



Australian Sustainability Impact Report

JUNE 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 May 2021, GRNV's ESG score improved from 9.8 to 10 and the overall ESG rating remained at AAA.
- None of the constituents saw upgrades or 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) remaining flat (59% to 57%).
- Carbon emissions improved from 68t CO₂e/\$m invested to 60t 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)	60	133
Carbon intensity (t CO ₂ e/\$m sales)	199	327
Weighted average Carbon intensity (t CO ₂ e/\$m sales)	175	207
Potential carbon emissions (t CO ₂ e/\$m invested)	0	9,714
Coal reserves (%)	0.0	8.4
Fossil fuel reserves (%)	0.0	11.1

Source: MSCI, as at 31 May 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.

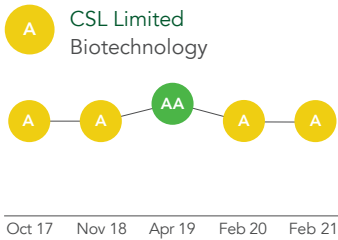
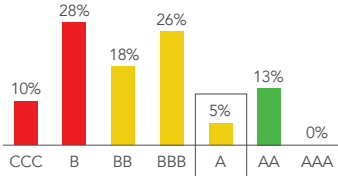
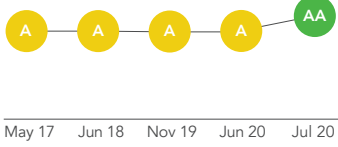
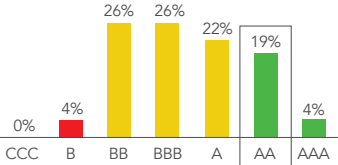
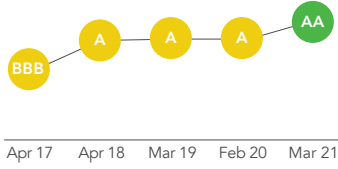
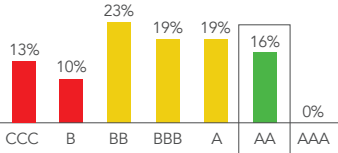
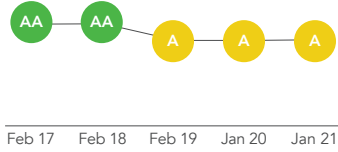
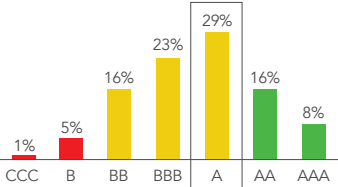
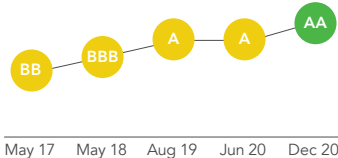
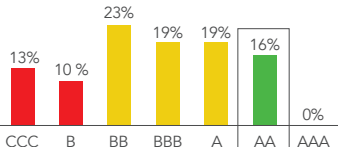
June 2021 rebalance

Additions

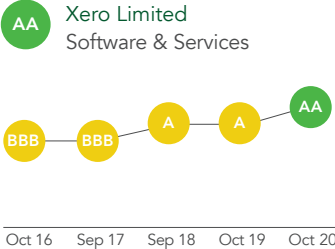
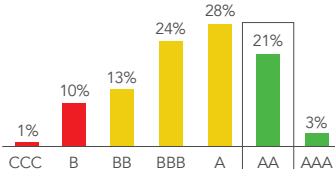
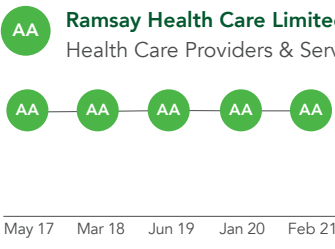
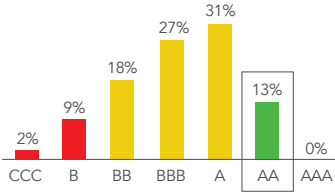
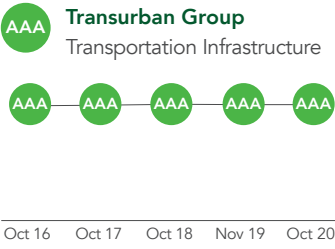
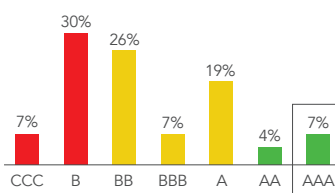
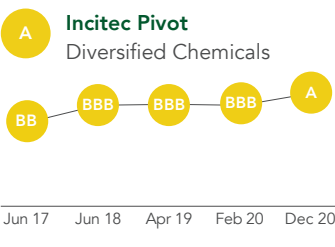
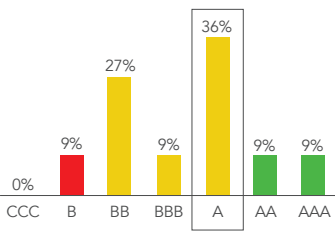
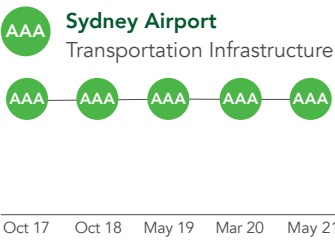
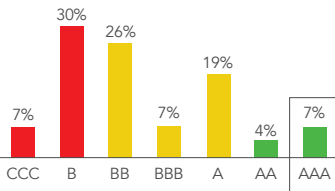
Security name	Research comments
Afterpay	
Sonic Healthcare	Now meets the minimum rating threshold. Rating improvement from BBB to A.
REA Group	
Deterra Royalties	
Sandfire Resources	
Tyro Payments	Now meets the minimum market capitalisation threshold.
Genworth Mortgage Insurance	
oOh! Media	

There were no securities deleted from the MSCI Australia IMI Select SRI Screened Index in the June 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	5.03%	<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. However, research indicates CSL's quality management system continues to lag those of peers.</p>
2	2.46%	<p>QBE Insurance Group Property & Casualty Insurance</p> 		<p>QBE has been upgraded to 'AA' from 'A'. The rating upgrade is driven mainly by QBE's strong industry-leading integration of ESG factors into its investment processes. Our research indicates QBE proactively engages with investee companies to enhance sustainability in its business practices. The company is also a signatory to UN Principles for Responsible Investment and Institutional Investors Group on Climate Change, suggesting commitment to responsible investment principles.</p>
3	3.59%	<p>Newcrest Mining Metals and Mining – Non-Precious Metals</p> 		<p>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 and its lost time incident rate remained below the ACWI industry peer average.</p>
4	5.35%	<p>Telstra Telecommunication Services</p> 		<p>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 digitization and workforce rationalization. It appears to have strong governance and data security practices that could be helpful during its transformation program.</p>
5	1.93%	<p>Northern Star Resources Metals and Mining – Non-Precious Metals</p> 		<p>Northern Star Resources has been upgraded to 'AA' from 'A'. The inclusion of the Corporate Behavior theme has resulted in a greater emphasis on business ethics practices. Northern Star Resources' strong anti-corruption framework, with measures such as provisions for whistleblower protection, is a key contributor to the upgrade. In addition, updated water stress data and the inclusion of regional groundwater have resulted in a lower risk assessment for the company.</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	2.35%	 <p>AA Xero Limited Software & Services</p>		Xero has been upgraded to 'AA' from 'A'. The upgrade factors in improvements in Xero's corporate governance practices. The pay committee now comprises four independent directors (vs. two directors as of 2019 AGM). Additionally, Xero incentivizes sustainability performance in its current executive pay policies.
2	1.86%	 <p>AA Ramsay Health Care Limited Health Care Providers & Services</p>		Ramsay's rating is unchanged at 'AA'. Ramsay demonstrates strong product quality management and corporate governance practices. Ramsay continues to demonstrate strong programs related to service quality, including extensive accreditations and certifications to external quality standards.
3	5.37%	 <p>AAA Transurban Group Transportation Infrastructure</p>		Transurban's rating is unchanged at 'AAA'. Transurban's governance practices lead those of industry peers, with provisions for strong shareholder rights. Notably, it has an independent majority board, an independent chairperson, and fully independent audit and pay committees. Transurban continues to lead industry peers in safety practices.
4	0.76%	 <p>A Incitec Pivot Diversified Chemicals</p>		Incitec Pivot has been upgraded to 'A' from 'BBB'. Updated water stress data and the inclusion of regional groundwater availability in our evaluation of country-level water stress resulted in a lower risk assessment for the company, contributing to the upgrade. We, however, note Incitec Pivot does not have a comprehensive water management strategy.
5	2.37%	 <p>AAA Sydney Airport Transportation Infrastructure</p>		Sydney Airport's rating is unchanged at 'AAA'. Compared to seaport, highway and railway peers, airport operators' exposure to risk of workplace incidents is relatively low. Further, Sydney Airport operates in Australia, where data indicates accident rates are low. Nevertheless, it has group-wide health and safety policies, which are reinforced with audits, and are comparable to industry peers.

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