

# BennBridge ICAV – Global Emerging Markets Equity Fund

## Principal Adverse Sustainability Impacts Statement

30 June 2024

**Financial market participant:** BennBridge ICAV (635400MCKUQJTPCN3M18)

### Summary

The sub-fund of the BennBridge ICAV (BennBridge ICAV - Global Emerging Markets Equity Fund) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated principal adverse sustainability impacts statement of the BennBridge ICAV – Global Emerging Markets Equity Fund (or the “Fund”).<sup>1</sup> BennBridge Ltd is the Investment Manager of the Fund. BennBridge Ltd has entered into a services agreement with Skerryvore Asset Management, the trading name of Skerryvore AM LLP (“Skerryvore”), under which Skerryvore has agreed to assign certain investment professionals to the Investment Manager to perform investment management services (including but not limited to making specific investment recommendations, investment selection, investment strategy implementation and investment monitoring) on behalf of the Investment Manager in respect of the Fund in accordance with the Investment Management and Distribution Agreement.

This principal adverse impacts statement covers the reference period from 1 September to 31 December 2023. 1 September 2023 was the date the Fund transitioned to Article 8 status. The Investment Manager has elected to consider at Fund level the Principal Adverse Impacts (PAIs) of investment decisions on sustainability factors and this to be part of the investment due diligence process and procedures. The mandatory PAI indicators and two additional voluntary PAI indicators defined by the Sustainable Finance Disclosure Regulation (SFDR)<sup>2</sup>, are considered subject to availability and quality. The data is gathered from third party data providers using all commercially reasonable efforts. The PAIs are assessed formally at each quarter end and reviewed by the Investment Manager’s Investment Risk Committee which monitors all investment related risks for the Fund. This governance process will inform what, if any, actions are to be taken in relation to the PAIs which will be reported annually. This statement includes the reported principal adverse impact of the Fund’s investments measured using these indicators.

### Description of the principal adverse impacts on sustainability factors

For the purposes of this statement, PAIs are the negative, material or likely to be material effects on the environment and society that might be caused, contributed to or directly linked to investments for the Fund. The Investment Manager considers the PAIs of its investments in accordance with the SFDR and has integrated due diligence, ongoing monitoring and assessment and mitigation processes across its investment management procedures for the identification and prioritisation of its PAIs. The mandatory indicators defined by the SFDR are set out in Table 1 below. For each of these indicators, information is included to describe action undertaken during the reference period to avoid or reduce the impacts identified and those planned for the next reporting period. The reported principal adverse impacts of the Fund’s investments, measured using these indicators, have been included for the reference period from 1 September to 31 December 2023.<sup>3</sup> The Investment Manager will report this information on an annual basis, subject to data availability and quality. Information on impact compared to the previous year will be initially reported by 30 June 2025, and thereafter on an annual basis.

No significant remedial action was deemed necessary during the reference period.

<sup>1</sup> This statement applies as of 30 June 2024. It will be reviewed and updated at least annually. In case of any inconsistency in translations of this statement, the English version will prevail.

<sup>2</sup> 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.

<sup>3</sup> The basis for the calculation of impact is the methodologies set out in the SFDR regulatory technical standards (Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 (the SFDR RTS).

The impact has been calculated as a weighted average of the quarterly impacts for 2023 (25% Q3 and 75% Q4). The reported impact is calculated using data obtained on an all commercially reasonable basis.

Table 1

## Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact 2023 (year n) <sup>4</sup>	Impact [year n-1] <sup>5</sup>	Explanation <sup>6</sup>	Actions taken, and actions planned, and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	415 tCO <sub>2</sub> e <sup>7</sup>	N/A	N/A	The Fund seeks to promote the environmental characteristic of transition to a low carbon economy by (1) investing in companies that are committed to lowering carbon emissions in order to contribute to the Fund aligning with the target of carbon neutrality by 2050; and (2) excluding companies that derive more than 25% of total revenue directly from the extraction of fossil fuels. Each investee company is measured against this metric by the Investment Manager on a rolling 5-year average.
		Scope 2 GHG emissions	628 tCO <sub>2</sub> e	N/A	N/A	
		Scope 3 GHG emissions	6,029 tCO <sub>2</sub> e	N/A	N/A	
		Total GHG emissions <sup>8</sup>	1,043 tCO <sub>2</sub> e	N/A	N/A	
	2. Carbon footprint	Carbon footprint	26.66 tCO <sub>2</sub> e/€m invested	N/A	N/A	
	3. GHG intensity of investee companies	GHG intensity of investee companies	60.46 tCO <sub>2</sub> e/€m revenue	N/A	N/A	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	11.17%	N/A	N/A	The Investment Manager considers an investee company's climate-related targets to determine the company's commitment to lowering its carbon emissions and its methods to reduce and remove carbon from the atmosphere.	
5. Share of non-renewable energy consumption and production	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	0% non-renewable energy production  68% non-renewable energy consumption	N/A	N/A	The Investment Manager seeks to invest in companies that are transparent about their strategies and processes to achieve their targets and monitors	

<sup>4</sup> Covers September to December 2023 as a weighted average of Q3 (25%) and Q4 (75%)

<sup>5</sup> Information on impact compared to previous year will be initially reported by 30 June 2025, and continuously on an annual basis

<sup>6</sup> Explanation of difference in impact reported will be published initially by 30 June 2025, and continuously on an annual basis

<sup>7</sup> tCO<sub>2</sub>e means tonnes of carbon dioxide equivalent

<sup>8</sup> Scope 1 + 2 GHG emissions

	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector <sup>9</sup>	Sector A: 0.0 GWh <sup>10</sup> /€m of revenue  Sector B: 0.0 GWh/€m of revenue  Sector C: 5.58 GWh/€m of revenue  Sector D: 0.0 GWh/€m of revenue  Sector E: 0.0 GWh/€m of revenue  Sector F: 0.0 GWh/€m of revenue  Sector G: 0.93 GWh/€m of revenue  Sector H: 0.0 GWh/€m of revenue  Sector L: 0.0 GWh/€m of revenue	N/A	N/A	investee companies' progress on an ongoing basis. Investee companies are also regularly reviewed for change to business mix due to strategic initiatives, M&A or product launches which may have a material effect on the company's carbon footprint.  Investee companies are monitored on an ongoing basis relative to the metrics detailed above. This is achieved through independent research and analysis by the Investment Manager, including the use of S&P Business Involvement screening and data (incorporating future estimates) from third party providers.  Where an investee company is not, in the assessment of the Investment Manager, on track to reduce its carbon emissions, in absolute and/or intensity per its target, and the engagement process has been deemed unsuccessful over a 5-year period at most, the Investment Manager will divest.
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<sup>9</sup> Impact is reported for the below high impact climate sectors:

Sector A: Agriculture, forestry and fishing

Sector B: Mining and quarrying

Sector C: Manufacturing

Sector D: Electricity gas steam and air conditioning supply

Sector E: Water supply sewerage waste management and remediation activities

Sector F: Construction

Sector G: Wholesale and retail trade repair of motor vehicles and motorcycles

Sector H: Transportation and storage

Sector L: Real estate activities

<sup>10</sup> GWh or gigawatt hours, is a unit of energy representing one billion (1 000 000 000) watt hours

Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	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	32%	N/A	N/A	The Investment Manager is committed to assessing and taking potential negative effects on biodiversity into consideration particularly with companies where this may be a material concern. This is assessed primarily using third party data and may result in further analysis of and/or engagement with company management in accordance with policy.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.01 tonnes/€m invested	N/A	N/A	The Investment Manager considers emissions to water generated by investee companies using third party data. Companies identified to be outliers on this indicator, or which exhibit a material adverse impact across several indicators may be subject to further analysis and/or engagement with company management in accordance with policy.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.38 tonnes/€m invested	N/A	N/A	The Investment Manager considers hazardous waste generated by investee companies using third party data. Companies identified to be outliers on this indicator, or which exhibit a material adverse impact across several indicators may be subject to further analysis and/or engagement with company management in accordance with policy.

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	0% involved in violations	N/A	N/A	The Investment Manager adheres to the UN Global Compact principles and the OECD Guidelines for Multinational Companies and investee companies are expected to comply with these norms. Third party data and monitoring services are used to identify whether investee companies have been involved in violations. If an investee company is identified during this process, an internal assessment of the company will be initiated, and potential further action taken in accordance with policy.
	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	44% without policies	N/A	N/A	The Investment Manager adheres to the UN Global Compact principles and the OECD Guidelines for Multinational Companies and investee companies are expected to comply with these norms. Third party data is used to monitor the share of investments in investee companies without processes and compliance mechanisms. If an investee company is identified during this process, it may be subject to further analysis and/or engagement with company management in accordance with policy.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	31% pay gap	N/A	N/A	The Investment Manager considers the average unadjusted gender pay gap of investee companies subject to data quality and availability. If an investee company is identified during this process, it may be subject to further analysis and/or engagement with company management in accordance with policy.

	13.Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	25% female directors/total directors	N/A	N/A	The Investment Manager considers the average ratio of female to male board members, expressed as a percentage of all board members in investee companies subject to data quality and availability. If an investee company is identified during this process, it may be subject to further analysis and/or engagement with company management in accordance with policy.
	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	0% involvement	N/A	N/A	The Fund seeks to promote social characteristics through excluding companies that (1) manufacture tobacco; and (2) are involved in the manufacture, distribution and sales of controversial weapons such as anti-personnel landmines, cluster munitions, chemical and biological weapons, nuclear weapons and civil weapons.

**Other indicators for principal adverse impacts on sustainability factors**

In addition to the indicators set out above, the Investment Manager considers the two additional indicators included in the tables below, subject to data availability and quality.

Table 2

**Additional climate and other environment-related indicators**

Adverse sustainability indicator	Metric	Impact 2023 (year n) <sup>4</sup>	Impact [year n-1] <sup>5</sup>	Explanation <sup>6</sup>	Actions taken, and actions planned, and targets set for the next reference period	
<b>Indicators applicable to investments in investee companies</b>						
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Water, waste and material emissions	6. Water usage and recycling	Water consumed by investee companies	716 m <sup>3</sup> /€m of revenue	N/A	N/A	The Investment Manager is committed to assessing and taking into consideration the potential negative effects of water usage particularly with companies where this may be a material concern. This is assessed primarily using third party data and may result in further analysis of and/or engagement with company management in accordance with policy.

Table 3

**Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

Adverse sustainability indicator	Metric	Impact 2023 (year n) <sup>4</sup>	Impact [year n-1] <sup>5</sup>	Explanation <sup>6</sup>	Actions taken, and actions planned, and targets set for the next reference period	
<b>Indicators applicable to investments in investee companies</b>						
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>						
Social and employee matters	4. Lack of supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	14% without supplier code of conduct	N/A	N/A	The Investment Manager is committed to assessing and taking into consideration the potential negative effects of a lack of supplier code of conduct particularly with companies where this may be a material concern. Third party data is used to monitor the share of investments in investee companies without a supplier code of conduct. If an investee company is identified during this process, it may be subject to further analysis and/or engagement with company management in accordance with policy.

**Note**

The Investment Manager considers these additional indicators, subject to data availability and quality, using an internally developed monitoring system. Issuers identified as outliers on any of the indicators or which exhibit high adverse impact across several indicators may be subject to further analysis and the process described below.

The Investment Manager does not use other indicators to identify and assess additional principal adverse impacts on a sustainability factor than the indicators set out above.



## Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Principal adverse impact assessment is integrated into the Investment Manager's active ownership and engagement policies and processes. These policies and processes are reviewed annually as at the end of June. Implementation of the policies is managed by the Investment Manager's Investment Team with oversight by the Investment Manager's Investment Risk Committee.

The Investment Manager supplements their internal investment process with externally sourced data, both in a quantitative and qualitative form. The Investment Manager will also consider appropriate sell-side research on sustainability issues and reports produced by Non-Governmental Organisations. PAI indicator analytics sourced from third parties combined with the Investment Manager's own research is used in the ongoing analysis and to inform the corporate engagement processes and expected outcomes of that process. Ongoing data quality is analysed at third-party provider review and internally with underlying raw data considered where appropriate. Where data is unavailable then qualitative consideration is given in conjunction with engagement. Third party sourced information is subject to limitations relating to methodologies and disclosures from investee companies and other entities. Such limitations are mitigated by proprietary research and direct engagement.

Oversight of the Investment Manager's sustainability implementation is conducted by the Investment Risk Committee. This group is responsible for providing management oversight of the Investment Manager's investment and ESG risk monitoring framework including quarterly PAI assessment and negative screening review to ensure effective governance and adherence to investment objectives. The Investment Risk Committee can escalate any material concerns to the Investment Manager's Enterprise Risk Committee, Governing Body and the Skerryvore Management Committee which has ultimate oversight and accountability from a partnership perspective. The Skerryvore Management Committee consists of the Managing Partners and the Corporate Member.

## Engagement policies

Where adverse sustainability impacts are identified, the Investment Manager shall engage with investee companies in accordance with the Investment Manager's engagement policy. Engagement may be undertaken directly or as part of collaborations with other investment institutions. Where engagement is unsuccessful in mitigating or reducing adverse sustainability impacts, the Investment Manager shall consider escalating the issue by:

- (a) Writing to or meeting with the chairperson or lead independent director;
- (b) Voting against directors who, in the opinion of the Investment Manager, are not providing appropriate oversight;
- (c) Wider engagement with other investors;
- (d) Making the Investment Manager's views public; or
- (e) Reducing and/or divesting the holding in the issuer.

The Investment Manager's internal research management hub acts as a centralised repository for the investment team so that a database of all interactions with businesses can be developed. All interactions with a company and research relating to that company are available to the team through this portal and facilitates a profile on how understanding and opinions on the company have changed over time. Meeting notes and voting records can be flagged for easy retrieval when they contain important information relating to an engagement. Alongside the research hub, the Investment Manager's engagement log allows tracking, prioritising and recording of engagements and their subsequent outcomes. Specific individuals from the investment team can be assigned to allow a single point of responsibility for important issues. These systems also aid both accurate and timely communication of ongoing stewardship activity and outcomes both internally, and externally to clients and other interested parties where required. The investment team is responsible for proxy voting as this is viewed as part of the duty of being a long-term shareholder. Research from proxy agencies is considered but each individual within the team has the ability to override any of the recommendations made if it is likely to materially harm clients' interests or is against established policies. Each vote is documented and where a vote is not clear it is discussed among the team to reach a consensus. The team will usually choose to engage with a company where a vote against their recommendations is decided upon and use an engagement log to track these interactions. Where possible clarification is sought on significant issues directly with the company before a vote.

## References to international standards

The Investment Manager utilises, among others, the following international standards:

UN Global Compact Principles

OECD Guidelines for Multinational Enterprises

UN Guiding Principles on Business and Human Rights

ILO Conventions on Labour Standards

UN Principles of Responsible Investing (UN PRI)

Convention on Anti-Personnel Landmines

Convention on Cluster Munitions

Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction

Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction

Convention on Certain Conventional Weapons

Treaty on the Prohibition of Nuclear Weapons

Measurement of the adherence to these standards is undertaken by the Investment Manager.

Third party data providers and other data sources are assessed on an ongoing basis for data quality, coverage and other attributes.

Skerryvore supports the Paris Climate Agreement and the overall objective of limiting temperature rises. In recognition of this support, Skerryvore is focused on aligning the Fund to a target of carbon-neutrality by 2050 and progress towards this is regularly assessed using third party climate scenario alignment analysis data.

Skerryvore is also a signatory to the United Nations Principles for Responsible Investment (UNPRI).

## Historical comparison

A historical comparison of the period reported on with the previous reported period will be made as of 2025.