

Veridien Global Investors

Statement on principal adverse impacts of investment decisions on sustainability factors

2023

Summary

Veridien Global Investors considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of:

- Veridien Global Investors LLC
- Veridien Climate Action ETF
- Veridien Global Climate Action Strategy LP

Description of the principal adverse impacts of investment decisions on sustainability factors

The quantitative disclosure will be available by 30 June 2023.

Description of policies to identify and prioritize principal adverse impacts of investment decisions on sustainability factors

Veridien's policies to identify and prioritize principal adverse impacts of investment decisions on sustainability factors are set out in the firm's [PAI Assessment Policy](#).

Engagement policies

Veridien's policy on engagement, including how the indicators for adverse impacts are considered, and the approach to be taken where there is no reduction of the principal adverse impacts over more than one period reported on, is set out in the firm's [Stewardship and Engagement Policy](#).

References to international standards

Veridien adheres to the following responsible business conduct codes and internationally recognized standards for due diligence, stewardship and reporting:

- Net Zero Asset Managers initiative (NZAM)
- Institutional Investors Group on Climate Change (IIGCC)

- Principles for Responsible Investment (PRI)
- Task Force on Climate-Related Financial Disclosures (TCFD)
- UN Global Compact

NZAM and TCFD are specifically intended to support financial sector and business alignment with the goal of the Paris Agreement to limit the global average temperature rise to 1.5C compared to pre- industrial levels.

In its [PAI Assessment Policy](#), Veridien has listed a set of mandatory and voluntary indicators that it considers as the 'minimum' set of indicators it uses to consider the principal adverse impacts on sustainability factors. Veridien views all of the indicators listed in the Policy as relevant either to measuring adherence to the responsible business conduct codes and internationally recognized standards for due diligence and reporting set out above or alignment with the objectives of the Paris Agreement.

The methodologies and data used by Veridien to measures this adherence or alignment are also set out the aforementioned [PAI Assessment Policy](#).

In terms of forward-looking climate scenarios:

Veridien currently uses the EU Taxonomy framework Climate Change Mitigation activity, supported by Morningstar Sustainalytics data and analysis, as well as independent third-party calculation of Scope 1, 2, 3 and Avoided Emissions conducted by Urgentum (Acquired by ICE) / ICE Data Services to assess the alignment of its portfolios with the goals of the Paris Agreement.

Veridien engages with portfolio companies to adopt Science Based Targets for emissions reduction consistent with the 1.5C goal of the Paris Agreement and validated by the Science Based Targets initiative (SBTi). SBTi reviews estimates of the remaining emissions budget, top-down mitigation scenarios, and sectoral studies to determine 1.5C-aligned pathways at the global and sectoral level, including IPCC reports and International Energy Agency (IEA) scenarios, in particular the IEA Net-Zero Roadmap (2021).

IMPORTANT INFORMATION

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SFDR ARTICLE 9 PRINCIPAL ADVERSE (PAI) REPORTING – as of 30 September 2023

Mandatory Indicators	Veridien Global Climate Action	Benchmark
GHG Emissions		
<i>Scope 1 (tCO2eq)</i>	2,149.23	-
<i>Scope 2 (tCO2eq)</i>	529.77	-
<i>Scope 3 (tCO2eq)</i>	11,961.13	-
<i>Total Scope 1 + 2 (tCO2eq)</i>	2,679.00	-
<i>Total Scope 1 + 2 + 3 (tCO2eq)</i>	14,548.76	-
Carbon Footprint Total Scope 1 + 2 (tCO2eq/EURm)	151.60	-
Carbon Footprint Total Scope 1 + 2 + 3 (tCO2eq/EURm)	901.63	
GHG Intensity Total Scope 1 + 2 (tCO2eq/EURm)	410.13	671.93
GHG Intensity Total Scope 1 + 2 + 3 (tCO2eq/EURm)	1,876.99	2,663.40
Fossil Fuel Sector Exposure	12.58	16.18
Non-renewable Energy Consumption (%)	69.70	631.20
Non-Renewable Energy Production (%)	22.08	36.24
Energy consumption intensity by Sector (GWh/EURm)		
<i>Agriculture, Forestry & Fishing</i>	0	1.43
Construction	0.01	0.11
<i>Electricity, Gas, Steam and Air Conditioning Supply</i>	5.08	6.50
Manufacturing	0.82	0.82
<i>Mining & Quarrying</i>	3.10	1.78
Real Estate Activities	0	0.46
<i>Transportation & Storage</i>	0	1.52
Water Supply, Sewerage, Waste Management & Remediation	0	0.63
<i>Wholesale and Retail Trade and Repair of Motor Vehicles and Motorcycles</i>	0	0.08
Negative Affect on Biodiversity (% involved)	8.83	8.66
Emissions to Water (t/EURm)	0.89	0
Hazardous Waste (t/EURm)	0.77	0
UNGC Principles/OECD Guidelines Violations	0	2.03
UNGC Lack of Compliance Mechanism	52.34	49.45
Unadjusted Gender Pay Gap (%)	13.00	16.11
Board Gender Diversity	29.80	32.17
Controversial Weapons	0	0
Social Violations	0	0

Data generated by Morningstar Sustainalytics against Morningstar Global Equities Index benchmark reweighted to match Climate Action sector exposures. Data: Climate Action Northern Trust representative portfolio scaled to the size of Climate Action GIPs composite AUM.