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EdenTree Global Impact Bond Fund

Annual Impact Report

to December 2024

Sustainability Impact

Message from Andy Clark, CEO

An impact pioneer

It is with pleasure that I introduce the third annual impact report for the EdenTree Global Impact Bond Fund.

The launch of the Fund in January 2022 was a seminal moment for us as a business. As our first formal impact strategy, the Fund heralded the start of a movement into impact investing that encapsulates our core purpose as a business and our approach to sustainable investing, which has been built up over decades.

Our business was built in the late 1980s upon ethical foundations that provided a springboard for us to expand into sustainable investing. Our approach pays attention to not just *what* a company or other bond issuer produces but *how* they produce it, as we seek to support positive outcomes through both our investment and stewardship activities.

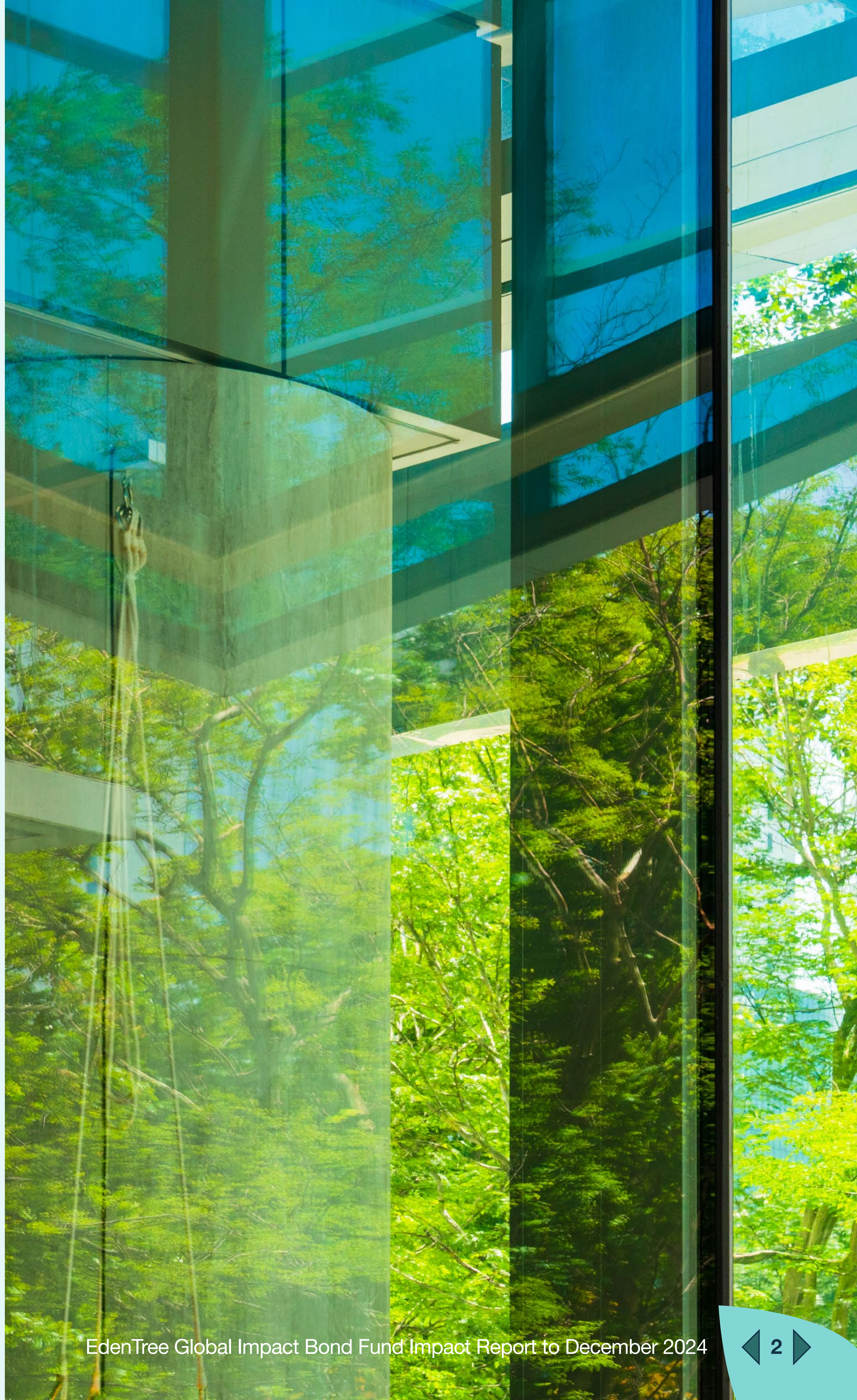
Generating positive social and environmental outcomes is central to our purpose – not only in terms of the outcomes we seek as impact and sustainable investors but as a charity-owned business whereby all distributable profits support charitable causes. Our ultimate parent is the third largest corporate donor in the UK.

When launching the Fund, it was important to us that we could offer clients an investment vehicle that seeks to deliver competitive returns and a legacy of real-world positive impacts. This required a robust framework built on high standards, with a minimum of 80% of the Fund's assets delivering on the Fund's impact goal and sustainable investment hurdles for the issuers themselves, not just the bonds on issue.

With the introduction of the FCA's Sustainability Disclosure Regime (SDR), it was logical for the Fund to formalise this intention with a clear theory of change and adoption of the Sustainability Impact label. The adoption of this label made us the only investment house, at the time of writing, with sustainability impact labels across three asset classes – listed equities, listed infrastructure and fixed income – a distinction of which we remain proud.

Andy Clark
CEO, EdenTree Investment Management

To note: The data provided in this report is based on the Fund's holdings as at the 31 December 2024 and uses data from company-reported figures for 2024, when available, or the most recent report when not. Please see section 12 for more information on Data Methodology.



Impact by numbers

£27.1m
Assets under management (US$33.9m)

84%
Assets under management contribute to the Fund's impact goal

2,893.6 tCO_2e
Metric tonnes of CO_2e avoided through renewable energy generation and resource efficiency*

173.2 tCO_2e
Metric tonnes of CO_2e avoided per £m invested

3,593 Beneficiaries
Number of underserved beneficiaries (e.g education, healthcare, financial services)

215 Beneficiaries
Number of underserved beneficiaries per £m invested

3,896.9 MWh
Renewable energy produced

238.6 MWh
Renewable energy produced per £m invested

3.8 MW
Renewable energy capacity installed

0.23 MW
Renewable energy capacity installed per £m invested

1,755,528 m^3
Water treated

206.9 m^3
Water treated per £m invested

***Footnote:** Data sourced from Luxembourg Green Exchange, based on issuer reports. The figures are based on the Fund's holdings as at 31.12.24, drawing from the most recent reported data from underlying holdings in the Fund, which may be based on earlier periods than the year to 31.12.24 due to the cycle of company reporting. Incomplete data is omitted for holdings where disclosures do not provide enough information for adequate disclosure calculations. To reduce the risk of overrepresenting impact, we reduce reported data by 10% or 33% based on how data is reported to account for the likelihood that bond proceeds form part of wider impact financing for a given project. Please see the Data Methodology section at the end of this report for more details.

Public market impact investing requires integrity and authenticity, in particular given challenges related to claims of additionality, impact measurement and attribution. We believe we have an important role in improving methods, influencing both underlying holdings and working with other practitioners to improve standards through groups such as the Impact Investing Initiative.

Impact with integrity: our core principles

The following principles inform our approach to public market impact investing:

Impact investing in public markets is inherently direct and active; the ability to divest when impact expectations are not met is as important as the ability to actively seek out and participate in impact opportunities that come to market and, in some cases, engage to influence the pipeline of opportunities.

Impact investing requires patience and a collaborative, long-term approach to form constructive, influential relationships with underlying holdings. Collaborating with actors supporting similar goals strengthens the foundations of positive outcomes.

We believe combining asset allocation decisions with stewardship activities can drive enduring change, supporting real-world outcomes, innovation and market growth while limiting harms.

Our finance-first approach to impact investing can attract a wider pool of investors, leading to long-term growth in capital available for positive real-world outcomes.

Foreword

David Katimbo-Mugwanya Head of Fixed Income | **Mike Sheehan** Fund Manager **Michael Moir** Senior Credit Analyst | **Aaron Cox** Impact Strategist

David Katimbo-Mugwanya
Head of Fixed Income

Michael Sheehan
Fund Manager

Michael Moir
Senior Credit Analyst

Aaron Cox
Impact Strategist

The months since we issued the Fund's last impact report have been characterised by significant change.

This has obviously been most acute in global politics. The Trump Administration's policy agenda, which has included swingeing trade tariffs and the introduction of the fiscally challenging 'Big Beautiful Bill,' has rattled markets, as has the pattern of policy flipflopping that has ensued following bond-market disquiet. At the time of writing, the US dollar has fallen sharply and there is growing distrust in the US as a trade partner, as well as a safe-haven investment.

The introduction of trade tariffs is potentially inflationary and demand dampening. This has raised the spectre of stagflation, with the US Federal Reserve reluctant to change interest rate settings thus far in 2025. The Bank Rate in the UK has been cut three times in 2025 but by 25 basis points (bps) each time. These three smaller rate cuts have largely been due to domestic challenges, as the government seeks to address fiscal imbalances and stimulate growth.

The European Central Bank, meanwhile, has continued its easing cycle that commenced in 2024.

Labelled bonds

For sustainable investors, the Trump Administration's anti-ESG agenda has had a range of negative effects. A number of institutions have watered down policies such as Diversity, Equity and Inclusion (DEI) and have pulled out of net-zero climate alliances. From a regulatory standpoint, the US's SEC has amended its asset ownership rules, making it more difficult for asset managers in the US to engage with businesses with the purpose of influencing business practices based on ESG considerations.

Bond market volatility, along with this agenda, has slowed issuance activity in the ESG labelled bond market for corporate issuers, especially in the US (see Figure 1).

More encouragingly, we have witnessed an increase in the number of sovereign governments issuing labelled bonds. The number of sovereign green, social and sustainability (GSS) bond issuers has expanded to 59, with 37 from low and middle-income countries.

Another positive development has been the introduction of the EU's new Green Bond Standard (EuGB), which builds on the voluntary ICMA Green Bond Principles and includes formal standards for EU Taxonomy-aligned project eligibility, enhanced reporting and tighter regulatory oversight. This is a welcome development, which will further raise issuance standards and will help investors monitor use of proceeds intentions and impacts.

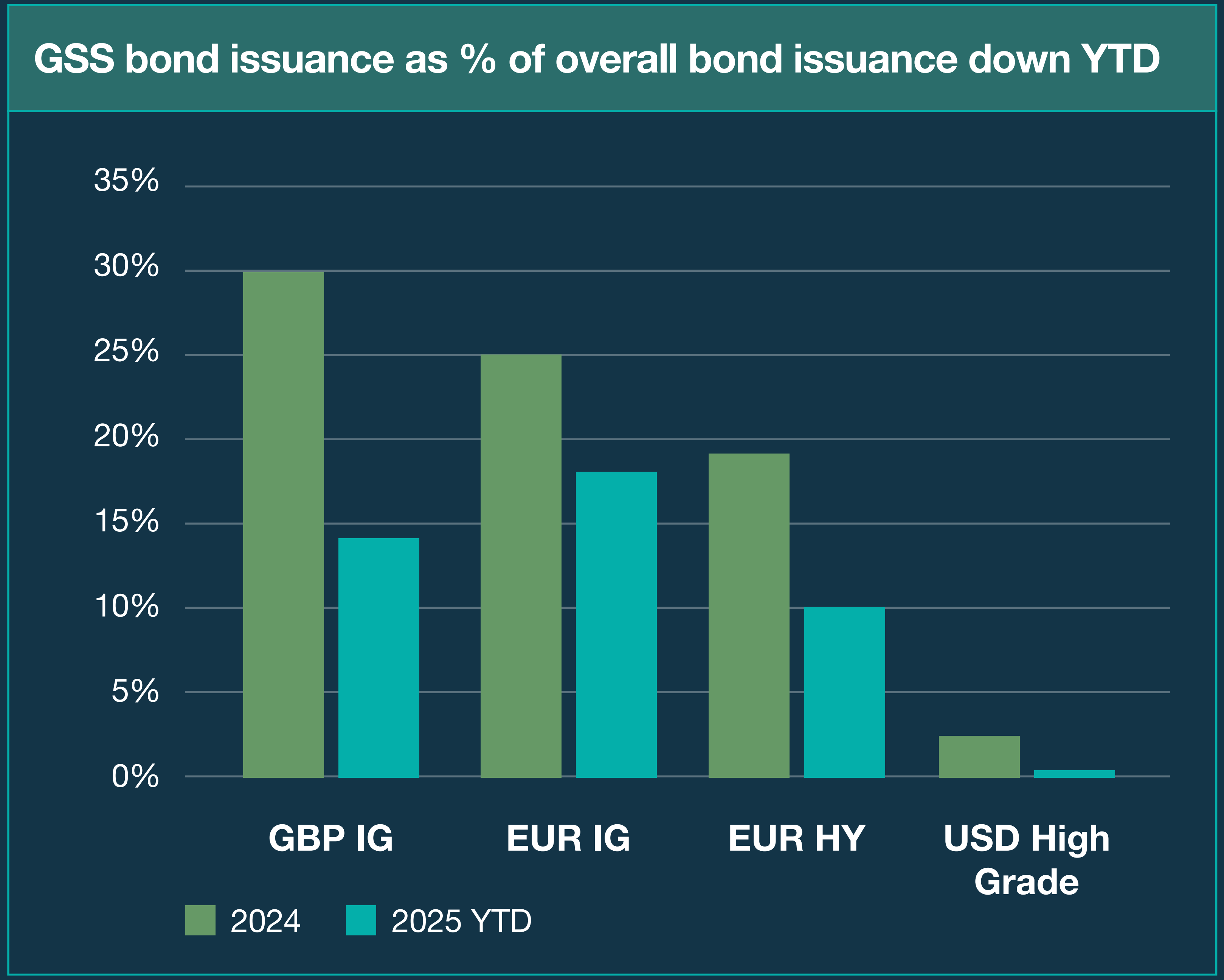
Fund formally adopts impact label

Change has also been a theme for the Fund this year – although in a more positive way than seen in the market backdrop. Most notable has been the adoption of the Sustainability Impact label on 3 February 2025. At the time of writing, the Fund was one of two UK fixed income funds to have adopted the Impact label. In our view, this is testament to the rigour of our impact approach, which assesses both the credentials of the issuer as well as the bond itself and seeks to positively influence impact through a range of engagement themes.

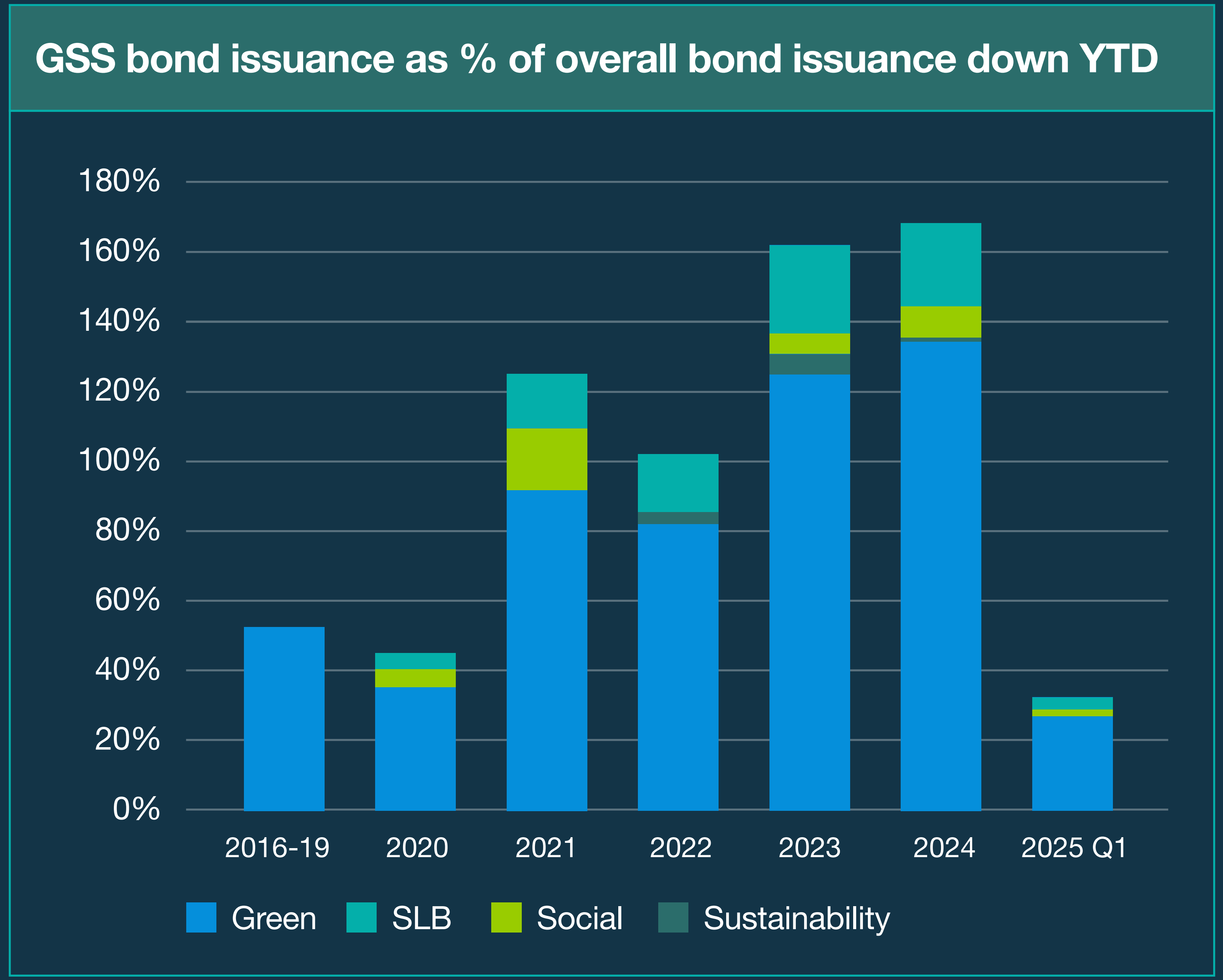
In our last impact report, we outlined some of the implications of the label's adoption. This report is an expression of those changes in practice and includes details of the Fund's new theory of change and key performance indicators (KPIs) as well as our augmented engagement approach. Our overall asset selection is largely unchanged.

A point to note on the impact metrics shown in this report is that the introduction of a narrower range of key performance indicators (KPIs) related to the Fund's climate (avoided emissions) and social (number of underserved people) aims, as well as the use of third party data provider Luxembourg Green Exchange (LGX), has resulted in a more conservative calculation of the Fund's overall impacts. This marks something of a reset – a position from which to build upon the positive impacts the Fund is already achieving.

Figure 1: GSS bond issuance falls in 2025



Source: JPMorgan Global Research 23.06.25



Source: JPMorgan Global Research and the Climate Bond Initiative 23.06.25

A further important development has been our involvement in the Impact Investing Institute's Community of Practice for Public Market Impact Investing. This group brings together key industry peers with the express aim of improving standards, encouraging consistency and transparency and, ultimately, increasing impacts. These are endeavours we wholeheartedly support, and we were pleased to host the fixed income focused session of the community of practice at EdenTree's office in March this year.

Despite the headwinds to sustainable investing, we remain steadfastly committed to our aim of delivering both measurable real-world impact and a competitive financial return for our investors.

We hope you enjoy the third edition of the Global Impact Bond Fund's Impact Report.

Sustainability objective

To generate positive environmental and social impacts with the following goals:

I. To support a reduction in the level of greenhouse gas (GHG) emissions caused by human activity by investing in bonds that provide sustainable solutions and engaging with the companies that issue them. This includes solutions that increase the provision of environmental solutions such as renewable energy, enabling a circular economy or improving water management. This will be measured in tonnes of carbon dioxide equivalent (CO_2e) avoided on an annual basis.

II. To support an increase in access to basic services for underserved communities by investing in bonds that contribute to the themes of Social Infrastructure, Health and Wellbeing, and Education and Financial Inclusion and engaging with the companies that issue them. For example, for the Social Infrastructure theme, issuers, through the terms of the bond or its products/services, increase the development of social infrastructure for underserved communities. This includes the construction and maintenance of social and affordable housing, access to digital services and urban regeneration. This will be measured by the total number of beneficiaries across the Fund's themes on an annual basis.

The bonds may be labelled bonds (such as green, social and sustainability bonds) whose proceeds will be used in a way that aligns to these themes, or non-labelled bonds issued by entities whose products or services demonstrably contribute to the themes.

The fixed income market provides a breadth of opportunities for impact investing, and the Fund holds a globally diversified portfolio of bonds across a range of impact themes. The investment thesis for holding each issuer is based on the combination of its impact and long-term financial return. We consider the Fund's impact and financial goals to be complementary and are not looking to compromise on either or deliver concessionary financial returns. As such, the impact intention will not be detrimental to the risk and return profile of the Fund.

Sustainability approach

The EdenTree Global Impact Bond Fund invests to help address the human-made causes of climate change and to support the provision of basic services to underserved communities. It does this by investing across four themes.

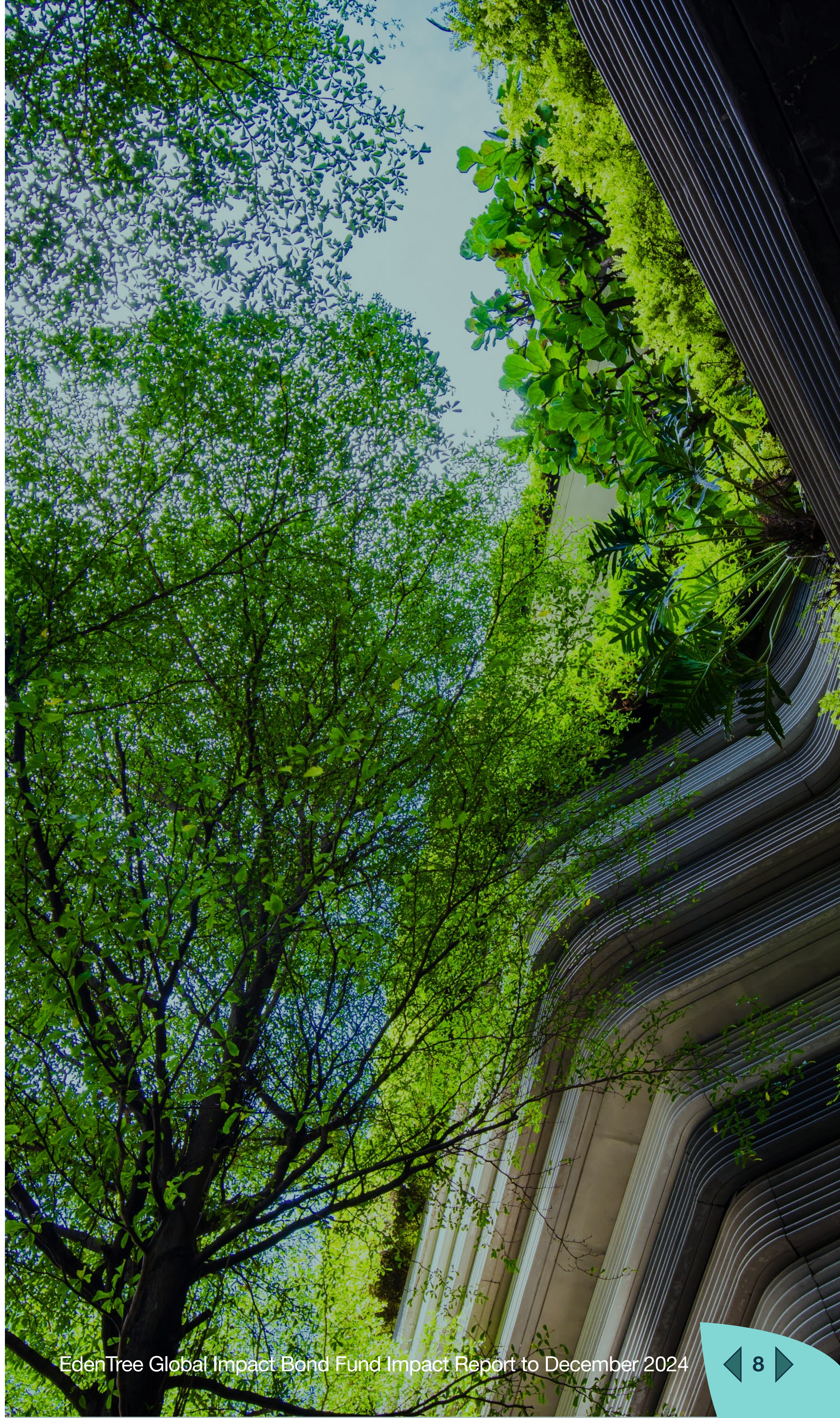
The Sustainable Solutions theme guides the Fund towards investment in bonds whose proceeds support the provision of solutions that lead to the avoidance of harmful greenhouse gas emissions. The Social Infrastructure, Health and Wellbeing, and Education and Financial Inclusion themes guide the Fund towards investments in a variety of solutions for the advancement of underserved communities through the provision of basic services. The use of proceeds of some bonds provide impacts across more than one theme and a small percentage provide both social and environmental benefits.

The framework supports the Fund's financial goals, providing diversified sources of investment returns and exposure to a relatively broad range of businesses and economic dynamics.

Social Infrastructure	Health & Wellbeing	Education & Financial Inclusion	Sustainable Solutions
Issuers which, through the terms of the bond or its products/services, increase the development of social infrastructure, such as the construction and maintenance of facilities that support social services, including social, affordable housing; access to digital services; and urban regeneration, especially for underserved communities.	Issuers which, through the terms of the bond or its products/ services, increase access to medicines, healthcare and critical care, especially for underserved communities.	Issuers which, through the terms of the bond or its products/services, increase access to education, training and human development, and increase financial and digital inclusion, especially for underserved communities.	Issuers which, through the terms of the bond or its products/services, accelerate the provision of environmental solutions such as renewable energy, building efficiency, water management, and the circular economy.

Source: EdenTree (Global Impact Bond Fund 31.12.24)

The Fund assesses the combined financial and impact potential of each holding on its merits and may not invest in all themes at all times.

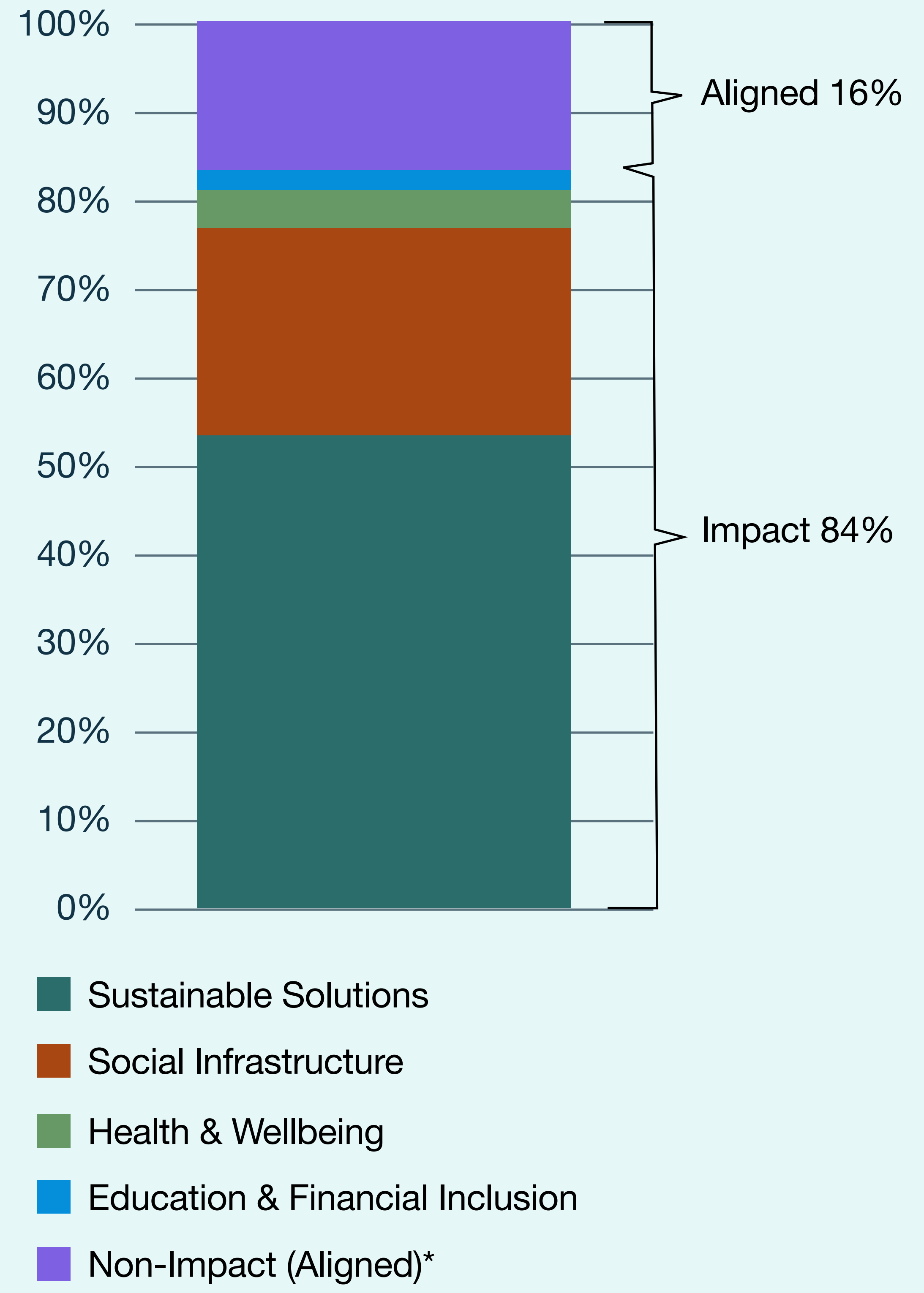


The Fund largely invests in ESG-labelled bonds with a focus on green, social and sustainability bonds, as well as non-labelled bonds issued by entities whose impact programmes, products or services directly support positive impacts in alignment with the Fund's themes and theory of change.

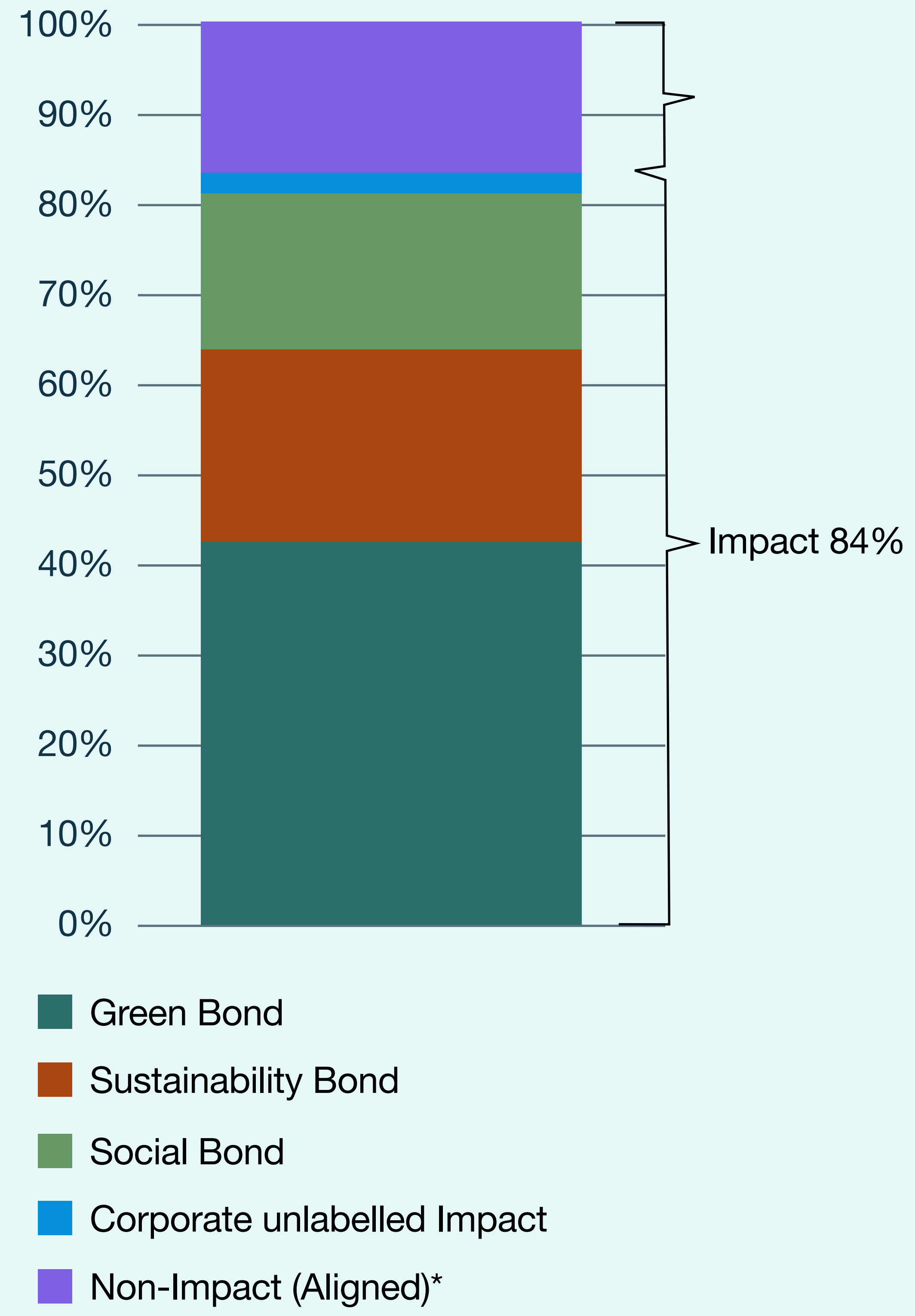
At a minimum, the Fund is required by SDR regulations to invest a minimum of 70% of assets in impact holdings, which provides flexibility for the Fund to invest in assets that do not contradict its stated impact objective, thereby enabling for efficient portfolio management.

In practice, we expect this to be comfortably higher; at the end of 2024, some 84% of the Fund was invested in what we consider to be impact holdings. The remainder of the Fund (c.16%) was invested in assets which, while they did not fit the Fund's thematic framework and overall impact goal, did not contradict what the Fund was seeking to achieve. This included a range of non-labelled corporate bonds issued by companies that passed our screening for responsible business, as well as UK and US government bonds.

Fund impact theme exposures total 84% of AUM



GSS labelled bonds total 81% Unlabelled corporate total 3%



Source: EdenTree (Global Impact Bond Fund as at 31.12.24); *Non-impact (aligned) holdings are positions that do not contribute to or contradict the sustainability goals of the Fund and are typically held for diversification and risk management purposes.

For details of the Fund's investment objective, investment policy and sustainability approach please refer to the Appendix 1. Additional information can also be found in the Fund's **Prospectus**, Key Investor Information Document (KIID) and 2-page Sustainability Disclosure.

The Global Impact Bond Fund's theory of change: supporting climate and social goals

The 'theory of change' provides a rationale – or chain of logic – behind what the Fund invests in and why. It outlines the positive changes that are intended through the Fund's investments and underpins the processes by which we select assets and engage with companies to enhance outcomes.

The Global Impact Bond Fund's theory of change is built upon two global systemic problems: 1) that human-induced GHGs in the Earth's atmosphere are the chief cause of climate change, as supported by scientific consensus, and 2) that current economic practices contribute to the unequal provision of, and access to, basic services in many parts of the world, which restricts development and has created underserved communities.

The Fund seeks to be part of the solution to these issues by investing in green, social and sustainability (GSS) labelled bonds, with clear use-of-proceeds frameworks for delivering impact, and non-labelled bonds of companies providing vital solutions that help reduce the rate of harmful GHG emissions and/or support the provision of basic services. The Fund reports progress against its sustainability objective annually, measured in emissions avoided (tCO_2e) and number of underserved beneficiaries (number of people).

Based on 2024 data, the Fund's theory of change has the following logic chain:

Problem

- GHG emissions are leading to damaging climate change; the planet is at risk of warming by 1.5°C relative to pre-industrial levels within 20 years.
- US$1.5 trillion of investment is required every year to 2030 for tripling of renewable energy capacity and doubling of energy efficiency, as outlined in the UAE Consensus at COP28 in Dubai, up from US$570 billion in 2023[1].
- UN Trade & Development (UNCTAD) estimates that meeting the UN SDGs will require $5.4 trillion to $6.4 trillion annually from 2023 to 2030, which includes both social and environmental goals. The existence of underserved communities has accentuated social problems such as poverty and poor health, which pose significant sustainable development challenges. Increasing access to basic services amongst underserved groups can be an effective way of reducing poverty and generally increasing development opportunities.

Activities

- Directing capital to issuers, products, services or assets that enable a reduction in the level of GHG emissions or support the provision of basic services across four pre-defined themes.
- Engaging with at least 70% of holdings per five-year period to encourage an increase in climate solutions and to reduce potentially negative outcomes that might result from the provision of these solutions.

Outputs

- 84% of the Fund's assets under management (AUM) invested in impact holdings (labelled and non-labelled bonds) across Social Infrastructure, Health and Wellbeing, and Education and Financial Inclusion themes.
- Engagements across 15% of holdings in 2024, primarily with a focus on a Just Climate Transition, with additional engagements related to water stress and pre-investment screening.

Outcomes

- Avoided emissions of **2,893.6 tCO_2e** equivalent to **173.2 tCO_2e** per £million invested and **3,593 underserved beneficiaries** equivalent to **215 underserved beneficiaries** through the use of proceeds and activities of bond issuers.

Impact

- Reduced climate-related risks compared to a scenario where the clean solutions of investee companies had not been provided and increased support for underserved communities in areas such as healthcare, education and social housing.

[1] Global Goal of Tripling Renewables Needs USD 1.5 Trillion Investment Per Year

What is impact?

Aaron Cox Impact Strategist

'Impact' implies that an investment is a catalyst or contributor to positive change for people and planet. It should be intentional and, where possible, measurable. We discuss the challenges related to measurability later in this report.

It should be an activity with an 'additionality' quality, providing an increase in a solution beyond business as usual (BAU). Additionality is an outcome that would not have occurred in the absence of a technology or solution, which in the case of the Fund refers to solutions that either directly or indirectly help to avoid harmful GHG emissions.

A question of *who owns impact* is an important one when it comes to understanding investment impact.

Take a simple example: the shift from internal combustion engine (ICE) cars to electric vehicles (EVs), which should reduce GHG emissions and ultimately have the impact of mitigating climate change. In this example, is the impact owner the consumer who decides to purchase an EV instead of a car with an ICE? Or is it the manufacturer of the EV that has managed to produce an appropriate substitute to an ICE vehicle at a competitive price? Or is it the supplier of the battery and other unique components required to manufacturer the EV – a role in the value chain often called an 'enabler'? Perhaps it is the investor that provides capital vital for research and development in the production of the EV?

The simple answer is that impact involves many factors. In this example, each party contributes to the overall impact that EVs are having in replacing ICEs. 'Attributing' the sources of impact to each contributor is challenging, especially for complex environmental and social problems such as climate change.

It is for this reason that impact investing, especially in public markets, is led by 'intentionality,' with key performance indicators (KPIs) used to verify the progress a fund makes towards achieving its impact goal.

Intentionality sets an impact fund apart from a non-impact fund. In the case of the Global Impact Bond Fund, this is to pursue investments that reduce the reliance on fossil fuels in the economy and/or increase the provision of basic services, helping to tackle and mitigate the causes of climate change and improve developmental pathways for underserved communities. This sets the purpose of the Fund, steering its investments and our engagement activity towards a core goal of supporting the Fund's theory of change.

There are two levels of impact within the Fund:

Asset contribution, which is the contribution provided by the underlying investments through the use of proceeds as outlined in respective bond labelling frameworks, which are aligned with at least one of the Fund's themes and support the theory of change.

Investor contribution, which is where we seek to create 'additionality' – that is an increase in the assets' activities beyond a BAU scenario – by engaging with companies, seeking to reduce potential negative impacts associated with solutions and improve impact returns on proceeds (e.g. when use of proceeds are not deployed in a manner expected) and the terms associated with future issuance for specific impact outcomes. Each engagement has a bespoke KPI that links back to the Fund's impact goal.

Recognising the inherent challenges related to measuring impacts and attributing them to the various stakeholders in the value chain, we believe it imperative that we act with transparency and integrity – an ethos we have followed when preparing this report.

Aaron Cox
Impact Strategist

How we measure progress

Key performance indicators

We measure the Fund's progress towards achieving impact through two primary KPIs: **the quantity of harmful GHG emissions (tCO_2e) avoided and the number of underserved beneficiaries (number of people) supported**.

The data for these metrics is sourced from 3rd party data vendor Luxembourg Green Exchange (LGX) as well as the disclosures of the issuers themselves. This data represents the collective progress made by the assets held within the Fund during 2024 and therefore reflects the 'asset' contribution to impact.

As outlined below, we engage with companies on a range of issues and themes with the aim of ultimately increasing the rate of impact and reducing potential negative impacts that might occur along the way.

We expect each of the Fund's underlying holdings to contribute positively towards the Fund's KPIs.

In cases where data is not available and cannot be estimated due to limited company disclosures, we aim to engage with the company to request improvements to their disclosures.

In addition to the Fund's core KPIs, we measure three additional theme-specific sustainability metrics, which provide a more detailed picture of the sorts of activities that are contributing to the Fund's overall impact goal.

These include:

- **Renewable energy installed capacity (MW)** - the amount of electricity a generator can produce when running at full operation.
- **Renewable energy generated (MWh)** - the amount of electricity generated by a power plant.
- **Water saved/treated/provided (m^3)** - the volume of water that is treated/ saved/provided by a company's products and services.

What are avoided emissions?

Avoided emissions data shows a hypothetical difference between the emissions caused by a green activity (including life-cycle analysis) compared to a BAU scenario. In the case of renewable power generation, avoided emissions are calculated by comparing the emissions produced by the renewable power generated by a wind or solar farm to the average emissions intensity of the electricity grid. This average includes a mix of energy sources, both green and grey, and serves as a proxy for the emissions that would have been generated if the same amount of electricity was supplied without the wind or solar farm. See the data methodology section below for more information.

Avoided emissions are sometimes referred to as a company's "Carbon Handprint" or "Scope 4" emissions, although many industry standards discourage these terms as they can lead to confusion about how they differ from other activities aimed at meeting net zero.

Indeed, avoided emissions represent one of three important pillars – along with 'reduced emissions' and 'negative emissions' – for achieving net zero (see table below). Unlike the activities involved in the other two pillars, avoided emissions occur through the use of a product as a substitute for a higher emitting alternative – they are based on implied market activity.

This contrasts with the reduced emissions pillar where a company seeks to manage and reduce its operational and value-chain emissions that fall within the Scopes 1, 2 and 3 emissions framework.

Negative emissions include activities such as forestry, where trees store carbon, or indeed, the purchase of carbon credits from regulated markets such as the European Emissions Trading System, where the purchase of credits removes the pollution permitted from a range of sectors to the value of those credits.

Although the Fund's climate-related avoided emissions KPI is measured in terms of the emissions avoided through the use of proceeds of assets held, the Fund's wider activities can contribute positively to all three pillars, with the reduction in Scope 1, 2 and 3 operational emissions part of our Just Climate Transition engagement strategy to reduce potential negative impacts, while direct investment in natural capital assets, as well as EU ETS carbon allowances (held as complementary assets), supports the negative emissions pillar.

Decrease in emissions		Increase in carbon removal
Reduced emissions Pillar A A company's efforts to reduce value chain emissions – Scope 1, 2 and 3.	**Avoided emissions** Pillar B A company's contribution to avoided emissions through the productions of solutions with lower lifecycle emissions than a reference scenario (e.g. wind farm compared to average grid GHG intensity).	**Negative emissions** Pillar C Development of carbon sinks, natural capital (forestry) or offsets (such as carbon credits or power purchasing agreements).

Based on World Business Council for Sustainable Development (WBCSD) Avoided Emissions Guidance.

Sustainability metrics

Asset-level impact

Primary Key Performance Indicator (KPI)			Further Metrics		
2024 Impact Data	Carbon Emissions Avoided (tCO_2e)	Number of underserved beneficiaries (#)	Renewable energy generated (MWh)	Renewable energy installed capacity (MW)	Water saved/ treated/ provided (m^3)
Total Portfolio Value	**2,893.57**	**3,593.10**	**3,986.85**	**3.80**	**1,755,528.01**
Per £m Invested	**173.17**	**214.79**	**238.60**	**0.23**	**206.92**

Source: EdenTree and LGX based on portfolio holdings on 31.12.24.

In 2024, the Fund's assets, weighted according to holding sizes, produced an implied avoided emissions figure of 2,893.57 tCO_2e equivalent to 173.17 tCO_2e per £1 million invested and supported 3,593 underserved beneficiaries (approximately 215 per £1million invested). These figures reflect the impact associated with the use of proceeds for labelled bonds, and the activities of issuers for non-labelled bonds. It is important to remember that this data, while based on our revised impact framework that we developed to adopt the Sustainability Impact label, is based on 2024 data, which is a period before the Fund formally adopted the SDR label on 3 February 2025.

Impact by theme

At the theme level, the distribution of impacts over 2024 was largely to be expected, with assets from the Sustainable Solutions theme producing the majority of the Fund's avoided emissions data, while the social-orientated themes produced impacts for underserved beneficiaries. There were some exceptions, with a select group of bonds producing green co-benefits (i.e. both positive environmental and social impacts). These included the labelled sustainability bonds issued by the International Development Association and Santander. The bonds held in the Fund from these issuers seek to achieve green, social and sustainability impacts, although with a tilt towards supporting outcomes for underserved communities.

As we highlight below, there are gaps in our data due to a lack of disclosures from issuers, either due to the bond being a recent issue or a decision by the issuer not to provide regular reports, instead relying on pre-issuance frameworks as a guide to the use of proceeds. Data disclosure quality is an important aspect of impact investing in fixed income, and we will be prioritising this theme as part of our engagement work in 2025.

Impact Theme	(tCO$_2$e) avoided	Energy or electricity produced, renewable (MWh)	Installed energy or electricity capacity, renewable (MW)	Water treated (m^3)	Beneficiaries (#)
Sustainable Solutions	2,709.4	3,795.7	1.6	1,755,528.0	2
Social Infrastructure	184.1	191.2	2.2		214
Health & Wellbeing					3,302
Education & Financial Inclusion					76
Grand Total	**2,893.54**	**3,986.83**	**3.80**	**1,755,528.01**	**3,594**

Source: EdenTree and LGX, 31.12.24. Unless specified, data is based on impact holdings only.

Impact by holding

The table on page 16 shows some of the lead contributors to the Fund's impact KPIs. It includes institutions from a variety of sectors, with this breadth emblematic of the wide range of opportunities to be found for impact investing in the fixed income market. Below are highlights about the key contributors to the Fund's KPIs, as well as two case studies – one green and one social. However, there are a few points to highlight about the key contributors at the holding level.

Carbon emissions avoided (tCO_2e)

In 2024, the largest contributor to the Fund's avoided emissions KPI came from green bonds issued by the German government (Bundesrepublik Deutschland). The Fund held both the 2033 and 2050 maturities issued from the German government under the same green bond framework. Germany has a well-established labelled bond framework, with issuances across the yield curve. Roughly half of its programme supports low energy transport infrastructure (e.g. rail), with large portions of the remainder allocated to domestic alternative energy projects and offshore green development projects. The bond's transportation focus explains why it does not contribute significantly to the Fund's additional metrics related to the installation and generation of clean power. It is worth noting that we are gradually reducing exposure to sovereign bonds in the portfolio. Creating additionality through engagement with sovereigns can be difficult to achieve (although we have been actively seeking to have a positive influence, participating in a collaborative engagement with the EU as detailed below).

Green transportation was also a key theme that ran through another lead contributor, ZF Europe Finance. ZF is a privately owned business and a leading global technology company developing low carbon solutions for the transport and industrial sectors. Some 76.1% of the bond's proceeds have been allocated to the manufacture of low carbon technology for the transport sector, while 23.9% have been allocated towards renewable energy.

AXA was another notable contributor to the Fund's avoided emissions core KPI, as well as the additional metric of renewable energy generated. AXA has long recognised that it can play an important role in financing the sustainable economy and has been an active issuer of GSS labelled bonds for several years, as well as a key contributor to the development of ICMA's green and social bond principles. The proceeds from AXA 2041 Green Bonds held in the portfolio have supported the development of renewable energy capacity (49% of proceeds), sustainable forestry (26%) and green buildings (25%). AXA's GSS bond framework has a maximum three-calendar year look-back period.

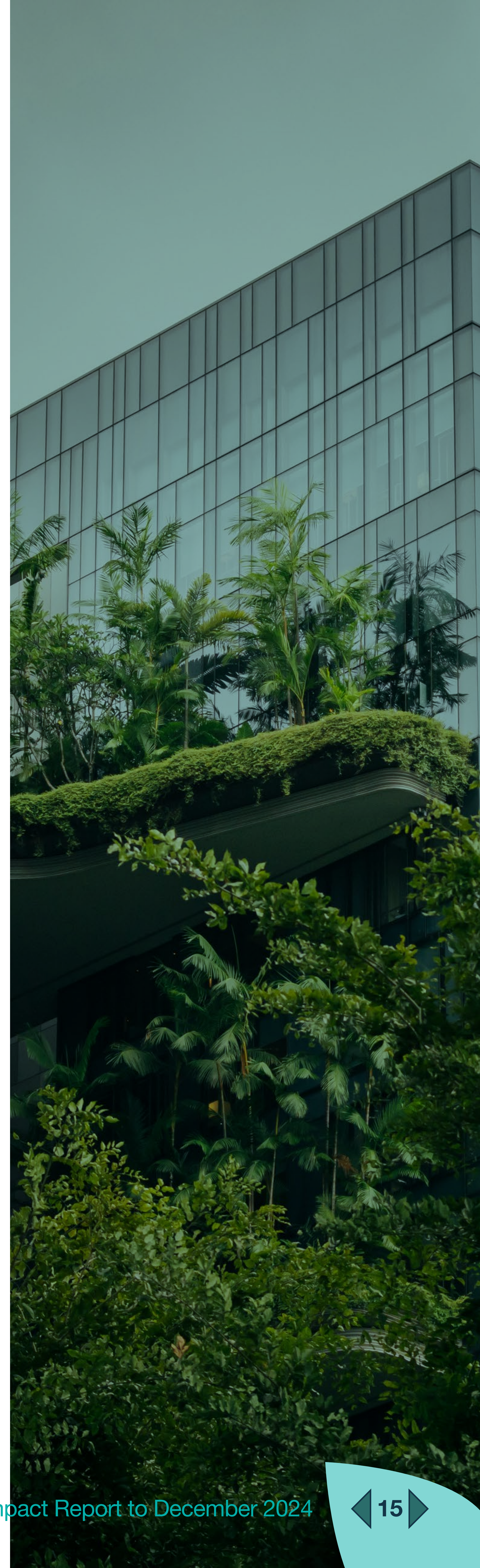
Also of note was Bazalgette Finance, a key contributor to the water saved and treated metric. Bazalgette funded the Thames Tideway Tunnel, a project that incorporated steps to reduce the carbon footprint of the Tunnel during the design phase and also avoided emissions during the construction phase of the project. This included initiatives to reduce the embodied carbon of some of the concrete, the adjustment of the routes to reduce materials and tCO_2e, and to use biodiesel in the marine fleet, with the river Thames used for transport of construction materials and tunnel spoil where possible as a replacement for higher-emitting heavy goods vehicle (HGV) road transit.

Underserved beneficiaries

Impact contributors to the Fund's social impact aims came from a variety of sources. Caisse D'Amortissement de la Dette Sociale (CADES) and International Finance Facility for Immunisation (IFFIm) supported social outcomes for underserved communities. CADES is a French state-owned administration body that issues bonds against social security debt, which are linked to a range of social outcomes. Its beneficiaries are vulnerable social groups; for example, ageing populations, people with disabilities and those living below the poverty line. IFFIm contributes funds to support the Global Vaccine Alliance's (GAVI) vaccination programme and has contributed to the immunisation of some 233 million children through the life of its programme. We estimate the Fund's holding has been aligned with the immunisation of some 16,286 beneficiaries during 2024.

The Fund's longstanding holding in Pearson Funding continued to support educational programmes to increase access to essential services such as technology and scholastic materials. We are mindful that Pearson does not provide regular impact reports on the activities of its social bonds, which is a disclosure gap we seek to pursue through our engagement programme for the Fund.

The inclusion of telecoms giant Orange as a key contributor to positive social outcomes might surprise some investors in the Fund. Orange took steps in 2021 to increase social and environmental accountability in its operating model, issuing a sustainability bond split between green and social projects. The bond's proceeds have been fairly evenly split between the two themes, with capital allocated to support digital and social inclusion (e.g. through the development of infrastructure for underserved communities) and green initiatives such as energy efficiency and circular economy projects that included extending the life of products through better design, recycling and the reuse of equipment.



Disclosure rates

It is important to note there are gaps in the reporting by issuers, which have the effect of providing an incomplete picture of the overall impact of the Fund and leading to the concentration of impact to a small pool of issuers. Our 3rd party data provider LGX, which has one of the largest repositories of labelled bond impact data in the industry, has captured data for 35 out of 59 impact bonds held at the end of 2024 nonetheless. In many cases, issuers have not provided post-issuance impact reports, instead relying on pre-issuance frameworks as a guide to how proceeds have been allocated. Where possible and relevant, we have sought alternative sources of data to supplement the output from LGX. See our data methodology section below for more information.

Sourcing impact data for development banks, for example, has historically been challenging due to the complexity of these organisations and the range of projects they support. It is our intention to engage more widely with issuers where we believe disclosure quality can be improved and take a firmer stance where disclosure quality has a more prominent role in the investment process.

Primary Key Performance Indicator (KPI)		Further Metrics		
Carbon Emissions Avoided (tCO_2e)	**Underserved Beneficiaries (#)**	**Renewable energy generated (MWh)**	**Renewable energy installed capacity (MW)**	**Water saved/treated/ provided (m^3)**
Bundesrepublik Deutschland (Green Bond)	**Caisse D'Amortissement de la Dette Sociale** (Social Bond)	**ZF Europe Finance** (Green Bond)	**AXA** (Green Bond)	**Bazalgette Finance Plc** (Green Bond)
ZF Europe Finance (Green Bond)	**Orange S.A.** (Sustainability Bond)	**AXA** (Green Bond)	**Cooperatieve Rabobank** (Green Bond)	**Xylem** (Green Bond)
AXA (Green Bond)	**Pearson Funding** (Social Bond)	**Cooperatieve Rabobank** (Green Bond)	**Omers Finance Trust** (Sustainability Bond)	
Verizon Communications (Green Bond)	**Motability Operations Group** (Social Bond)	**Iberdrola** (Green Bond)	**Iberdrola** (Green Bond)	
Cooperatieve Rabobank (Green Bond)	**International Bank for Reconstruction and Development** (Sustainability Bond)	**Santander Holdings (USA)** (Sustainability Bond)	**Santander Holdings (USA)** (Sustainability Bond)	
	IFFIm (Non-labelled)			

Source: EdenTree and LGX based on portfolio holdings on 31.12.24. Each contributor is ranked by its contribution to the Fund's impact, apart from IFFIm, which was a key non-labelled bond issuer and social impact contributor within the Fund.

Annual change in impact

As we highlighted in the Fund's Annual Impact Report to March 2024, which included impact data for 2023, we revised the Fund's core KPIs during the process of securing the Sustainability Impact label. As a result, we track the Fund against a narrower group of KPIs, which are more explicitly linked to the Fund's impact objective and newly articulated theory of change. Introducing a 3rd party data model has also resulted in a methodological change, with additional assumptions about financing rates that have generally led to more conservative assumptions about the Fund's impact and the decision to avoid estimations where issuer reporting is opaque. This is reflected in generally lower impact rates in this report than the previous impact report. The table below shows last year's reported impact data for comparison.

	Carbon Emissions Avoided (tCO_2e)	Renewable Energy Generated (MWh)	Renewable Energy Installed Capacity (MW)	Water treated/provided (m^3)	Financial Inclusion Beneficiaries (#)	Healthcare Beneficiaries (#)	Education Beneficiaries (#)	Green Building Floor Space (ft^2)
Fund Impact Aggregated by Theme								
Sustainable Solutions	5,501	3,150	4.13	2,033,812	–	–	–	17.484
Social Infrastructure	345	830	0.31	–	1,547	13,997	12	–
Health & Wellbeing	–	–	–	–	–	121	–	–
Education	–	–	–	–	–	–	8,600	–
Total	5,846	3,980	4.44	2,033,812	1,547	14,118	8,612	17,484
Fund Impact per £1m invested								
Sustainable Solutions	214	123	0.16	79,137	–	–	–	680
Social Infrastructure	13	32	0.01	–	60	545	0	–
Health & Wellbeing	–	–	–	–	–	5	–	–
Education	–	–	–	–	–	–	335	–
Total	227	155	0.17	79,137	60	550	335	680

The data provided in this table is based on the Fund's assets under management (AUM) as at 31 March 2024 and uses data collected as at 31 March 2024 from reports issued by the underlying securities, typically referring to activity in 2023. See the EdenTree Global Impact Bond Fund Impact Report to March 2024 at www.edentreeim.com for further details.

Case studies

The following case studies provide a snapshot of our impact assessment approach and some of the ways holdings in the Fund contribute to the Fund's broader impact objective.

When building an impact case, we identify prospective holdings based on their contribution to one of the Fund's themes and then conduct an impact assessment, which at a minimum considers three factors:

Intentionality: We assess the intentionality of a prospective investment to ensure a clear contribution to a reduction in greenhouse gas emissions and/or greater access to basic services.

Labelled bonds, such as green, social and sustainable bonds, have use-of-proceeds provisions that explain how the proceeds will be allocated, the expected objectives of the bond and the impacts the bond is aiming to generate.

Non-labelled bonds must be issued by entities whose products or services make a material positive contribution to one of the four investment themes. We will assess how much of the issuer's expected revenue or capital investment is aligned with the investment themes and, therefore, with the Fund's sustainability objective.

Contribution: Whether the planned projects fulfil a social or environmental need that would have otherwise not been met.

Impact measurement and credibility: We seek assurance that the bonds impact framework is credible, measurable and has a robust reporting framework that provides evidence of how proceeds are used and their impact.

Operations: The issuer's operations need to pass our sustainable screen, which includes an assessment against baseline standards (exclusions) and an evaluation of positive sustainable business practices.

Engagement case studies Verizon Communications Inc.

The following two case studies are bond holdings that contribute to the Fund's avoided emissions KPI and the number of underserved beneficiaries KPI, respectively.

Both bonds have been held for over two years, which reflects our aim to support impacts by building relationships with issuers who appreciate the commitment from their investors.

Each bond's contribution might appear small compared to the overall impacts of each bond due to relatively small holding sizes. They are only two examples in a diversified portfolio, so are not representative of the entire Fund.

Issuer: Verizon Communications is one of the largest telecommunications companies in the world. The US-domiciled company operates in over 150 countries, serving 146 million wireless retail connections. Powering telecommunications networks requires significant electricity, and this is the largest source of emissions for the company.

Verizon has ambitious plans to achieve net-zero operational emissions by 2035, which includes targets to source 50% by 2025 and 100% by 2030 of its electricity usage from renewable energy equivalents. The group has also committed to set a Science-based Targets Initiative (SBTi) approved target to reach net-zero emissions across its value chain by 2050. Given the geographical breadth of its operations, it relies heavily on the grid, and its model for decarbonisation has evolved to issue green bonds for the purchase of long-term renewable energy purchase agreements (REPAs) for solar and wind developments. These agreements support the greening of the grids in various states in the US. The company's green bond programme historically allocated a small proportion of issuance proceeds to green buildings, energy efficiency, and biodiversity and conservation.

Source: Green Bond Impact Report 2025, based on data as at 01.02.2025

This bond has been held in the portfolio since soon after the Fund's inception in 2022.

Fund theme and KPI: Sustainable Solutions, Avoided Emissions

Label: Green

Issue terms: US$1 billion, Coupon 3.875%, Issuance Date 2019, Maturity 2029

Theory of change

With the proceeds of this bond, Verizon purchases REPAs to support the development of new renewable energy infrastructure. Most energy is produced by burning fossil fuels, which emits carbon dioxide into the atmosphere. A reduction in energy use means less fossil fuels are burnt, which will lead to a reduction in global greenhouse gas emissions.

The 2019 issuance, which we hold, also invested in green buildings, supporting a LEED Gold or higher certification, which contribute to emission reductions from its wide-ranging property portfolio.

Contribution

Verizon is one the largest corporate buyers of REPAs in the US, having participated in agreements to support some 3.7 gigawatts (GW) of renewable energy capacity. This has been backed by the issue of six green bonds since 2019 totalling around US$6 billion.

The company has contracted for over 2.5GW of generating capacity from these projects, roughly 70% of the company's REPA portfolio. When operational, these projects will produce 7.7 million megawatt-hours (MWh) of electricity per year.

Verizon's 2019 green bond has the following allocations: 64% renewable energy, 32% green buildings, with the remainder allocated to energy efficiency and biodiversity and conservation.

Engagement case studies Verizon Communications Inc.

Cumulative Allocations

Green Bond	Renewable energy	Green Buildings	Energy Efficiency	Biodiversity and conservation	Total Net Proceeds
2024	100.0%	0.0%	0.0%	0.0%	100.0%
2023	100.0%	0.0%	0.0%	0.0%	100.0%
2022	100.0%	0.0%	0.0%	0.0%	100.0%
2021	100.0%	0.0%	0.0%	0.0%	100.0%
2020	100.0%	0.0%	0.0%	0.0%	100.0%
2019	64.1%	32.1%	3.7%	0.1%	100.0%
Total	93.7%	5.6%	0.6%	0.0%	100.0%
Total ($ millions)	5,298	319	37	1	5,654

Source: Verizon

Label credibility and reporting framework

The bond adheres to the ICMA Green Bond Principles and is backed by a framework that has been verified by 3rd party bond reviewer Sustainalytics.

Verizon produces an annual impact report for the bonds issued under its green bond framework.

Assessment of issuer's operations

Verizon passed our sustainability assessment, including both baseline exclusions and assessment of operations across six key areas of sustainable business practice: Climate Change & Environment, Employment & Labour, Human Rights, Business Ethics, Community and Corporate Governance.

Asset contribution in 2024

Avoided emissions (tCO_2e):

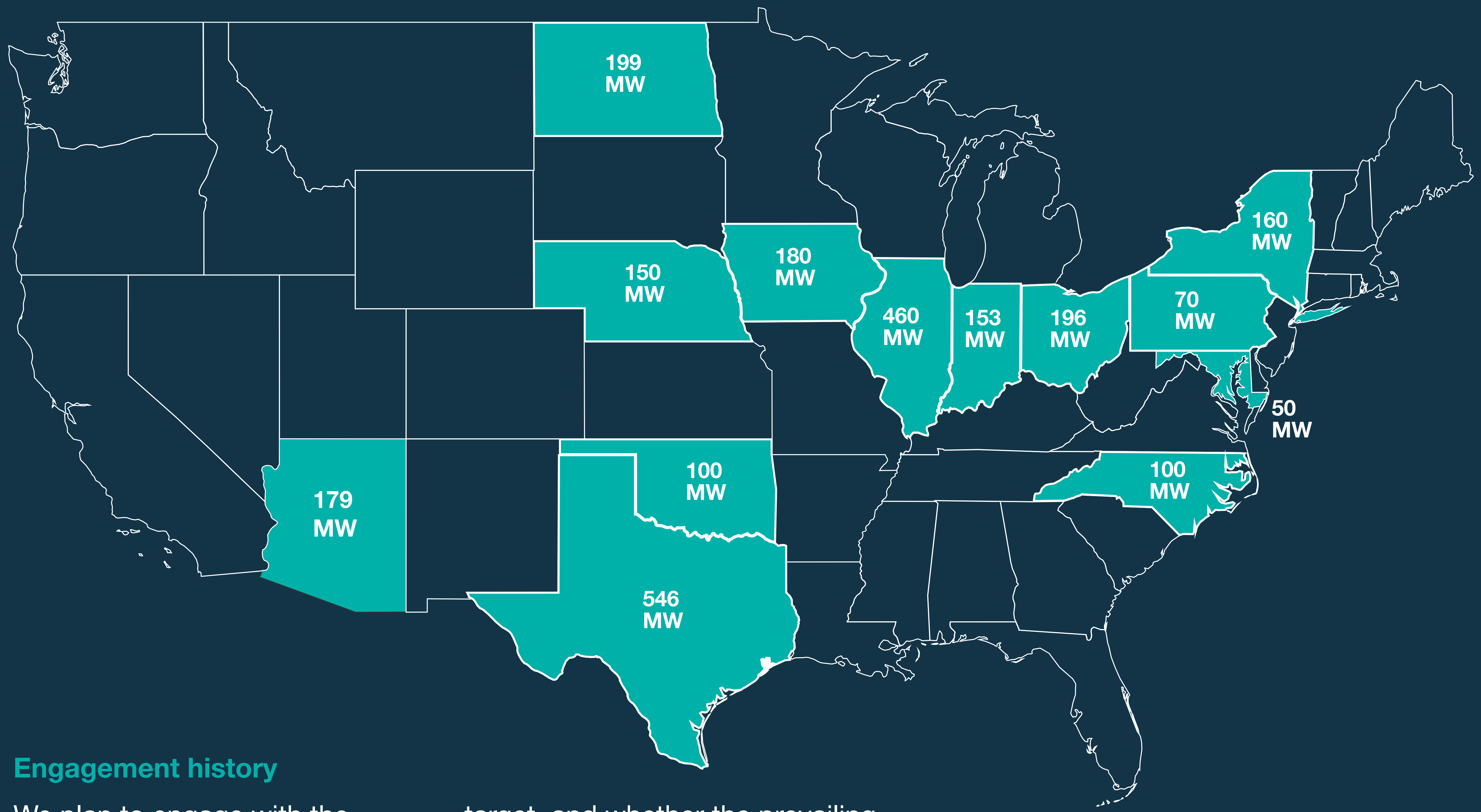
Issue: **750,000**

Fund exposure: **457.2**

Holding weight: **1.7%**

Engagement case studies Verizon Communications Inc.

Verizon's online renewable energy portfolio



Engagement history

We plan to engage with the company about whether it expects to sustain the same pace, given it expects to exceed its 50% 2025 target, and whether the prevailing political backdrop in the US might be impacting Verizon's long-term decarbonisation strategy.

Source: Green Bond Impact Report 2025, page 3

Case studies OneMain Finance Corp.

Issuer: OneMain is one of the largest non-prime instalment lenders in the US. The company has a strong commitment to financial inclusion, with a focus on providing financial solutions to customers who have limited financial resources and cannot easily access credit from mainstream banks and credit unions.

The OneMain labelled social bond enables greater access to responsible financial products and services for vulnerable and/or historically underserved populations, including at least 75% of loans to women and minorities.

This bond has been held in the portfolio since the Fund's inception in 2022.

Fund theme and KPI: Sustainable Infrastructure, Underserved Beneficiaries

Label: Social

Issue terms: US$750 million, Coupon 3.5%, Issuance Date 2021, Maturity 2027

Theory of change

OneMain uses the proceeds from this bond to enable access to responsible financial products for vulnerable and underserved people. The lack of access to education and/ or financial resources impedes social cohesion and equality, creating underserved groups that don't have access to schools, learning materials, basic banking services or equal employment opportunities. Investing in education and financial inclusion enables these communities to access these services, increasing the number of underserved beneficiaries. In turn, this can reduce wealth gaps and increase resilience in communities.

Contribution

OneMain's Social Bond Framework targets customers in areas of the United States considered 'Credit-At-Risk' or 'Credit Insecure'. The framework seeks to provide at least 75% of loans to racial minorities, as defined by US Federal classification, and/or women. In practice, OneMain expects at least 80% of its loan portfolio to meet this goal.

Label credibility and reporting framework

The bond adheres to the ICMA Social Bond Principles and is backed by a framework that has been verified by 3rd party bond reviewer S&P Global Ratings.

OneMain produces an annual impact report for the bonds issued under its social label.

Assessment of issuer's operations

OneMain passed our sustainability assessment, including both baseline exclusions and assessment of operations across six key areas of sustainable business practice: Climate Change & Environment, Employment & Labour, Human Rights, Business Ethics, Community and Corporate Governance.

Asset contribution in 2024

Underserved Beneficiaries:

Issue: **18 million** (around 50% of customers conduct repeat business)

Fund exposure: **5** beneficiaries

Holding weight: **0.6%**

Case studies OneMain Finance Corp.

Annual Reporting of 3.500% Senior Notes due in 2027

Issuance Overview	
OneMain Finance Corporation Issued $750MM Social Bond in 2021, first by a US-based High Yield Issuer	
Offering Terms	$750MM bond with 2027 maturity at 3.500% coupon
Use of Proceeds	Proceeds financing a portfolio of OMF loans with customers residing in Credit Insecure Areas. Furthermore, at least 75% of loans will be determined to be from racial minorities and/or women
Underwriters	Long-standing D&I broker partners Academy Securities. Ramirez, Seelaus and Siebert Williams served prominent roles
Second Party Opinion	S&P Global Ratings provided a Framework Alignment Opinion confirming our Framework aligns with ICMA's Social Bond Principles (2020)
CUSIP	682691AB6

Social Bond	
Net Proceeds	$740,625,000
Allocated Proceeds	$750,003,221
Unallocated Proceeds	$0
Women/Minority	$563,249,939
% Women/Minority	75%
% of Proceeds Allocated to Eligible Portfolio	100%

Credit Insecure Areas (Company Managed Portfolio)	
% of UPB in Credit Insecure Areas	22%
% of Loans in Credit Insecure Areas	23%
Avg. Loan Balance of Credit Insecure Borrowers	$8,618
Avg. Loan Balance of all OneMain Borrowers	$8,803
Avg. Net Annual Income of Borrowers in Credit Insecure	-$51,000

Engagement history

We plan to engage with OneMain on its social bond issuance plans, especially given the political climate in the US where its offering might be subject to greater scrutiny. We will seek to understand its wider approach to defining underserved beneficiaries, given OneMain's current reliance on federal data, which might be at risk of sanction by the current administration. We will also seek to understand the strength of its loan pricing cap through the economic cycle, given the main lever for addressing cyclical risk is to typically increase loan pricing.

Source: OneMain ABS and High Yield Social Bond Report April 2025.

Investor stewardship

The pursuit of additionality

Stewardship has long been an integral part of our investment approach as an investment firm, with our Sustainable Investment Team taking a pivotal role in assessing and engaging with companies prior to and during investment.

Our stewardship approach has historically not only sought to ensure that the issuers we invest in satisfactorily integrate sustainable practices into their businesses but also to positively influence sustainable outcomes by encouraging companies to improve their social and environmental impacts.

In short, our stewardship activities have long sought to positively influence companies to deliver higher levels of sustainability, while also seeking to reduce potential harms.

This broad approach has been applied to the Global Impact Bond Fund since its inception in January 2022, and the information we provide below reflects a continuation of this approach in 2024.

When we adopted the Sustainability Impact label for the Fund on 3 February 2025, we augmented this approach, refocusing the intention behind each of our engagements to support the impact aims of the Fund.

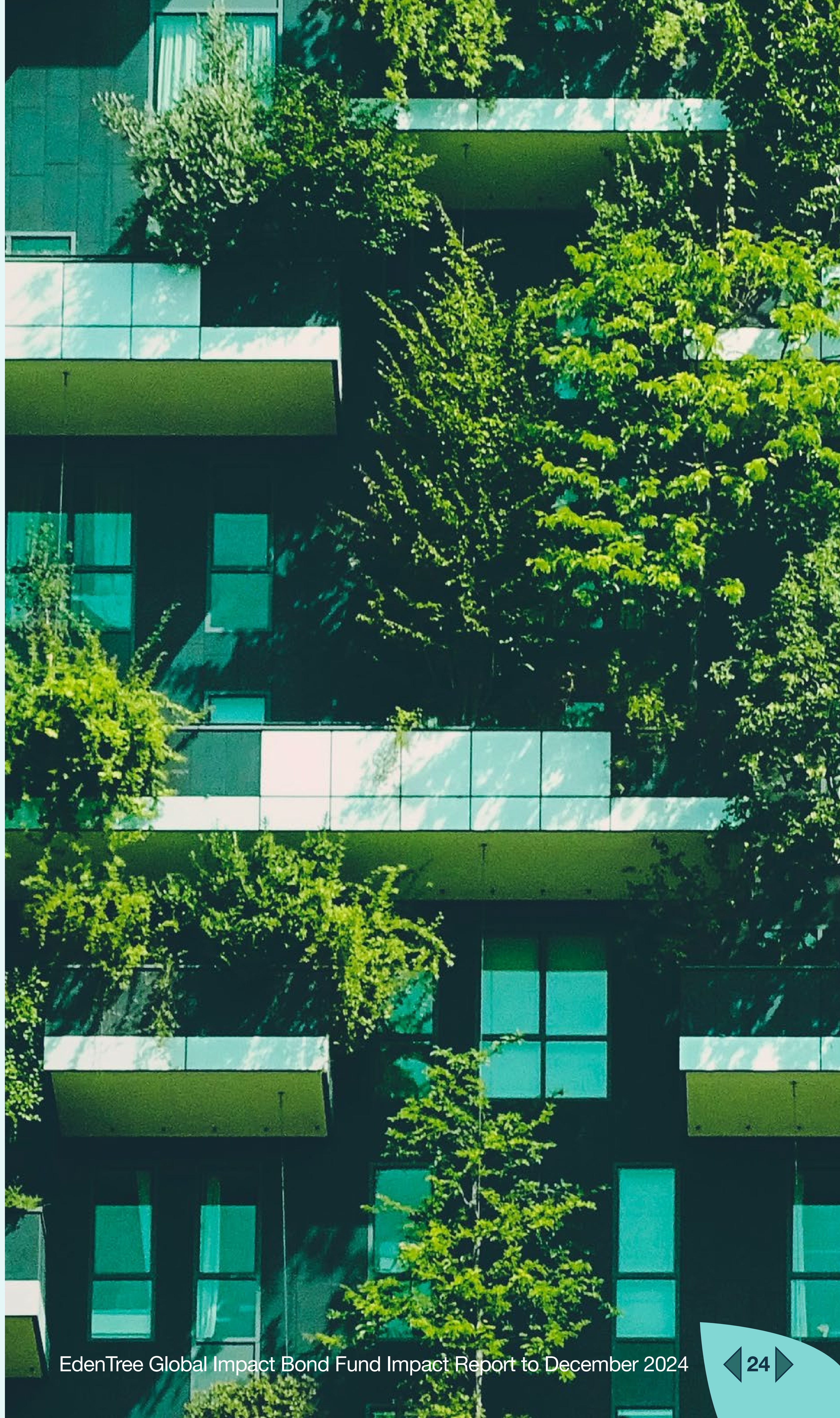
Engagement as investor additionality

Engagement is a primary source of additionality for investors in the Fund.

Each engagement has a bespoke KPI and impact logic chain that links back to the Fund's overarching goal of supporting an increase in avoided emissions and the provision of basic services to underserved communities.

In an ideal world, you would be able to attribute a direct, measurable causal relationship between our engagement and an increase in the provision of a solution. However, due to a complex range of factors that affect the growth in impact of a product or service, it is often impossible to attribute an impact outcome to one specific factor, including our engagements. Therefore, we have designed an intention-led process where company outcomes are compared to our engagement KPIs to imply the fulfilment of that KPI and the desired impact.

> "Engagement is a primary source of additionality for investors in the Fund."



Our stewardship framework

We are active, long-term investors. We believe seeking to establish positive, collaborative and long-term relationships with the companies in which we invest provides the best platform for driving positive change on behalf of our clients.

Our engagement activities are categorised by the following two broad objectives:

1. **Enhance the investee company's delivery of positive impact**

   For this engagement theme, we seek to enhance the delivery of the positive impact of a bond and/or issuer, including (where possible) the use-of-proceeds, bond frameworks and look-back periods for future issuance.

2. **Reduce potential negative impacts, e.g. through improved management of ESG risks**

   For this engagement theme, we engage on both issue/issuer specific themes as well as those related to our broader priorities in terms of seeking to address core environmental and social challenges, such as climate change (e.g. targets to reduce operational GHG emissions), human rights and financial inclusion.

Depending on the length of maturity of the bond, we can engage with an issuer multiple times on a range of distinct themes related to the goal of enhancing positive and reducing potentially negative outcomes.

From our first-hand experience, we know that some engagements require a patient, long-term approach. Indeed, a study on engagement success and duration suggests an average 35-month duration for the successful completion of an engagement, with the longest reaching 119 months.

Over a rolling five-year period, we aim to engage with at least 70% of holdings within the portfolio, although we would expect in time that our engagements with portfolio holdings will be more frequent than this.

How we measure engagement progress

For each engagement we undertake, we set a specific engagement objective, bespoke to the company and topic in question. This objective is time-bound and targeted. As the engagement progresses, we use a five-milestone approach to track the completion of the engagement objective. These milestones are outlined below:

1. Company has not acknowledged the concern.
2. Company has acknowledged the concern.
3. Company has shared information on the concern.
4. Company has committed to address the concern.
5. Company has implemented a strategy to address the concern.

As the engagement progresses (i.e. as we enter into a dialogue with a company), we record progress towards our engagement objective and update the status of the engagement milestone accordingly. Once a company has reached the fifth and final milestone, we expect this to result in a positive sustainability outcome (ultimately, reduced carbon emissions).

When a company's progress through the milestones is insufficient, we will use escalation measures to drive the engagement forward. These measures include formal correspondence, collaborative intervention, AGM voting and divestment.

Please refer to the Fund's prospectus for more information about our engagement approach.

There have been no escalations since the Fund adopted the Sustainability Impact label on 3 February 2025.

[2]Andreas G F Hoepner, Ioannis Oikonomou, Zacharias Sautner, Laura T Starks, Xiao Y Zhou, ESG shareholder engagement and downside risk, Review of Finance, Volume 28, Issue 2, March 2024, Pages 483–510.

The Global Impact Bond Fund's engagement progress and strategy

In 2024, we engaged with eight holdings over a range of themes. In many cases, we engaged with these issuers more than once, resulting in a total of 23 engagements overall (usually via videocall or email). Based on a portfolio of 53 impact holdings at the end of the year, eight holdings is roughly 15% of the Fund.

A large proportion of the thematic engagements sought to reduce potential negative impacts. Ten engagements were thematic in nature, with a focus on a Just Climate Transition. On this theme, we engaged with ING Bank about fossil fuel financing and Mohawk Industries on issues such as requests to disclose Scope 3 Emissions and to implement Science-Based Targets (SBTi). We also joined a collaborative engagement calling on the EU to set a greenhouse emissions target of at least 90% by 2040 – as at the end of 2024, we held EU Social Bonds in our Health and Wellbeing theme. This is an example of how we may at times engage tactically with issuers on one of the Fund's KPIs against which the bond might not clearly be aligned, if we believe it will support the Fund's overall impact. We were pleased by the rate of progress among companies and have provided more information below on our Climate Stewardship strategy, where we monitor and seek to reduce real-world emissions associated with the Fund.

We will often conduct fact-finding engagements when assessing an issuer's suitability for the Fund or after a period of investment where sustainability-related issues emerge that require further investigation. Many of these lay the foundations for future thematic requests. They offer an opportunity to have an exploratory conversation with a company or issuer about a range of material areas of concern or opportunity. These engagements also often provide valuable insights for themes for impact engagements and requests and remain an important part of our annual impact engagement strategy.

In 2024, our fact-finding engagements included requests for more information about emissions targets as well as health and safety and labour rights at French railway group SNCF (green bond, Sustainable Solutions). We also reached out to EDF (green bond, Social Solutions) for details on the company's plans for setting long-term net-zero targets.

Although this engagement programme was conducted prior to the Fund securing its Sustainability Impact label, it has a clear impact logic chain that supports the Fund's overall Impact goal.

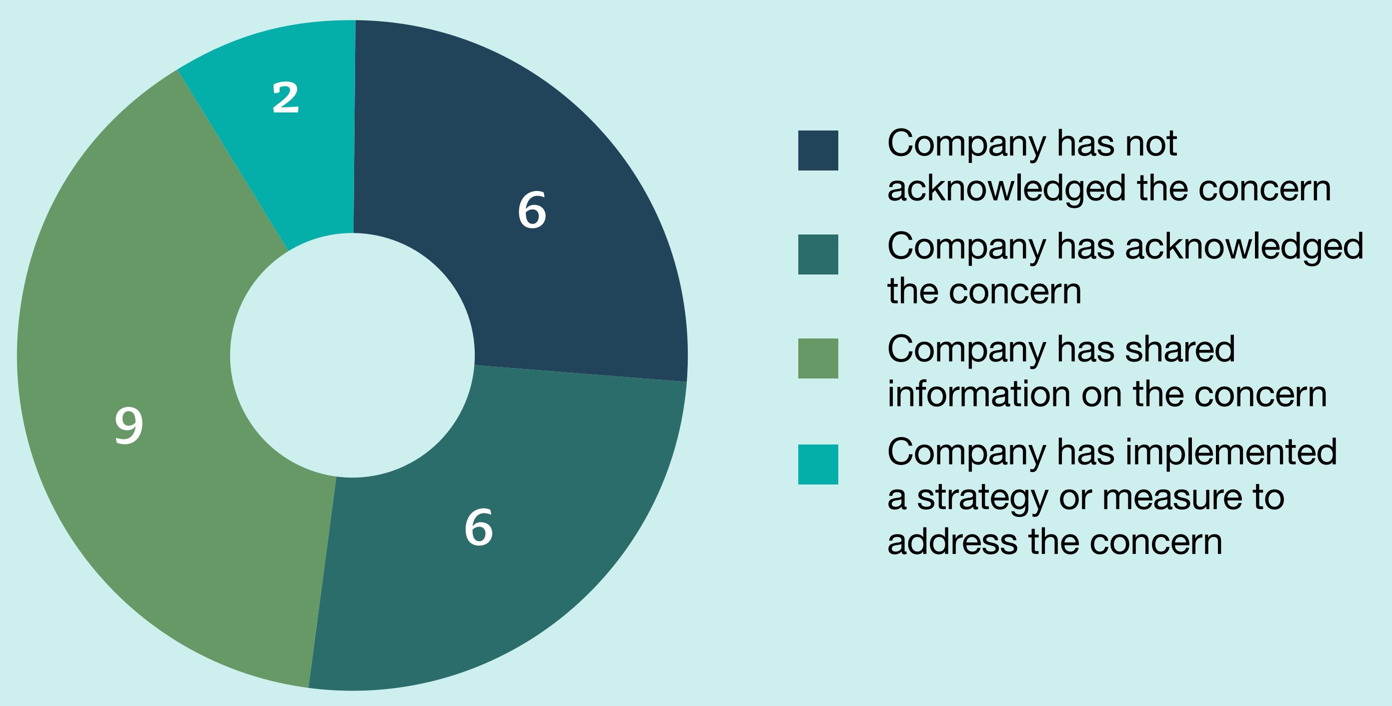
Engagement strategy	Reduce potential negative impacts
Activity	Request the introduction of Science-Based Targets
Output	The introduction of firm targets for the reduction of operational GHG emissions
Outcome	Reduction in carbon emissions created by the issuer and its value chain
Impact	Support for the Fund's climate-related theory of change and Avoided Emissions KPI

Source: EdenTree

2024 engagements across the portfolio

Thematic Engagement	**10**
Just Climate Transition	9
Water Stress	1
Fact-finding Engagement	**13**
Screening Related	6
Governance	4
Controversy Related	3
Impact	**12**
Fact-finding Engagement	6
Screening Related	*6*
Thematic Engagement	6
Just Climate Transition	*5*
Water Stress	*1*
Aligned	**11**
Fact-finding Engagement	7
Controversy Related	*3*
Governance	*4*
Thematic Engagement	4
Just Climate Transition	*4*

Engagement progress in 2024 (23 individual engagements over eight holdings)



Source: EdenTree, based on 23 engagements (thematic and fact-finding) across eight holdings in 2024; data is calculated on the entire portfolio and included impact and non-impact holdings.

2024 Case studies Fossil Fuel Financing – ING

Start Date: July 2024

Last Activity Date: April 2025

Expected Timeframe: Three years

Issue: Banks continue to be dominant players in providing loan capital for fossil fuel projects, which hinders the transition to a low carbon economy. However, we also recognise that banks can play an important role in enabling the transition through financing climate solutions. As such, it is important that banks implement credible transition plans.

Action: We have met with ING twice in 2025 to encourage alignment with the goals of the Paris Agreement. We held a direct engagement with the bank in February, before joining the IIGCC's collaborative engagement group as a way to increase the weight of our activities. We joined another call with ING as part of this investor group in April 2025.

Outcome: The meeting was constructive, with ING remaining very open to investor feedback and expressing a clear desire to continue the two-way dialogue. The bank has recently set SBTs, which cements its position as an industry leader, with few peers emulating this practice. ING has also committed to both publishing its facilitated emissions and setting targets to reduce these emissions, which is a promising development. An area of weakness for the bank is its client engagement process, as ING only started to develop client transition plans last year, and currently uses a sector-agnostic questionnaire, which is not particularly sophisticated. The bank also appears to have no thresholds linked to its client transition plan, which would impact financing activity. The investor group will continue to push for enhanced ambition on this subject.

2025 Engagement strategy

Since adopting the Sustainability Impact label on 3 February 2025, we have continued with our thematic engagement work from 2024 and have started to augment this work with engagements with the intention of enhancing positive impacts and building this strategy through the rest of 2025. We will provide more details of the issuers involved in our report next year.

In terms of our general approach, we are starting with areas that we believe will improve the market's understanding (and ours) of the impact issuers are achieving through the use of bond proceeds and are looking at ways to increase our influence when it comes to reducing lookback periods. In short, our initial strategy aims to:

- **Improve disclosures:** request additional disclosures to improve recognition of the impacts generated by assets.
- **Increase additionality:** pursue opportunities to influence new and refinancing plans to reduce lookback periods and increase additionality.

Each of these themes has a logic chain that supports the Fund's overall theory of change. Regarding disclosures, clearer and more relevant data both improves the ability to monitor impacts but also provides a stronger foundation upon which to request targets. As highlighted in the asset-level impacts earlier in this report, many issuers either do not or are yet to issue impact reports. Capturing data for enablers on an impact value chain can be challenging, although in some cases this is due to a lack of knowledge about what might be useful for impact-orientated investors.

Engagement strategy	Increase positive impacts
Activity	Request that issuers reduce the project lookback periods when issuing labelled bonds
Output	Fewer bonds issued with long lookback periods
Outcome	On average greater additionality – i.e. new projects per issue and therefore greater impact
Impact	Support for the Fund's climate-related theory of change and KPIs

As mentioned above, fact-finding engagements will remain an important part of our overall approach as we seek additional information that ultimately leads to targeted thematic impact engagement in future.

Climate stewardship

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.

Amelia Gaston
Senior SI Analyst

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 in the table 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	77%	On track

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 and seek to drive down further reductions via engagement. At present, three companies, representing 64% 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 where we are likely to have the biggest impact on real-world decarbonisation.

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 opposite.

The carbon risk metrics suggest the Global Impact Bond Fund has a relatively low negative impact from a climate perspective. The Fund's carbon intensity is 62% lower than the benchmark, meaning that for every £1 invested the portfolio's companies emit 62% less CO_2. A similar pattern is seen in the weighted average carbon intensity, which is 63% more efficient than the benchmark. It is also encouraging to observe a year-on-year decrease in the Fund's carbon intensity, which has reduced by 20% between 2023 and 2024.

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 (SBTs) within the Fund. At EdenTree, we place a strong emphasis on SBTs 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, 77% of the Fund's financed emissions are covered by companies that have set an SBT – an indication the Fund is invested in companies with best-in-class climate risk management.

Metric	Fund	Benchmark
Carbon intensity (tCO_2e/£m invested)	42.8	111.05
Weighted average carbon intensity (tCO_2e/revenue)	85.07	227.07
Implied temperature rise	1.5°C	2.0°C
Approved SBTs (% financed emissions)	76.7%	-
Coverage (% portfolio weight)	79.2%	-

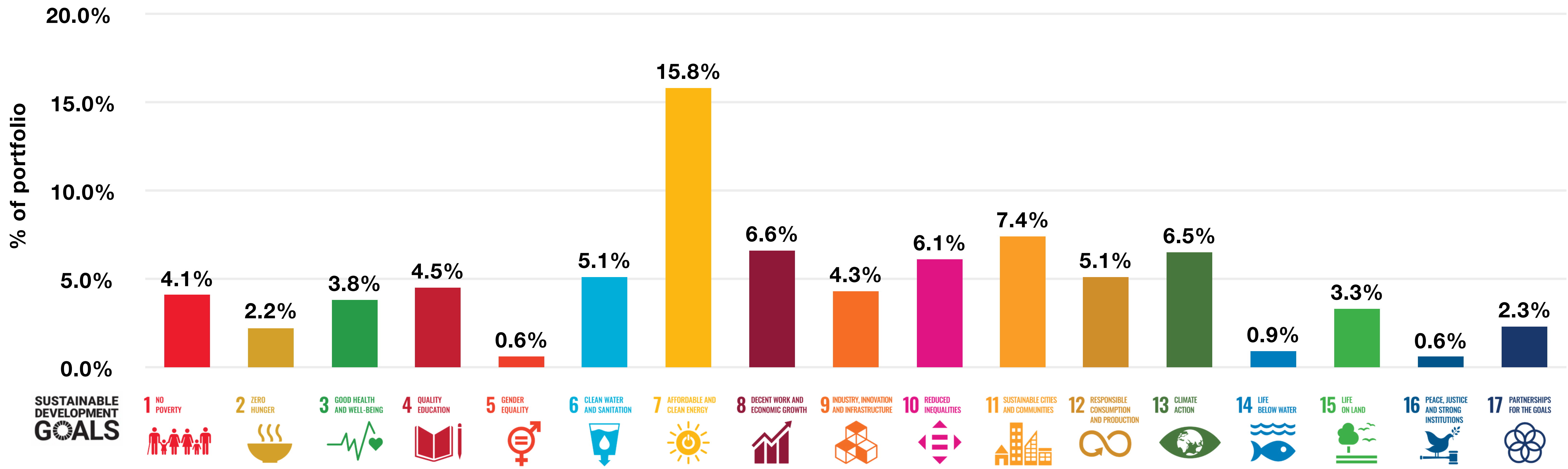
Carbon intensity – Global Impact Bond Fund

Contextual information: alignment to UN SDGs

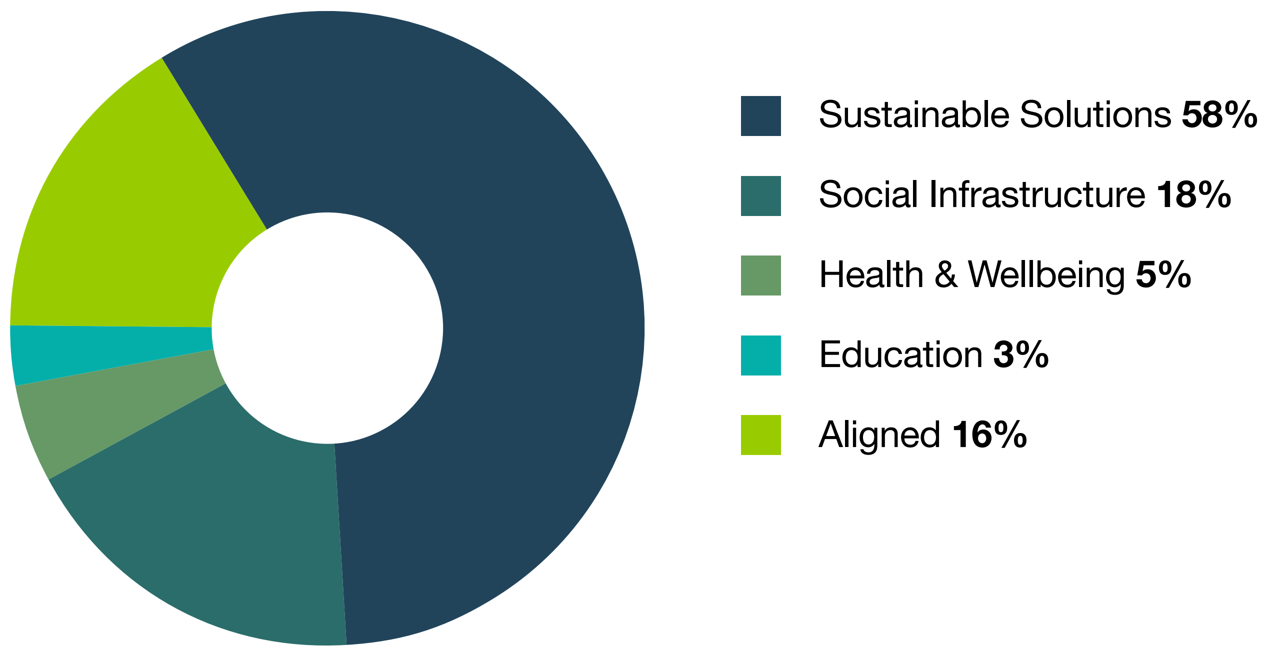
We do not actively manage the Fund against the UN Sustainable Development Goals (UN SDGs), but recognise their importance for investors seeks to understand the impact of their investments. The bar chart on this page shows an estimate of the Fund's alignment with each of the 17 SDGs based on the outcome associated with each bond's use of proceeds. Any incomplete or missing data has been omitted.

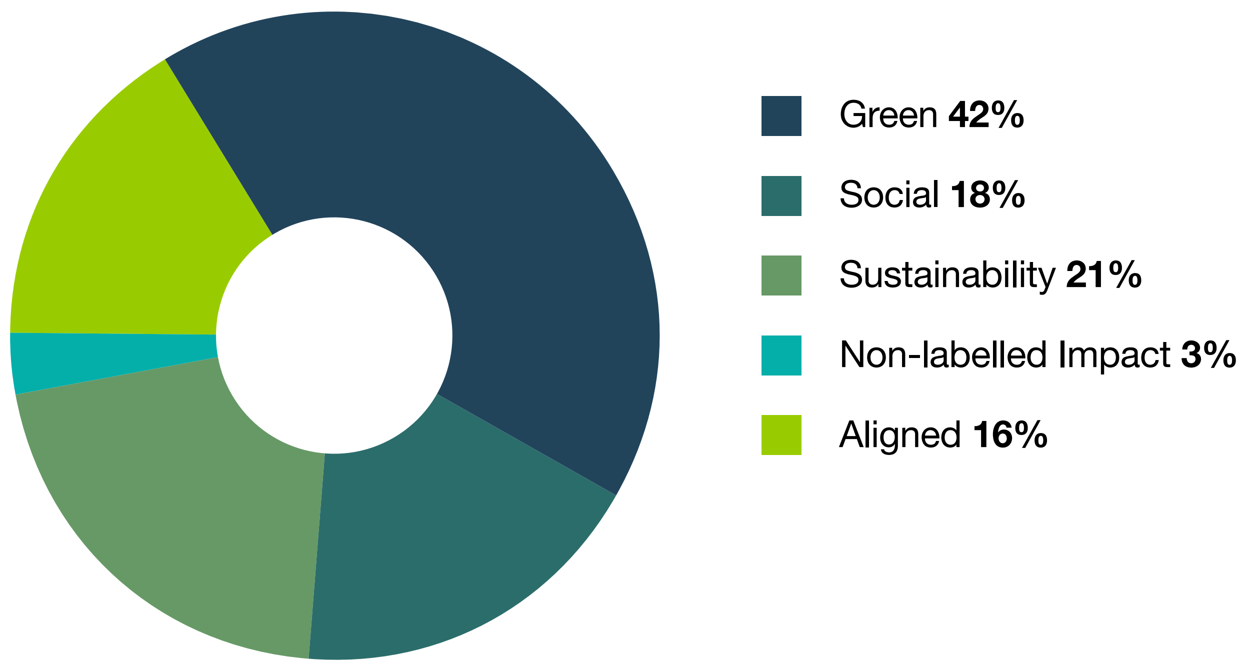
Bond label and impact theme exposure

Portfolio Contribution with UN SDGs



Portfolio themes





Source: EdenTree as at 31.03.2025

Data methodology

This report includes data from issuer reports to the end of 2024, when available, or the most recent report when not, which was accessed via 3rd party data provider Luxembourg Green Exchange (LGX).

To reduce the risk of overrepresenting impact, we follow the recommended LGX practice of adjusting impact data down by proportions of 10% or 33% (depending on whether an issuer discloses information about the pro-rated share of project financing) to reduce the risk of overstating impacts where bond proceeds only form a portfolio of the financing for a given impact outcome.

LGX calculations produce annualised impacts based on the proportion of the issue allocated to projects, comparison (and necessary recalibration) of monetary volume of proceeds and projects, issuer reported data and the percentage of the issue held by the Fund. The full-year impact is accounted for regardless of when a security was added to the portfolio. This is consistent with previous years.

We show the weighted impact of the Fund's holdings rather than the total impact of each issuer's labelled bond programme. Where relevant for non-labelled bonds, we base the Fund's impact on the Fund's share of ownership across debt and equity, which is used to assign a proportional impact associated with the asset to the bond holding.

Where reported data is not available, estimates have been used, although sparingly. In this report, we have included estimated data for the number of underserved beneficiaries supported by the Fund's investment IFFIm and OneMain Finance Corporation, the Fund's exposure to installed renewable energy capacity at SSE and the Fund's exposure to water treated and saved at Xylem. Data has been omitted for holdings where disclosures do not provide enough information for adequate disclosure calculations.

As a metric, 'avoided emissions' is inherently complex and should be considered indicative. Year-on-year data can be subject to change due to changes in how data is reported by underlying issuers. We endeavour to highlight any anomalies or missing data.

In terms of methodology, we take guidance from best practice principles and standards outlined in documents such as the ICMA Green Bond Principles Harmonised Framework for Impact Reporting (2022) and the ICMA Social Bond Principles Harmonised Framework for Impact Reporting for Social Bonds.

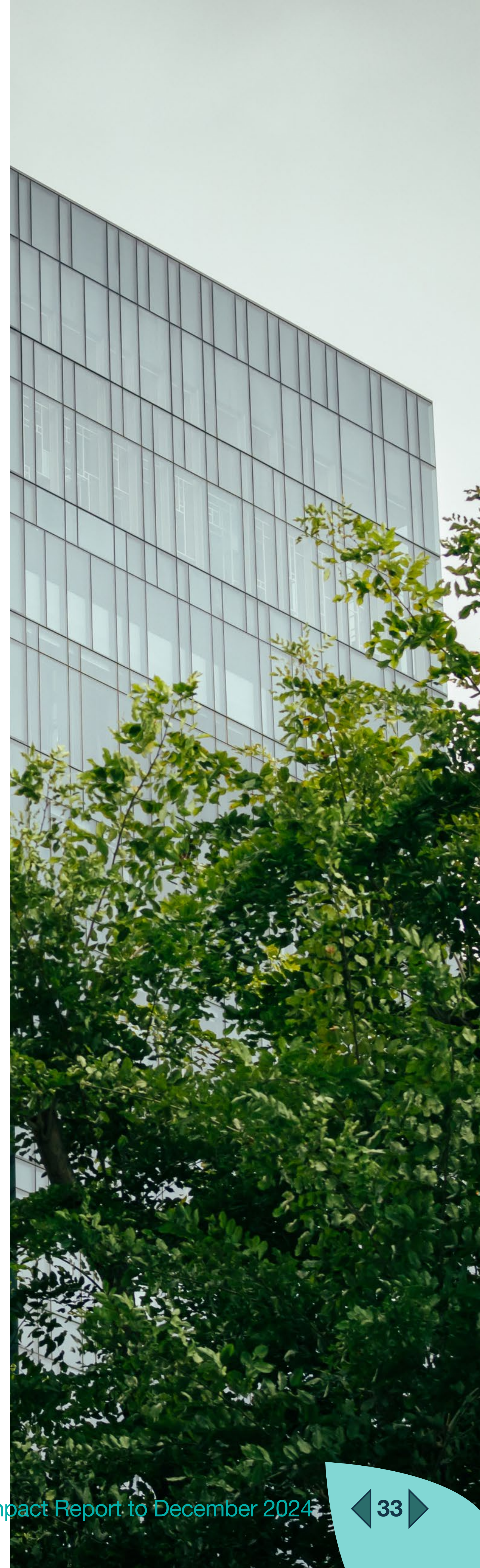
Glossary of impact metrics

tCO_2 emissions avoided: The carbon emissions avoided thanks to the projects financed using the bonds are calculated using standard industry ratios. The calculation is performed by converting annual energy savings into avoided emissions.

MWh of renewable energy generated: A megawatt hour (MWh) equals 1,000 kilowatts of electricity generated per hour and is used to measure electric output. In general, megawatts are used to calculate how much a power plant generates electricity or how much electricity is consumed by a particular area, such as a city, state or country.

MW of renewable energy installed capacity: The amount of renewable electricity a generator can produce when it's running at full operation. This maximum amount of power is typically measured in megawatts (MW) or kilowatts and helps utilities project just how big the electricity load a generator can handle.

Underserved communities/ beneficiaries: We define underserved communities as groups who have limited or no access to resources or that are otherwise disenfranchised. These include groups who have limited access to quality healthcare; are socioeconomically disadvantaged; have limited language proficiencies; are geographically isolated; are educationally disenfranchised; are part of a demographic minority (whether that be gender, race, ethnicity, age or ability); or lack access to healthcare, healthy food and safe drinking water.



*The impact data used in this report was sourced on 01.05.25.

Contact us

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