



Sustainable Investment Audit Report

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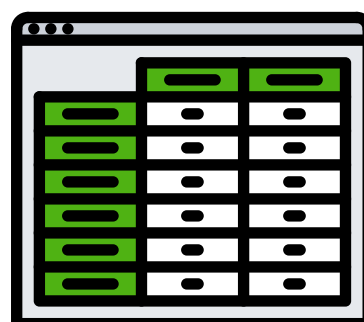
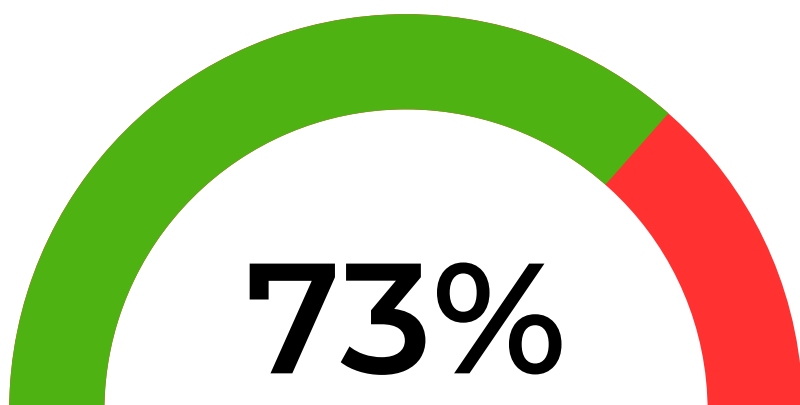
1. Introduction

Asset managers are increasingly being asked to tell institutional investors what % of their fund is constituted by “sustainable investments”.

This question cannot be answered subjectively.

The Integrum ESG Platform now offers fund managers the ability to produce a ‘Sustainable Investment Audit’ report.

Just upload your portfolio, and our system will generate a bespoke summary report to see what % of your fund is really “sustainable”, with the granular data to back it up.

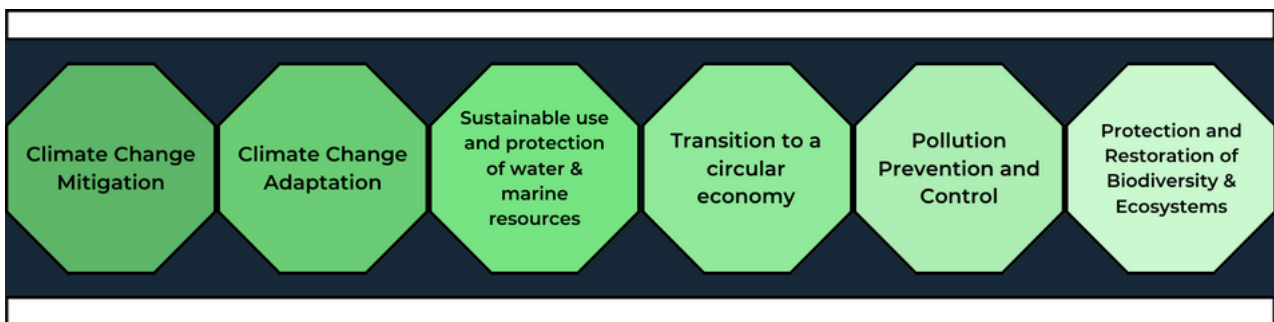


2. What is the definition of a “sustainable investment”?

The definition of “sustainable investments” is much debated, but your firm should note that investors are typically using EU regulatory definitions, and so you very much need to be aware of the key guidelines.

To position your firm on the safe side of the regulation, you should note the following:

- The EU Taxonomy defines an “environmentally sustainable” investment as one which **contributes to at least one of 6 specified environmental objectives**, and **does no significant harm to any of those objectives**.



- The broader term “sustainable investments” usually means the investor wants the SFDR definition applied.

This defines a sustainable investment as one where **the PAIs have been considered**, and also where a **substantial contribution is made to at least one (and no significant harm is done to any) of the 12 environmental and social objectives** set out in SFDR Article 2.17.

- Some argue that Article 2.17 cites these 12 objectives as examples and not requirements, but ESMA has since formally clarified **that there must be no significant harm** “to any of the objectives referred to in Article 2 point 17.”

This means that those 12 objectives must be considered, as well as the mandatory 14 PAIs.

- Additionally, an investment can only be considered “sustainable” if the investee company follows “good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance”.



So, if you are going to report back to investors on what % of a fund is “sustainable investments”, you are going to have to do a lot of analysis on each of the fund’s holdings, across *specific* E, S & G metrics.

3. What is a ‘Sustainable Investment Audit’ report?

The Integrum ESG Platform has this in depth analysis built in already.

Indeed, some investors are now using us to audit the “sustainable investment %” claims of their asset managers, by uploading the portfolios to the Integrum ESG Platform.

Sustainable Investment Audit	
Total Number of Holdings	270
Meets definition of 'sustainable investment'	159
Fails to meet definition of 'sustainable investment'	111
% of fund considered 'sustainable investments'	59%

We can provide any user with a bespoke "Sustainable Investment Audit" report.

This will summarise what % of your fund is actually "sustainable investments" but also give you all the supporting detail, showing how each holdings maps against the 12 sustainability objectives specified in the SFDR, and also whether and how it passes the 'good governance practices' threshold.

	A	B	C	D	
1	Name of company	Sub-sector	Does the company meet the definition of a 'Sustainable Investment' overall?	Does the company contribute to any of these Environmental Objectives?	
2			We apply the SFDR Article 2 definition of a sustainable investment	1. Reducing the amount of energy used	2. Increasing the proportion of
7	SMA Solar Technology	Solar Technology & Project Developers	Y	Data disclosed, contributes to objective	Data disclosed, contributes to
8	Veolia	Water Utilities & Services	Y	Data disclosed, contributes to objective	Data disclosed, contributes to
9	SolarEdge Technologies	Solar Technology & Project Developers	Y	Data disclosed, contributes to objective	Data disclosed, contributes to
10	Chart Industries	Industrial Machinery & Goods	Y	Data disclosed, contributes to objective	Data disclosed, contributes to
12	Montrose Environmental Group	Waste Management	N	Data not disclosed	Data not disclosed
13	Analog Devices	Semiconductors	Y	Data disclosed, contributes to objective	Data disclosed, contributes to
15	Hexagon Composites A	Industrial Machinery & Goods	Y	Data disclosed, contributes to objective	Data disclosed, contributes to
16	Wolfsped	Semiconductors	N	Data disclosed, contributes to objective	Data disclosed, contributes to
18	Hudson Technologies	Industrial Machinery & Goods	Y	Data disclosed, contributes to objective	Data disclosed, contributes to
19	Murata Manufacturing Co	Electrical & Electronic Equipment	N	Data disclosed, contributes to objective	Data disclosed, contributes to
20	NKT A/S	Electrical & Electronic Equipment	Y	Data disclosed, contributes to objective	Data disclosed, contributes to
21	CIMC Enric Holdings	Oil & Gas - Midstream	N	Not applicable	This company is in a sector whi
22	Vishay Intertechnology	Semiconductors	N	Data disclosed, contributes to objective	Data disclosed, contributes to
23	Meyer Burger Technology	Electrical & Electronic Equipment	N	Data disclosed, contributes to objective	Data disclosed, contributes to
24	Calix	Chemicals	Y	Data disclosed, contributes to objective	Data disclosed, contributes to
25	SGL Carbon	Chemicals	Y	Data disclosed, contributes to objective	Data disclosed, contributes to
26	China Tourism Group Duty Free Corp	Multiline and Specialty Retailers & Distributors	N	Data disclosed, contributes to objective	Data disclosed, contributes to
27	Lithium Americas	Metals & Mining	N	Data disclosed, contributes to objective	Data disclosed, contributes to

If you would like learn more about our Sustainable Investment Audit report, contact a member of our team at anytime:



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