leading practices to manage its human capital. In addition, limited information on employee attrition limits our ability to assess the effectiveness of the company's employee management practices. Further, compared to leading peers, the company appears to lack a robust green property investment focus.
2	4.99%	<b>Telstra Corporation Limited</b> Telecommunication Services 		Telstra's rating is unchanged at 'A'. Telstra plans to form a new legal structure as part of its previously announced transformation strategy that includes digitisation and workforce rationalisation. It appears to have strong governance and data security practices that could be helpful during its transformation program. Telstra leads global peers in terms of ownership structure, executive compensation, and accounting practices.
3	0.82%	<b>Lynas Rare Earths</b> Metals and Mining – Non-Precious Metals 		Lynas' rating is unchanged at 'A'. Lynas faces lower labor unrest risks compared to peers as it manages a relatively small workforce (1,015 in 2020 vs. 11,829 industry average as of April 2021). Its labor management practices appear on par with peers. Like leading peers, the company conducts regular engagement initiatives with local communities and concerned NGOs. However, it could face risk of litigation and regulatory costs in the event its operations have an adverse impact on the environment.
4	0.54%	<b>Altium Ltd</b> Software & Services 		Altium's rating is unchanged at 'A'. Inclusion of the Corporate Behavior Theme in the Governance assessment is a key contributor to the company's higher governance performance score relative to peers, due to Altium's strong business ethics policies and practices. The company also leads peers in adopting strong corporate governance practices.
5	1.23%	<b>Computershare Limited</b> Software & Services 		Computershare has been upgraded to 'AA' from 'A'. The upgrade factors in the company's enhanced data privacy and security framework, which includes strong security controls such as vulnerability scanning, penetration testing, regular independent audits for systems, and an incident management plan for potential security incidents. Additionally, like industry leaders, Computershare has executive-level (chief security officer) oversight of information security.

## 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	3.32%	<b>Afterpay Limited</b> Software & Services 		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.
2	3.34%	<b>Fortescue Metals Group</b> Steel 		Fortescue has been upgraded to 'AA' from 'A' following the inclusion of the Corporate Behavior theme in the company's assessment and 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.
3	1.95%	<b>Brambles</b> Commercial Services & Supplies 		Brambles' rating is unchanged at 'AAA'. Brambles continues to lead in ESG performance with extensive programs addressing all key issues identified for its industry. The company has transitioned to sourcing 100% of its wood from certified forests and its supply network optimisation has resulted in substantial savings in transportation flows and it targets sending zero plastic waste to landfills by 2025.
4	1.35%	<b>Bluescope Steel Limited</b> Steel 		Bluescope's rating is unchanged at 'AA'. Bluescope demonstrates strong overall governance performance. Presence of an independent majority board and of split CEO and chairman roles may enhance the company's oversight of management. Like industry leaders, the company has adopted strong business ethics policies, with board-level oversight.
5	1.94%	<b>Suncorp Group Limited</b> Property & Casualty Insurance 		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.

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