



CHANGE FINANCE

THE PATH TO **CARBON NEUTRALITY**

Climate change is an existential threat to life as we know it. Full stop. Despite the looming disruptions to every facet of our social and economic systems, governments worldwide remain indifferent. As global emissions continue to rise, few countries are on track to meet their commitment to the Paris Climate Agreement. According to the Intergovernmental Panel on Climate Change, Earth may very well warm by 2.4°C degrees by 2050, an increase that scientists say will be catastrophic to every system we depend on for life.

The global economy must decarbonize rapidly to limit warming within society's ability to adapt. In the absence of significant governmental policy, individuals, non-profits, and corporations are taking action to address the climate crisis. Change Finance, a signatory of the NET ZERO 2030 PLEDGE, has created the first **CERTIFIED CARBON NEUTRAL FUND** that allow investors to simultaneously accomplish two previously contradictory goals: seek wealth creation through capital markets and sequester the greenhouse gases accumulating in our atmosphere and threatening our future prosperity.

THE VOLUNTARY CARBON MARKET

As a financial company, the vast majority of the carbon emissions associated with Change Finance reside in our investment portfolios. Every company we invest in has a carbon footprint. Consequently, we own a small portion of each company's greenhouse gas emissions. Since we have limited control over the emissions of large multinational companies, we must sequester the emissions for which we are responsible if we are to achieve our goal of carbon neutrality. We can accomplish this through participating in the nascent and growing voluntary carbon market, a mechanism that allows us to remove carbon from the atmosphere by purchasing certified carbon credits.

THE PATH TO PORTFOLIO-LEVEL CARBON NEUTRALITY

STEP 1 - CARBON FOOTPRINTING



Change Finance partnered with the sustainable finance platform, **VERITY**, to procure accurate carbon emissions data for portfolio holdings. In addition to providing holistic analysis, engagement management, and AI-enabled insights, Verity sources data from the Carbon Disclosure Project, an organization dedicated to providing investors transparency related to environmental impact. Through a rigorous quarterly analysis, Verity provides Change Finance with reliable portfolio-level carbon footprints that reflect our ownership of each company's greenhouse gas emissions.

CALCULATING PORTFOLIO CARBON FOOTPRINT

$$\sum \left(\frac{\text{current value of investment}}{\text{issuer's market capitalization}} \right) \times \text{issuer's scope 1 and 2 greenhouse gas emissions}$$



STEP 2 - SEQUESTER CARBON THE RIGHT WAY

Voluntary carbon markets are unregulated, and low-quality credits are pervasive in the system. To maximize impact, Change Finance sought carbon credits from projects with the highest potential for sequestration, a focus on enhancing biodiversity, and the ability to support marginalized people. Our search led us to **GRASSROOTS CARBON**, an organization that focuses on removing carbon from the atmosphere and storing it in the soil by practicing regenerative grazing. Grassroots' network of regenerative ranches help us mitigate climate change, enhance grassland ecosystems, and empower neglected rural communities.



CARBON CREDITS WHAT TO LOOK FOR

RIGOROUS TESTING
ADDITIONALITY
PERMANENCE
DOUBLE COUNTING

STEP 3 - CERTIFY THE PROCESS

Greenwashing is unacceptable. We want our clients to have the utmost confidence that when we say carbon neutral, we mean carbon neutral. To ensure that every "i" was dotted and every "t" was crossed, we employed **EthosESG** to certify that Change Finance's portfolios are genuinely carbon neutral and not contributing to the climate crisis. EthosESG only places its **Certified Carbon Neutral Fund** label where it is truly deserved. After an exacting audit, EthosESG has certified Change Finance's portfolio as a bona fide carbon neutral financial product, the first ever to obtain that status!



C H A N G E F I N A N C E
INVESTING IN SERVICE TO **L I F E**



Important Disclosures

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Change Finance seeks to offset the carbon footprint of its investment portfolio by purchasing certified carbon offsets equal to the carbon footprint of the portfolio. Carbon Footprint is a measure of carbon output generated by the portfolio constituent companies relative to dollars invested in the fund (metric tons of carbon emissions per million dollars invested). A carbon offset reduces emissions of carbon dioxide or other greenhouse gases made to compensate for emissions produced elsewhere. [EthosESG](#) audits the carbon footprint of Change Finance's portfolio and carbon offset purchases at least annually before issuing the Certified Carbon Neutral Fund designation to those portfolios.

Constituent carbon footprint data is provided by the Carbon Disclosure Project. Portfolio-level carbon footprint is equal to the sum of each portfolio constituent scope 1 and scope 2 carbon emissions multiplied by percentage of ownership (position size / market capitalization). Carbon footprint analyses are performed quarterly.

EthosESG has completed an independent audit of the carbon footprint of Change Finance's investment portfolio and carbon credits and determined that Change Finance's portfolio is a carbon neutral fund. EthosESG defines carbon neutrality for a fund as reducing more tons of CO2 emissions (for example, through valid carbon storage credits) than the fund creates through the Scope 1 and Scope 2 emissions of its holdings. More information on EthosESG's methodology at <https://ethosesg.com/carbon-neutral-certification>.

Scope 1 Emissions: owned emissions from owned or controlled sources

Scope 2 Emissions: indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company

