Green Investment Partners

Principal Adverse Impact Statement

2023

This statement applies to Green Investment Partners Limited (LEI: 2138006ZI87JHGUCB267)

Background & Scope

Green Investment Partners Limited ("GIP") invests in companies that are contributing to a more sustainable economy. This statement has been produced to describe how we may take into consideration principal adverse impacts of our investment decisions on sustainability factors on a product level under Article 4 of the SFDR directive, subject to data availability. The following terminology within this document are defined as;

- **'Sustainable Finance Disclosure Regulation (SFDR)'**: Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended from time to time;
- **'Principal adverse impact (PAI)'**: The negative impact, caused by an investment decision or investment advice, on these factors;
- **'Sustainability factors'**: Environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters as in article 2 (24) SFDR;
- **'Sustainability risk'**: An environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment, as in article 2 (22) SFDR.

This statement covers the reference period from 1 January 2024 to 31 December 2024 . It will be reviewed at least annually.

Description of Principal Adverse Sustainability Impacts

The following section outlines the principal adverse impacts based on sustainability factors that are currently monitored and evaluated, subject to data availability, as part of the investment process to ensure that the investments do no significant harm to any environmental or social objective. The framework includes fourteen mandatory indicators, plus two optional factors to further enhance the sustainability risk of each investee company. Please note that the list is not exhaustive as other sustainability risk indicators may be identified through research carried out.

In order to evaluate each indicator, data is collected from;

- Company reporting; and
- Third party data providers.

We will periodically review available products to ensure we are using appropriate and quality tools for data collection and processing.

Summary of Principal Adverse Indicators

Mandatory indicators

<table>
<tr><th colspan="2">Adverse sustainability indicator</th><th>Metric</th></tr>
<tr><td colspan="3">Climate and other environment-related indicators</td></tr>
<tr><td rowspan="11">Greenhouse gas emissions</td><td rowspan="3">1. GHG emissions</td><td>Scope 1</td></tr>
<tr><td>Scope 2</td></tr>
<tr><td>Scope 3</td></tr>
<tr><td>2. Carbon footprint</td><td>Carbon footprint</td></tr>
<tr><td>3. GHG intensity of investee companies</td><td>GHG intensity of investee companies</td></tr>
<tr><td>4. Exposure to companies active in the fossil fuel sector</td><td>Share of investments in companies active in the fossil fuel sector</td></tr>
<tr><td>5. Share of non-renewable energy consumption and production</td><td>Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources</td></tr>
<tr><td>6. Energy consumption intensity per high impact climate sector</td><td>Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector</td></tr>
<tr><td>7. Activities negatively affecting biodiversity-sensitive areas</td><td>Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas</td></tr>
<tr><td>8. Emissions to water</td><td>Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average</td></tr>
<tr><td>9. Hazardous waste and radioactive waste ratio</td><td>Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average</td></tr>
</table>

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters		
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons

Voluntary indicators

In addition to the above mandatory indicators, the following voluntary environmental and social indicators will also be assessed in accordance with the investment manager's investment strategy and objectives. The selected voluntary indicators are actively assessed in order to compliment the mandatory metrics where data may not be available.

Adverse sustainability indicator		Metric	Justification
Greenhouse gas emissions	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	GIP actively monitors the science-based commitments set by investee companies by 2030 in line with Net Zero Asset Managers Initiative signatory targets. This PAI metric may be used to aid in the monitoring of those targets.
Social and employee matters	Lack of a human rights policy	Share of investments in entities without a human rights policy	Due to the global nature of energy transition sectors, the portfolio may have a certain level of exposure to geographies experiencing human rights and forced labour allegations. This PAI is assessed to aid in reducing the risk of exposure to such activities.

The selected voluntary indicators as set out above are not exhaustive and may be subject to change in order to best assess the sustainability risks of each investee company.

Description of policies to identify and prioritise principal adverse sustainability impacts

Responsible Investment Policy

Our investment objective is to achieve long-term capital appreciation through sustainable investments contributing towards a reduction in global greenhouse gas ('GHG') emissions. We assess companies against ESG guidelines on a pre-trade and ongoing monitoring basis, as outlined in the Responsible Investment Policy..

Engagement Policy

GIP believes that engagement with investee companies, including the ability to vote, can have a positive and long-lasting impact on investment results and sustainability issues. In accordance with our engagement policy as set out in our Shareholder Rights Directive (SRD), our investment team prioritises and addresses identified adverse impacts when applying voting rights to engage with companies worldwide. We distinguish between three target groups for engagement;

- Corporate engagement – We may communicate with relevant stakeholders of investee companies and participate in shareholder group forums; informal groups, discussions regarding proxy voting decisions in line with our Proxy Voting policy; participation in AGM/EGMs, joint shareholder meetings with a company; and acting as co-plaintiffs in class action lawsuits. A company may be identified as an engagement case according to their positive and/or negative performance against PAI indicators and regulatory standards and frameworks during our post-trade monitoring processes.
- Public policy engagement – If appropriate and feasible, we may exercise our membership of relevant associations such as the UK Sustainable Investment and Finance Association (UKSIF) as an intermediary to engage indirectly with government agencies and regulators regarding principal adverse impacts related to greenhouse gas emissions.
- Investor and stakeholder engagement – We may hold regular discussion meetings with investors and stakeholders to ensure the identification and alignment of environmental, social and governance factors and promote long-term shareholder value.

UK Stewardship Code

Whilst we have not made a formal commitment of compliance with the Financial Reporting Council's (FRC) UK Stewardship Code, our investment strategy is generally supportive of the spirit and aims of good stewardship as contained within the Code. As such, we take into consideration the principals as set out in the Code across all company policies.

The relevant policies and frameworks will be reviewed and updated on an annual basis.

References to international standards

As part of our sustainable investment approach, and in relation to the mitigation of adverse impacts, GIP may consider various international standards and targets on a subjective basis, including;

- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- UN Global Compact

- Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work
- International Bill of Human Rights
- United Nations Sustainable Development Goals (SDG's)

In addition, we are committed to contributing to the goals of the Paris Agreement and to achieving net zero emissions by 2050. To assess the portfolio's alignment to the IPCC's 1.5 degree scenario, the carbon emissions of each investee company covering scopes 1, 2 and 3 will be estimated. Where data is available, a company's emission reduction targets are considered, particularly those approved by the Science-Based Targets Initiative (SBTi). As part of our voluntary obligation to the Net Zero Asset Managers Initiative (NZAMI), we aim for 100% of the portfolio to be covered by targets and commitments approved by the SBTi by 2030.

GIP is also a signatory of the UN Principles for Responsible Investment (PRI), having made commitments to the six principles;

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles
- Principle 6: We will each report on our activities and progress towards implementing the Principles

Impact reporting

GIP publishes an annual impact report, which aims to monitor the portfolio's adherence to the responsible investment policy and the reduction in GHG emissions. Our latest Impact Report 2023 was published in 2023, setting out an analysis of the environmental and societal impacts of the portfolio as of December 2022.

Please note that impact reporting is still in its infancy. Therefore, we aim to improve our reporting methodology year-on-year, and utilise improvements in company data, standardisation and regulations.