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2022


# EdenTree Global Impact Bond Fund


## Impact Report

### Contact us

For additional information on EdenTree and to find out more about what our range of funds can deliver for you and your clients, please get in touch with us at:

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 EdenTreeim.com



The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations, you may not get back the amount originally invested. Past performance should not be seen as a guide to future performance. If you are unsure which investment is most suited for you, the advice of a qualified financial adviser should be sought. EdenTree Investment Management Limited (EdenTree) Reg. No. 2519319. Registered in England at Benefact House, 2000, Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW, United Kingdom. EdenTree is authorised and regulated by the Financial Conduct Authority and is a member of the Investment Association. Firm Reference Number 527473.

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## A message from the team

### We are delighted to present the inaugural Impact Report for the EdenTree Global Impact Bond Fund.

When we launched the Fund in January 2022, we had several aims. The first of these (which we share in no particular order) was to introduce a strategy with a high impact threshold of 80%. This figure refers to the Fund’s baseline minimum allocation to impact securities – bonds where we could clearly see the “use of proceeds” in terms of the lives improved and carbon averted (for example) – within our four sustainable investment themes. In short, we wanted to develop a fund that gave clients the assurance that impact meant impact.

Our second aim came from a similar place – we set a high standard in terms of the sustainability credentials of the issuer, not just the bond. As a simple example, bonds issued by businesses with poor human rights standards were out, even if the bonds themselves might have been eligible for the Fund due to the nature of the project being financed.

Both the above standards reflect our long-standing commitment to responsible and sustainable investing – in short, our authenticity and values as an investment house.

Third, we intended to take a “finance-first” approach that seeks to generate a market competitive rate of return, in contrast to an “impact-first” approach which accepts a concessionary rate of return in exchange for a threshold level of impact.

This decision has implications in terms of how we target and source impact within the Fund. Our impact exposures are guided by four core pillars: Sustainable Solutions, Social Infrastructure, Health and Wellbeing, and Education, but are also determined by the risk and return profile of the bond itself and how it fits into the portfolio from a traditional investment point of view (duration, credit risk etc). As a result, the largest impact areas in the Fund are to an extent a result of our portfolio construction and wider bond section process.

We have also included highlights of our engagement work in this report, which is another avenue through which we seek to create a positive impact, improving standards at the level of the issuing company and the wider sector in which it operates.

The EdenTree Global Impact Bond Fund remains a highly scalable proposition and is one for which we have great ambition as a vehicle for delivering both a positive financial return and contributing capital to positive social and environmental outcomes.

We hope you find this report informative and welcome your feedback.

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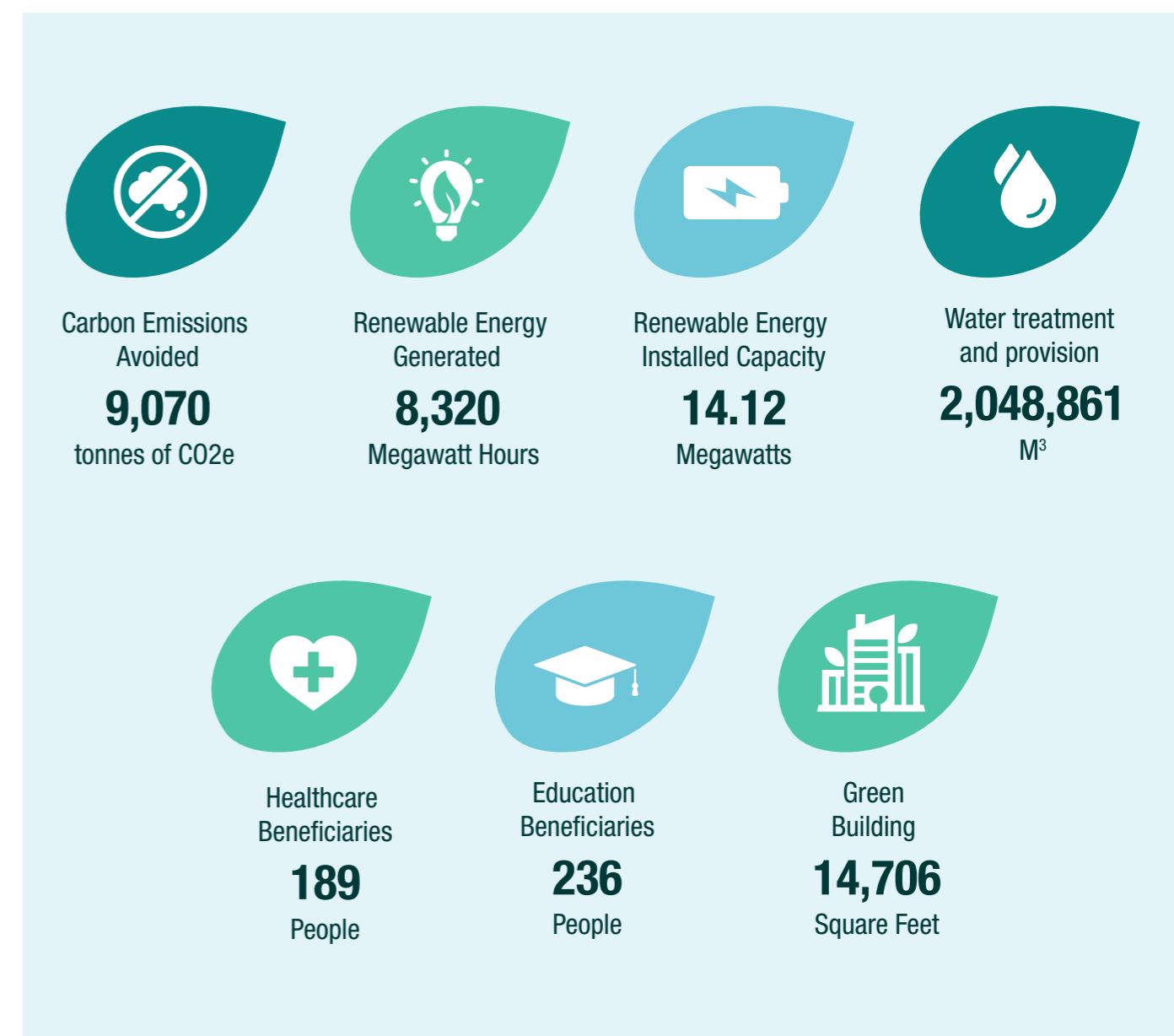
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## About the fund







The EdenTree Global Impact Bond Fund seeks to deliver positive environmental and social impact for our clients alongside generating risk-adjusted performance over the long term. To achieve this, the portfolio principally invests in a globally diverse mix of ESG-labelled green, social and sustainable bonds that contain a use-of-proceeds

provision. Its investment universe also encompasses general corporate purpose debt issued by entities whose products or services offer tangible solutions to the world’s most pressing challenges, guided by the impact pillars of Education, Health & Wellbeing, Social Infrastructure and Sustainable Solutions.







### Impact associated with the Global Impact Bond Fund



## Fund Impact aggregated by theme

	 Carbon Emissions Avoided	 Renewable Energy Generated	 Renewable Energy Installed Capacity	 Number of Social Beneficiaries	 Green Building Floor Space	 Water
<b>Sustainable Solutions</b>	8,254 tonnes of CO <sub>2</sub>	8,326 Megawatt Hours	10.49 Megawatts	2,253 People	14,706 Square Feet	2,048,861 M <sup>3</sup>
<b>Social Infrastructure</b>	816 tonnes of CO <sub>2</sub>	—	—	1,608 People	163.5 Square Feet	—
<b>Health &amp; Wellbeing</b>	—	—	—	189 People	—	—
<b>Education</b>	—	—	—	236 People	—	—
<b>Total</b>	9,070 tonnes of CO <sub>2</sub>	8,326 Megawatt Hours	10.49 Megawatts	2,253 People	14,706 Square Feet	2,048,861 M <sup>3</sup>

## Fund Impact per £1m invested

Per million	 Carbon Emissions Avoided	 Renewable Energy Generated	 Renewable Energy Installed Capacity	 Number of Social Beneficiaries	 Green Building Floor Space	 Water
<b>Sustainable Solutions</b>	359 tonnes of CO <sub>2</sub>	362 Megawatt Hours	0.46 Megawatts	10 People	632 Square Feet	89,081 M <sup>3</sup>
<b>Social Infrastructure</b>	36 tonnes of CO <sub>2</sub>	—	—	70 People	7 Square Feet	—
<b>Health &amp; Wellbeing</b>	—	—	—	8 People	—	—
<b>Education</b>	—	—	—	10 People	—	—
<b>Total</b>	395 tonnes of CO <sub>2</sub>	362 Megawatt Hours	0.46 Megawatts	98 People	639 Square Feet	89,081 M <sup>3</sup>

The largest contribution of impact in the portfolio is achieved via Carbon Emissions Avoided in Sustainable Solutions.

Top 3 Contributors are:

- Co-operative Rabobank
- ING
- ZF Friedrichshafen AG

Social KPIs are consolidated to include number of people impacted by;

1. Financial loans for healthcare services
2. Residential loans and microfinance loans for underserved communities
3. Automotive solutions for people with disabilities
4. Access to affordable medicine
5. Cost of living support
6. Access to education for underserved communities

Green Building Floor space includes buildings that meet regional, national or internationally recognised standards or certifications for environmental performance.

Sustainable solutions feature heavily in the fund as result of green bonds making up the majority of labelled issuance.

Despite there being a number of healthcare companies and solutions available to investors, impact investing for public credit investors remains challenging with the opportunity set still limited within the impact bond space.

Our largest contribution to water comes from Xylem, which design, manufacture and engineer technology for the water industry.

## EdenTree’s Approach to Impact Investing

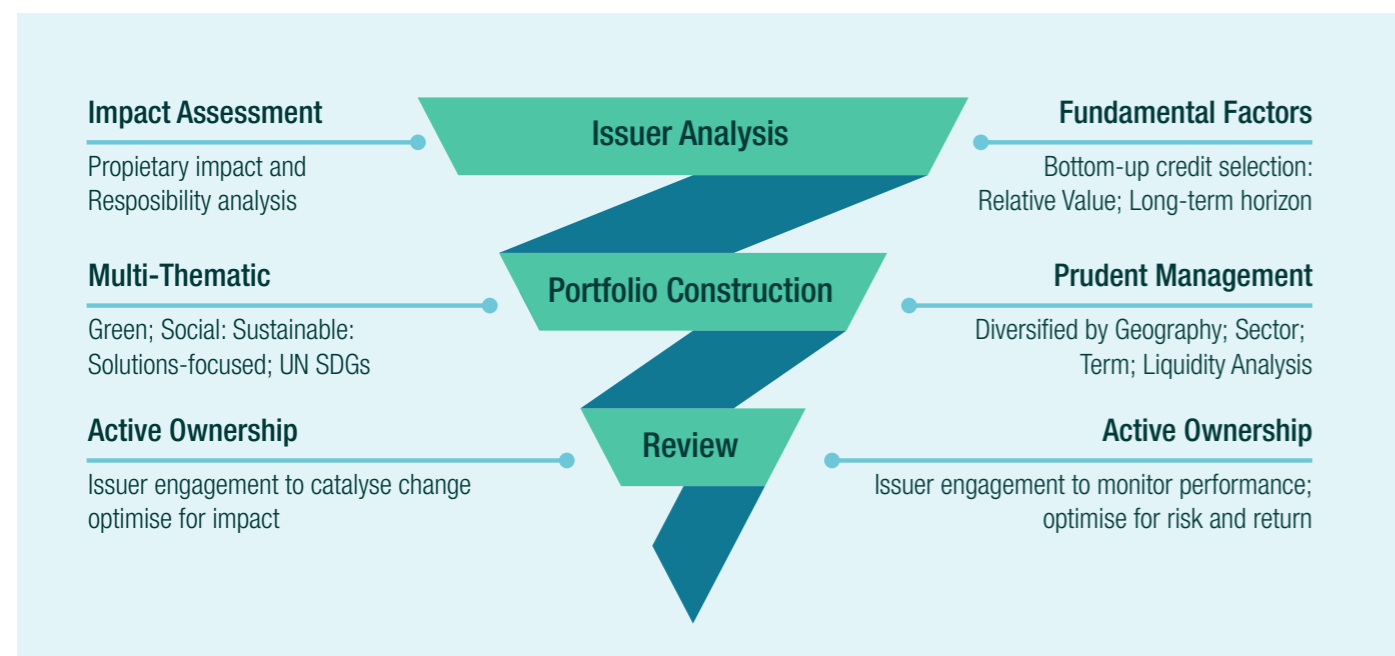
Our investment approach seeks to generate positive, measurable outcomes for people and planet, alongside market-competitive financial returns, by focusing on solutions to the world’s most pressing sustainability challenges.

We focus on the positive impact generated by corporate debt issuers, principally by investing in ESG-labelled bonds and non-

labelled bonds that can help finance tangible sustainable outcomes.

The Fund aims to deliver on its impact objectives in a disciplined and transparent manner. This includes conducting a holistic analysis of bond issuers using our proprietary impact assessment framework, combined with in-depth fundamental credit research (see Figure 1).

**Figure 1. The EdenTree Global Impact Bond Fund investment process**



Our impact assessment framework builds on established frameworks developed by organisations such as the Global Impact Investment Network (GIIN), Impact Investment Institute and the Principles for Responsible Investment (PRI).

In our Global Impact Bond Fund, we focus on three widely accepted pillars of impact investing: intentionality, contribution and measurement, as well as paying specific attention to any potential adverse impacts which is captured via our responsibility assessment, as well as also commending companies who perform well on ESG criteria.

1. We start by assessing the **intentionality** of a prospective investment. The issuer needs to have clear objectives about the impact that the bond is aiming to generate. We consider the stakeholders that the issuer identifies while formulating environmental and/or social objectives, along with the ambition attached to relevant targets.
2. We also gauge an issuer’s **contribution**, seeking to establish whether planned projects:
  - fulfil a sustainability need that may not have otherwise been met; and
  - (ideally) target communities or individuals that are underserved.

We ask which, if any, SDGs the issuer has sought to contribute to by deploying the proceeds of this investment instrument, and what underlying SDG targets it has identified.

3. The desired outcomes must also be **measurable**: issuers should commit to regularly disclosing non-financial, key performance indicators (KPIs) that are tangible and comparable among peers and/or the broader sector, where possible.
4. Finally, we consider it imperative that issuers seeking to generate positive outcomes operate **responsibly**, by endeavouring to mitigate adverse impacts resulting from their wider business activities.

As such, we expect issuers to address potential negative outcomes across their operations, covering the following areas: business ethics, corporate governance, community, employment and labour, environment and climate change and human rights. We also incorporate values-based screening<sup>1</sup> in our analysis to enforce the absence of harm. We aim to ensure that the outcomes generated by the issuer are indeed positive, particularly as recourse is typically to the issuer rather than the specific projects.

“The appeal of impact investing is highly compelling. Not only does it generate market-competitive financial returns, but it also directs capital to some of the most needed projects in the world. This is highly necessary if we are to stand any chance of meeting global sustainable goals. Estimates suggest that, per year, \$2.1tn is needed to achieve the 17 UN SDGs by 2030, whilst \$4tn is needed to achieve net zero by 2050. By mobilising capital towards projects that address these societal challenges, impact investing bridges this gap and provides a way to advance a sustainable future in just and inclusive way.”

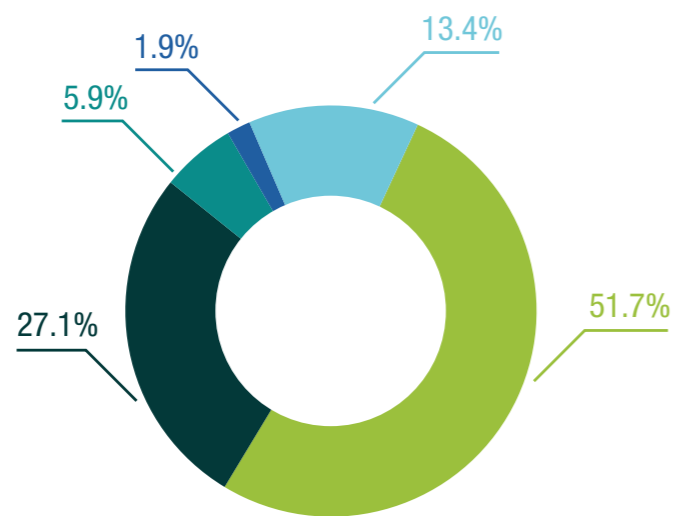
**Amelia Gaston**  
Responsible  
Investment Analyst



<sup>2</sup> Numbers have been rounded

<sup>1</sup> EdenTree (2021) [Approach | Responsible & Sustainable Investment Managers | EdenTree \(EdenTreeim.com\)](#)

## Theme Impact Allocation



### Social Infrastructure

Social infrastructure includes the construction and maintenance of facilities that support social services, including social housing, affordable housing, student housing, urban regeneration and Brownfield Development. The lack of sufficient social infrastructure can result in a blocker for local economic development, leading to deprived areas being 'left behind'.



### Health & Wellbeing

Good Health & Wellbeing forms one of the Sustainable Development Goals. In addition to pharmaceuticals, biotechnology and healthcare, this pillar has expanded over time to include nutrition, diet, and sport. Within Health & Wellbeing we consider bonds that improve access to medicine, affordable healthcare and critical care.



### Education

Education is a human right and it forms one of the Sustainable Development Goals. It forms one of EdenTree's themes because we recognise business has an important role in encouraging and supporting education and development. Within the education pillar, we look specifically for companies that contribute to: education, training, human development, promoting girls education, student housing and support.



### Responsible

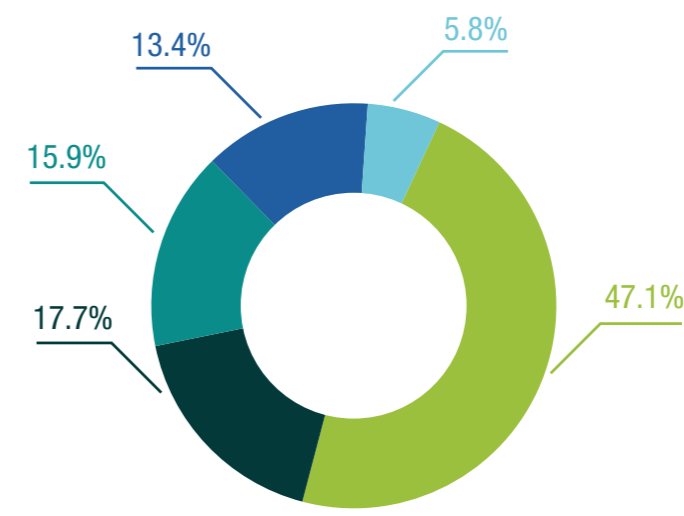
This pillar contains securities held in the portfolio that whilst they do not pass our impact assessment, they nonetheless pass our responsible and ethical screening process.



### Sustainable Solutions

Identifies a company where they are providing goods and services that specifically respond to environmental and social need, or address low carbon and resource depletion imperatives. This includes but is not limited to financial and digital inclusion, renewable energy, pollution prevention, circular economy, sustainable agriculture and water treatment solutions.

## Security Impact Allocation



### Social

Social bonds are used to finance social projects or activities. Holdings include French bank BPCE and Nederlandse Waterschapsbank, the latter providing finance for social housing.



### Sustainability

Sustainability bonds are securities that are used to finance a combination of green and social projects or activities. Examples include European telecom operators Telefonica and Orange where the proceeds are used to reduce the media operator's carbon emissions as well as increasing access to broadband networks for underserved rural areas.



### Responsible

This pillar contains securities held in the portfolio that do not pass our impact assessment, nonetheless pass our responsible and ethical screening process. Examples include non-labelled bonds issued by food group Co-op and telecommunications provider Nokia.



### Non-labelled Impact

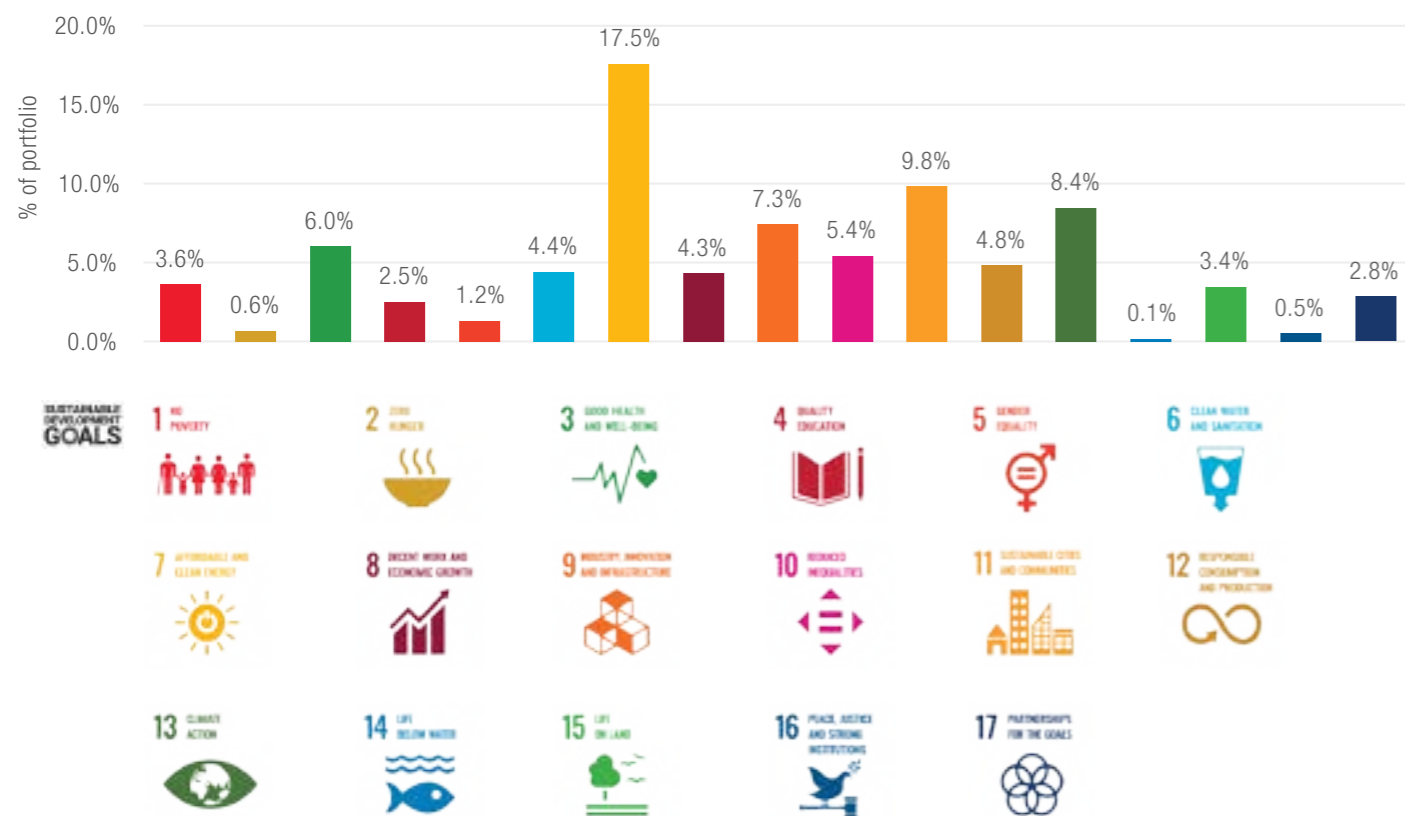
Non-labelled Impact are securities that pass our internal impact assessment but where the issuer has not adopted the ICMA principles. Bonds typically include pure-play institutions whose sole focus contributes towards positive outcomes. An example is IFFIM, the International Finance Facility for Immunisation which is explored further as a case study.



### Green

Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance eligible Green Projects. Whilst the majority of the Green bonds relate to renewable energy and carbon emission reduction, notable holdings also include Xylem, which provide water treatment solutions.

## Portfolio Contribution to UN SDGs



### Why we focus on SDG outcomes

The UN Sustainable Development Goals provide an important framework when assessing the nature of a bond's impact contribution.

With global consumer preferences increasingly influenced by sustainability, the demand for tangible impact measurement is growing. We also realise that sustainable development requires a vast amount of funding, of which there is a shortfall.

Our investment approach seeks to generate positive, measurable outcomes for people and planet, alongside market-competitive

financial returns, by focusing on solutions to the world's most pressing sustainability challenges, such as education, health and wellbeing and social infrastructure.

This forms a core objective of our Global Impact Bond Fund, where we focus on the positive impact generated by corporate debt issuers, principally by investing in ESG-labelled bonds and un-labelled bonds that can help finance tangible sustainable outcomes.

As part of this process, and as mentioned above, we assess which SDGs the issuer has sought to contribute to by deploying the proceeds of this investment instrument and what underlying SDG targets it has identified.

## Case Study Sustainable Solutions: SSE



**SSE plc** is a multinational energy company headquartered in Perth, Scotland, and operates in the United Kingdom and Ireland. It is listed on the London Stock Exchange, and is a constituent of the FTSE 100 Index.

SSE is the largest issuer of Green Bonds in the FTSE100 with £2.45bn outstanding.

The Fund's holdings in its £500m 1.5% 2028 were directly allocated to refinancing of part of Scottish Hydro Electric plc's (SHET) large capital investment programme of eligible transmission network projects in the UK. The latest investments in transmission networks in the north of Scotland are primarily required to provide energy transportation between Scottish renewable generation supply and the UK electricity customer demand.

The projects which the bond was used for include: connecting offshore transmission to company projects.

### SDG:



**GIB Fund reported Impact:** 5 MW Installed Capacity



## Case Study Sustainable Solutions: ING



**ING Groep N.V** (Internationale Nederlanden Groep) is a Dutch multinational financial institution with a strong European base, offering a wide range of banking services in 40 countries to its 38m customers.

ING's Green bond program is designed to meet the funding needs across two sustainable categories, Renewable Energy and Green Buildings. The Global Impact Bond portfolio invests in the 4.625% 2026 USD green bonds. The most recent allocation reports indicates that proceeds are used to initiate loans for Green Residential buildings, Green Commercial buildings as well as wind and solar projects. Despite having a large sustainable finance offering we recognise that it is just as important to address the negative impact that could be generated via other parts of the loan book.

This year we met with the Dutch bank to discuss their decarbonisation strategy on financed emissions. Specifically, we questioned their alignment targets for the shipping sector, which is one of the few they have yet to map a net zero pathway for.

ING use a number of different metrics to ensure overall decarbonization is 'going the right way'. They have halted financing any new oil and gas project with the loan book in long-term run off. The sector scenario approach is the main mechanism for steering the loan book and financing decisions. 2023 will see the fulfilment of most of their sector plans come to the fore. They expect this to lead to more sustainability linked lending labelled as part of the green taxonomy. We remain convinced that they are a leader in this space.



### SDG:



**GIB Fund reported Impact:** 2.06 MW Installed Capacity  
210.56 tCO2e avoided

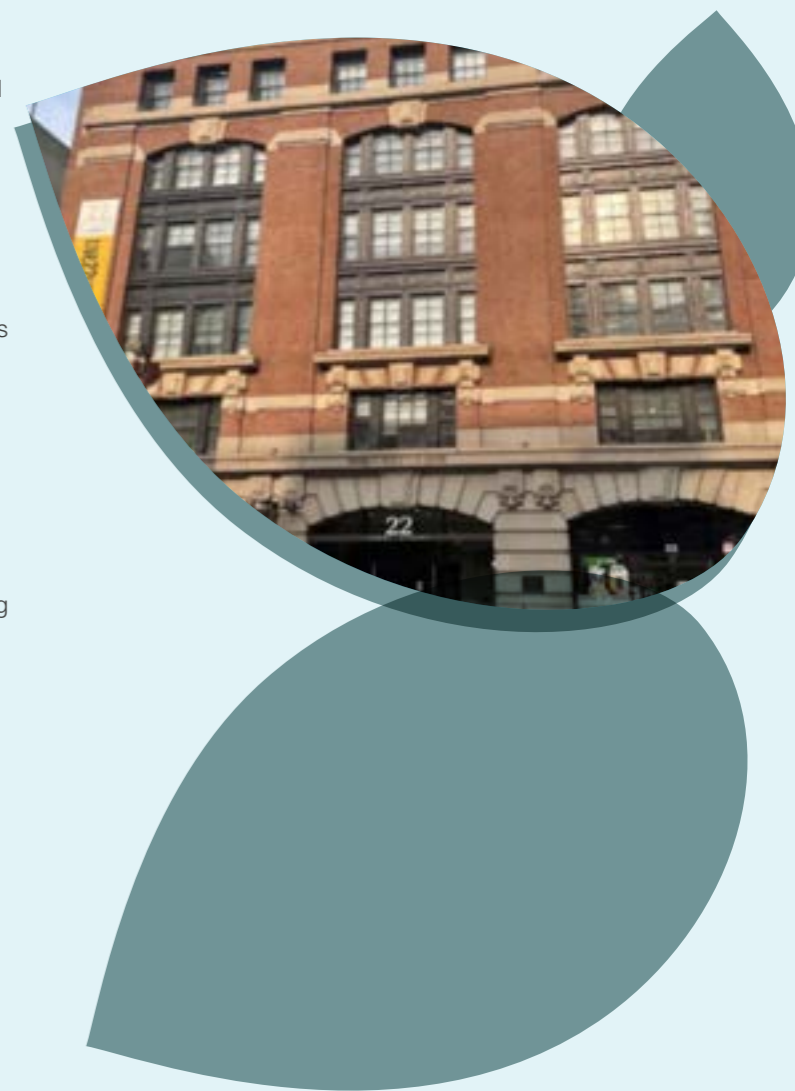
## Case Study Social Infrastructure: Truist



**Truist Financial Corporation** is a US-based financial services company offering banking, asset management and insurance services. The company mainly operates in the areas of Florida, Virginia and North Carolina. Truist describes itself as a 'purpose-driven financial services company committed to inspire and build better lives and communities.'

The EdenTree Global Impact Bond Fund holding in the issuer's inaugural social bond enables it to fund the construction of adequate, safe and affordable housing. Its 22 Light Apartments project, pictured, is a 40-unit mid-rise in Baltimore and a reconstructed landmark that was part funded by proceeds of this social bond issuance. Within this building are affordable housing units, 36 of which are reserved for households earning at or below 60% of Baltimore's area median income.

Through the projects financed by this bond, Truist has thus far constructed 22,000 affordable housing units<sup>2</sup> across 15 US States, contributing to EdenTree's overarching social infrastructure theme as well as the Affordable and Social Housing sub-themes.



### SDG:



**GIB Fund reported impact:** 12.32 Housing Units

<sup>2</sup> Page 5 – [Truist Social Bond Impact Report – Investing in our communities](#)

## Case Study Social Infrastructure: Asian Development Bank



**Asian Development Bank** engages in the provision of trade financing services. It offers investment in infrastructure, health care services, financial and public administration systems, or helping nations prepare for the impact of climate change or better manage their natural resources.

The Fund's holding in the 1.625% 2025 bond contributes to a number of areas outlined in the gender bond program:

- Women's economic empowerment. This includes access to finance, agriculture development, financial literacy and entrepreneurship training.
- Gender equality in human development. This includes education, skills development, training and jobs.
- Reduced time poverty of women. This includes reduced drudgery and time spent on unpaid care and domestic work through infrastructure or affordable family care support.

Highlights of proceeds deployed by ADB gender bonds include the Assam University project in India which is designed to support continuing education programmes benefiting at least 3,600 young women and adults to support their transition into the workforce.

### SDG:



**GIB Fund reported Impact:** Despite generating material impact, ADB and indeed wider supranationals remain difficult to provide an accurate impact attribution, as such we do not record the explicit impact generated as part of the Fund's impact summary.



## Case Study Health & Wellbeing: IFFIm



**International Finance Facility for Immunisation (IFFIm)** is the treasury arm of the Global Alliance for Vaccines and Immunisation (GAVI) and is a AA-rated supra-national entity. Its sole purpose is to accelerate availability of funding from donor countries (largely G7 nations) to the procurement of life-saving vaccines as well as immunisation initiatives around the world, notably towards underserved communities.

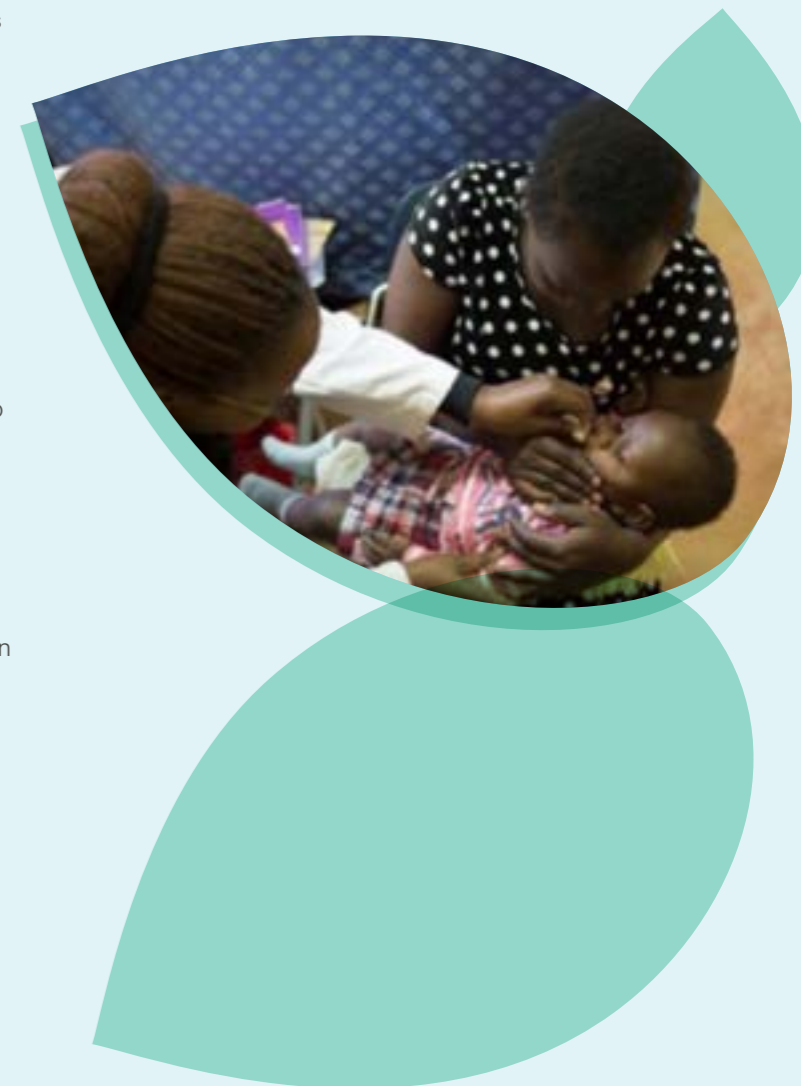
The Fund's holdings in IFFIm 1% 2026 bond and IFFIm 2.75% 2025, whilst both non-labelled, provide US Dollar and Sterling funding respectively entirely for vaccination programmes. These help countries whose immunisation efforts were disrupted by the pandemic to get back on track with desired progress and contribute to EdenTree's Health & Wellbeing pillar and Access to Medicine sub-theme.

IFFIm's overall responsibility as an issuer is assessed via our Oppressive Regime screen as we would sovereign debt and or instruments with explicit government backing. The issuer has nonetheless, since 2006, disbursed \$5.4 billion in support of GAVI vaccination programmes, immunised more than 981 million children and prevented more than 16.2 million deaths, thereby halving child mortality in 73 lower-income countries.<sup>3</sup>

### SDG:



**GIB Fund reported Impact:** Despite generating material impact, IFFIM and indeed wider supranationals remain difficult to provide an accurate impact attribution, as such we do not record the explicit impact generated as part of the Fund's impact summary.



<sup>3</sup> Impact | International Finance Facility for Immunisation (IFFIm)



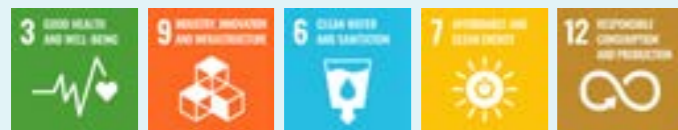
## Case Study Health & Wellbeing: Pfizer



**Pfizer** Inc is a large global pharmaceutical company producing medicines for cardiovascular health, metabolism, oncology, inflammation, immunology and other areas. It operates across both developed and emerging markets, working collaboratively with healthcare providers, governments as well as local communities to extend access to affordable healthcare.

The Fund's holding in its Pfizer Inc 2.625% 2030 sustainable bond sees it fund projects that expand Access to essential services notably towards patients in need of reliable and affordable access to treatments. Pfizer is also allocating funds towards Green Buildings and is also improving the environmental performance of its facilities via enhancing its energy efficiency in addition to reducing pollution & waste and sustainable wastewater management.

### SDG:



**GIB Fund reported Impact:** 189 Patients receiving quality care via the Pfizer foundation.

## Case Study Education: Pearson



**Pearson** is an international publishing and education company focused on schools, higher education and professional segments such as textbooks and digital communications for teachers and students.

The 3.75% 2030 social bonds issued by Pearson will be spent on projects whose primary objective is to advance the UN's SDG 4 – Quality Education.

One of the projects that Pearson have created is their Connections Academy, which is a full-time virtual schools programme that provides high quality education to all. Pearson specifically outlines the target population: undereducated, underserved learners and people with disabilities.

### SDG:



**GIB fund reported Impact:** 236 people have improved access to education

## EdenTree's Approach to Engagement

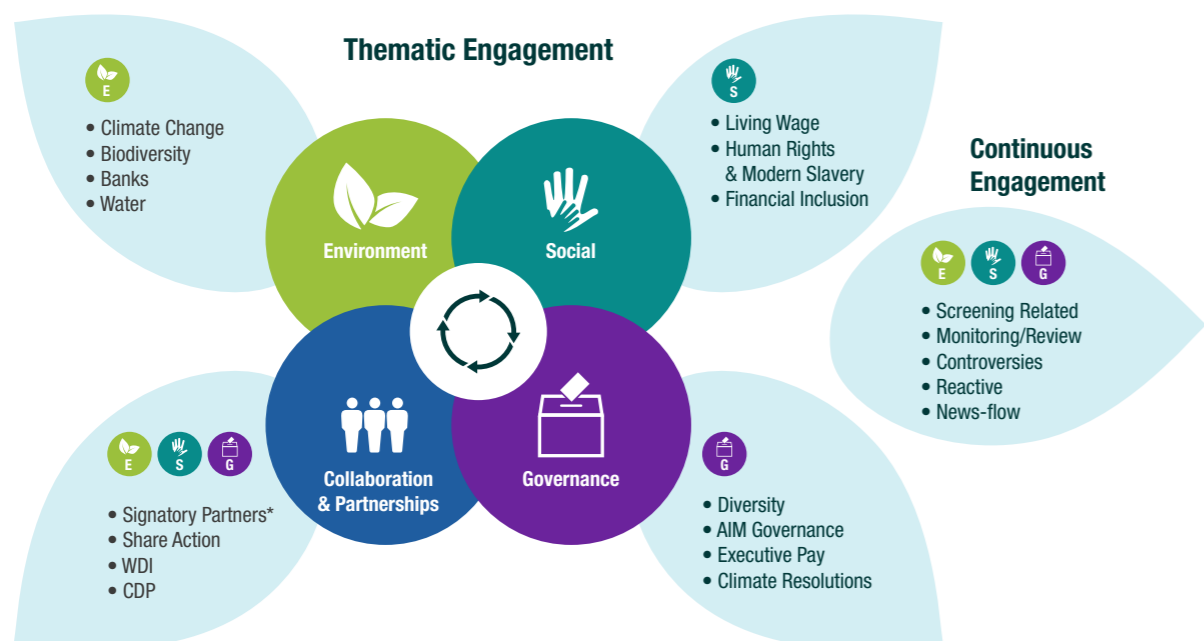
As responsible investors, engagement with companies is one of the most important aspects of our work, and the one which can result in the most profound real-world impacts. We undertake three key 'types' of engagement: thematic; screening related and reactive. Below is the strategy for 2023 which details the thematic areas of focus.

As active fund managers, engaging with investee companies is fundamental to understanding the risks and challenges they face from an environmental, social and governance (ESG) perspective. Engagement is usually prioritised according to risk factors we identify, and we actively monitor ethical and financial issues as part of our research into companies. We believe that the way we engage with businesses enables us to make sound, responsible investment decisions and to act as a force for change. We form constructive long-term relationships with the companies in which we invest and continue to engage with them after we have invested as part of an active, ongoing monitoring programme. Engagement commences at the

investment ideas stage and is intended to either gain information or clarification on key risks, raise concerns and/or raise business standards over time

Engagement is a constant feature of our approach to delivering responsible and sustainable investment for clients. Reactive engagement is conducted on an ad-hoc basis when the need arises. Similarly, screening and review-related engagement is conducted when these are reassessed. Thematic engagement tends to be planned in advance, and are delivered as part of our strategic programme. We track every engagement throughout the course of a year, and publish details in our annual Responsible Investment Activity Report.

We also engage collaboratively with other investors on issues where there is common cause, and work collectively with investors through initiatives such as the Principles for Responsible Investment. Our 'How We Engage' primer provides further information on how we conduct engagement.



\* Signatory Partnerships include: Principles for Responsible Investment; Institutional Investors Group on Climate Change; Task Force on Climate-Related Financial Disclosures; Carbon Disclosure Project; Access to Nutrition Index; Access to Medicines Index; Business Benchmark on Farm Animal Welfare; Corporate Human Rights Benchmark; Farm Animal Investment Risk & Return; Workforce Disclosure Initiative; Montréal Pledge; Paris Pledge; World Benchmarking Alliance; Just Transition Alliance.

## Thematic and Company Engagements

### Water – The Condition of Our Rivers



### Biodiversity – Nature Under Threat



### Banks – Expert Brief



### Gilts – Expert Brief



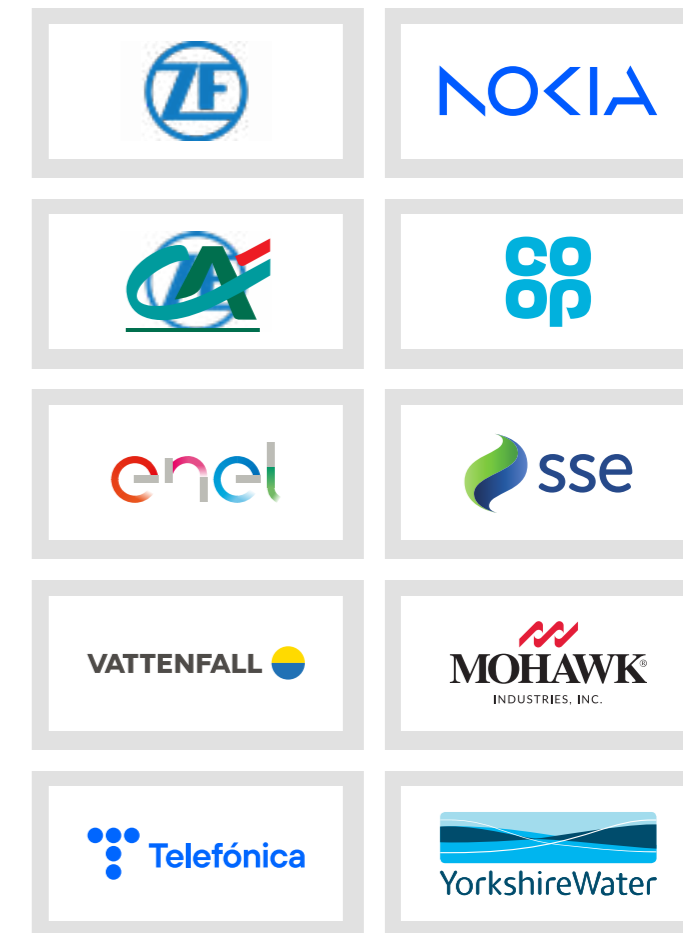
### The Sustainable Development Goals – Expert Brief



### Nuclear Energy – Expert Brief



### Company Engagements



The team have engaged with a number of companies held within the Global Impact Bond Fund, covering a variety of sectors and topics. Examples include meeting with ZF Friedrichshafen AG to ensure that exposure to defence manufacturing was negligible. We also engaged with Nokia on the topic of their controls in high-risk countries following fall out from a competitor in the sector. As part of our ongoing engagement with English water companies surrounding river quality, we met with industry leader Severn Trent who updated us on their strong performance and their long-term resilience strategy. We also spoke to Yorkshire Water who have struggled with pollution incidents. They spoke of their ambitions to improve environmental performance through technology roll out.

## Climate Change

We consider it imperative that issuers seeking to generate positive outcomes also endeavour to mitigate any adverse impacts resulting from their business activities. This includes any impacts relating to climate change, and therefore we monitor closely the carbon-related performance of the Fund.

### Strategy

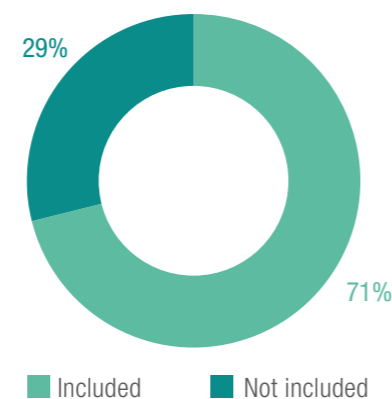
The climate risk associated with the Global Impact Bond Fund is currently managed through EdenTree's broader Climate Strategy, which seeks, amongst other things, to drive decarbonisation and accelerate the climate transition.

As part of the strategy, we have set two climate targets for the Global Impact Bond Fund. These are designed to reduce the real-world emissions associated with the Fund and to place it on a trajectory aligned with the goals of the Paris Agreement. As evidenced below, the Fund is currently on track to meet both targets.

Target	Performance	Status
To maintain an implied temperature rise aligned with 1.5°C	1.5°C	Aligned
To ensure 80% of the Fund's financed emissions are covered by a science-based target by 2025	82%	Achieved

The Fund is also covered by EdenTree's proprietary Climate Stewardship Plan, a tool which allows us to track and monitor the climate-related performance of the Fund's heaviest emitters. At present, three companies, representing 71% of the Fund's financed emissions, are captured by the Climate Stewardship Plan. The Plan sets out 13 climate-related expectations and assesses the performance of the three companies against them. Based on the results, we have identified areas for improvement and translated these into engagement objectives, which we will pursue over the course of three years. This enables us to focus our stewardship activities on the areas where there is the greatest need for change, and therefore where we are likely to have the biggest impact on real-world decarbonisation.

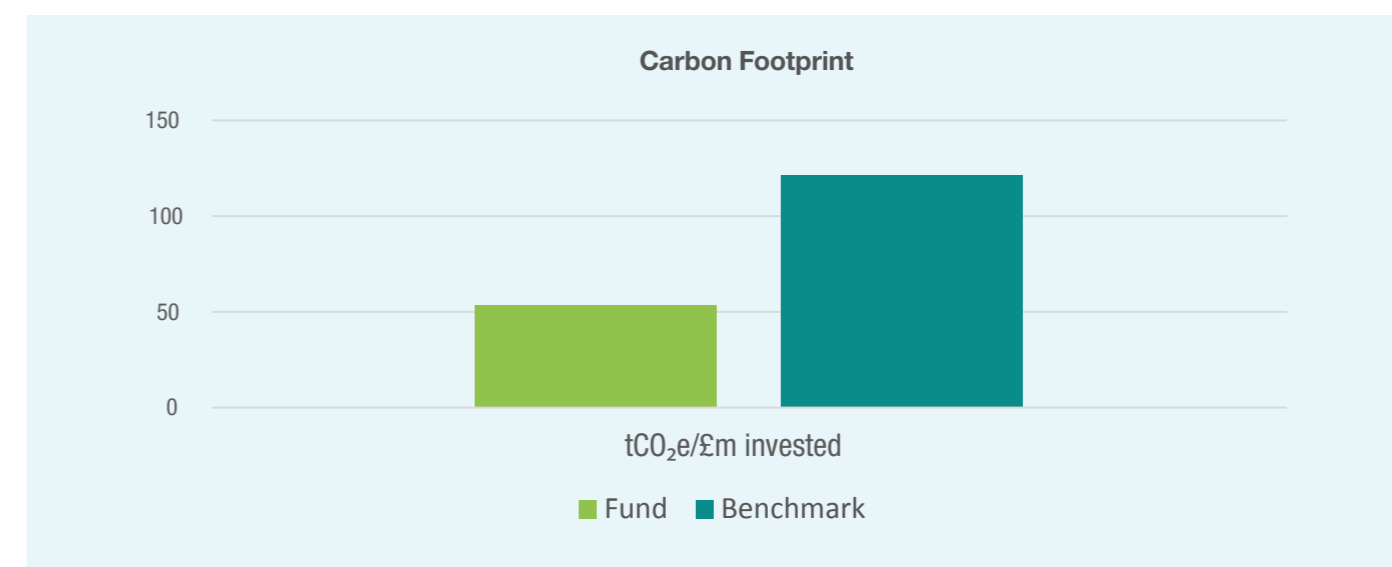
### Financed Emissions Covered by the Climate Stewardship Plan



### Carbon Risk Metrics

We monitor the emissions associated with the Global Impact Bond Fund through an annual carbon footprint assessment. We disclose the results of our most recent assessment below.

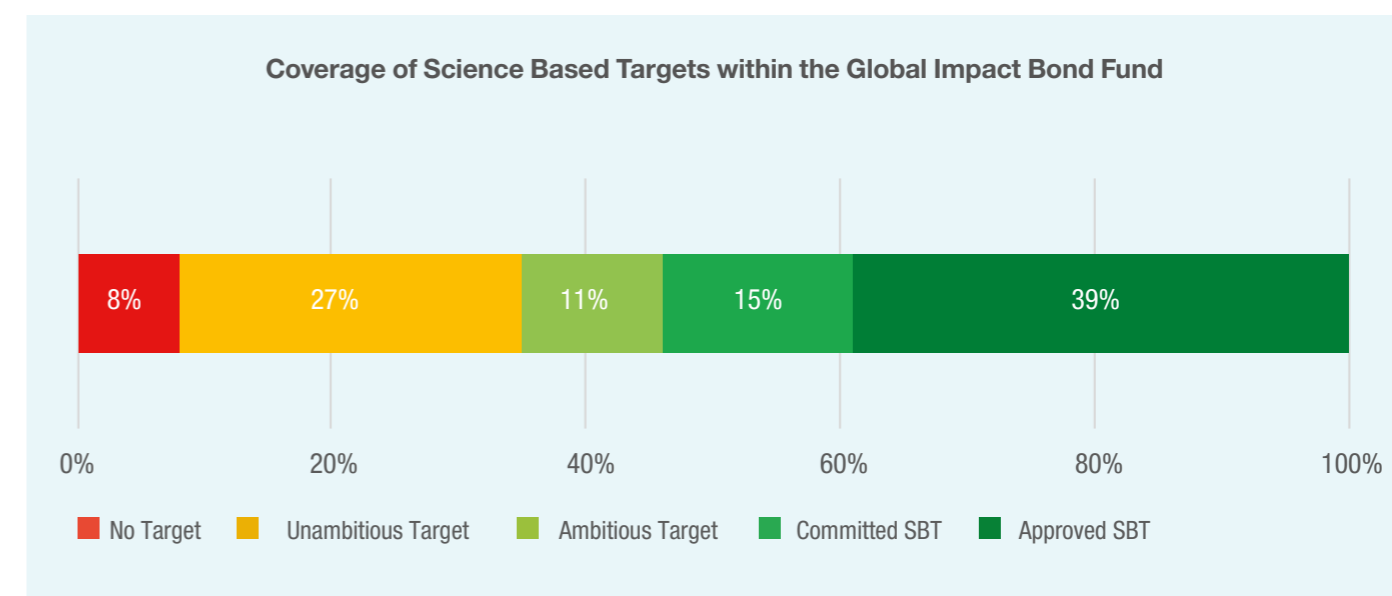
Metric	Fund	Benchmark
Carbon Intensity (tCO2e/£m invested)	53.55	121.18
Weighted Average Carbon Intensity (tCO2e/revenue)	91.74	320.55
Implied Temperature Rise	1.5°C	2.2°C
Approved SBTs (% portfolio weight)	39%	26%
Coverage (% portfolio weight)	87.1%	-



The carbon risk metrics suggest that the Global Impact Bond Fund has a relatively low negative impact from a climate perspective. The Fund's carbon intensity is 55% lower than the benchmark, meaning that for every £ invested the portfolio's companies emit 55% less CO<sub>2</sub>. A similar pattern is seen in the weighted average carbon intensity which is 77% more efficient than the benchmark.

Recognising the backward-looking nature of carbon footprint assessments, we utilise an implied temperature rise metric as a forward-looking complement. Based on current targets, the Fund is expected to be aligned with the Sustainable Development Scenario by 2050, representing an implied temperature rise of 1.5°C.

Finally, we also assess the coverage of Science Based Targets within the Fund. At EdenTree, we place a strong emphasis on Science Based Targets as they provide companies with a clearly defined path to achieve 1.5°C alignment, mandate absolute emissions reductions rather than carbon offsetting, and require companies to tackle the full scope of their emissions. Positively, the 54% of the companies in Global Impact Bond Fund have either set an SBT or committed to doing so – an indication that the Fund is invested in companies with best-in-class climate risk management.



<sup>4</sup> [Green-Bond-Principles\\_June-2022-280622.pdf \(icmagroup.org\)](#)

## Our Impact - A Different Kind of Company

EdenTree are part of the Benefact Group, and ultimately owned by a charity, the Benefact Trust. As an international family of specialist financial services companies that give all available profits to charity and good causes, we're built on the idea that better business, can better lives.

### Socially Positive

Our charitable ownership and commitment to our customers and communities mean we have a unique opportunity to create a positive impact in the world. Since 2016 the Benefact Group has surpassed its giving target of £150m in grants and donations to good causes, making us the third largest corporate donor in the UK. The Group is now aiming to reach an aggregated giving target of £250m by 2025.

#### The EdenTree Community Fund

The EdenTree Community Fund, launched in 2017, is a three-year £150,000 grant to support charities operating in areas that support our core responsible and sustainable investment criteria.

In 2021 EdenTree staff voted on the themes and charitable projects we will be supporting as part of the Fund's next three-year cycle, which commenced in January 2022. The chosen themes were Education, Mental Health & Wellbeing and Environment.

The charities we are supporting with £30,000 and £10,000 multi-year grants are: Blind in Business, the Drop-in Bereavement Centre and Walworth Community Gardening Network. London Community Foundation (LCF) is our charitable partner in longlisting and facilitating projects. We are delighted with the impact these grants have made in just one year.



We are proud to be part of the Benefact Group a diverse family of specialist financial services businesses, driven by our shared ambition to do right by our customers and clients, and united by a common purpose to give all available profits to charity and good causes. We're built on the idea that better business can better lives.



The Benefact Group is the third largest corporate donor to good causes, having given over £100m in charitable donations.



Being owned by a charity – Benefact Trust – places good intentions at the foundations of our Group. Whether in specialist insurance, investment management, broking or advisory, every business that makes up the Benefact Group is a specialist in their respective field. Together we provide Responsible and Sustainable investment, protection of iconic buildings and world heritage sites, and trusted advice to people and businesses.

## Methodology

We collect data on the positive impact associated with the products and services provided by the issuers in the strategy. We collect this data from reports issued by the underlying securities. Typically, this will be labelled bond impact reports (verified in accordance with the ICMA principles<sup>1</sup>), or where unavailable, impact bond frameworks.

Impact data that we receive from issuers is not always consistent. The following provisions have been used when determining an issuer's impact:

- Due to the nature of how bond proceeds are deployed both the expected impact (ex-ante) and actual impact are used interchangeably
- The full-year impact is accounted for regardless of when a security was added to the portfolio.
- Where company impact reports are inadequate or missing, KPIs are not recorded. No estimations or comparable projects were used in the calculations.

Having determined the positive impact that is associated with the products and services of each issuer, we then calculate the positive impact associated with the Fund's specific share of financing in each issuer. To do this, the total positive impact of the issuer is multiplied by the fraction of a bond's ATM outstanding that is owned in the strategy.

### Impact indicators used

**Avoided emissions (tCO<sub>2</sub>e):** Emissions reductions that occur outside a product's lifecycle or value chain as a result of the use of that product. The metric is reported in tonnes of CO<sub>2</sub>e. We converted any figures reported in KtCO<sub>2</sub>e or MtCO<sub>2</sub>e.

**Renewable energy installed capacity (MW):** The amount of electricity a generator can produce when it's running at full operation. The metric is reported in megawatts (MW), and we converted any figures reported in kilowatts.

**Renewable energy generated (MWh):** The amount of electricity generated by a power plant. It reflects the capacity of a renewable energy plant multiplied by the amount of time that capacity is in use.

**Social beneficiaries (# people):** The number of people that have benefited from the issuance of the bond. This includes, but is not limited to, the number of patients reached, the number of people housed and the number of learners reached.

**Green building floor space (SQ FT):** The total floor space of buildings classified as 'green' or 'sustainable'. It includes buildings that meet regional, national or internationally recognised standards or certifications for environmental performance.

**Water saved/ treated/ provided (m<sup>3</sup>):** The volume of water treated/ saved/ provided by the products and services financed by a bond. It is reported in m<sup>3</sup> and alternative metrics were converted.

## Our Fixed Income Team

### A highly experienced sustainability-orientated investment team

The Global Impact Bond Fund is co-managed by David Katimbo-Mugwanya and Michael Sheehan. Both have a strong pedigree of managing fixed income assets, meaning their combined skill set presents a powerful and authentic track record of sustainable and responsible investing.

David and Michael can also harness the diverse skills and experience of EdenTree's wider equity and fixed income investment managers and dedicated responsible investment team, share research insights, generate ideas and analyse opportunities.



**David Katimbo-Mugwanya**  
Head of Fixed Income



**Michael Sheehan**  
Fund Manager