edentree

Impact Report 2024

EdenTree Green Infrastructure Fund

Investing for a better tomorrow

Sustainability Impact

Message from Andy Clark, CEO

Continuing our revolutionary evolution

It is with pleasure that I introduce this inaugural report for the EdenTree Green Infrastructure Fund.

At first glance, an inaugural impact report might not seem a significant milestone. Yet this particular report has far deeper roots than the year that it covers.

Our business was built in the late 1980s upon ethical foundations that provided a platform for us to expand into sustainable investing over a decade ago. Our approach pays attention to not just *what* a company produces but *how* they produce it, seeking to support positive outcomes through both our investment and stewardship activities.

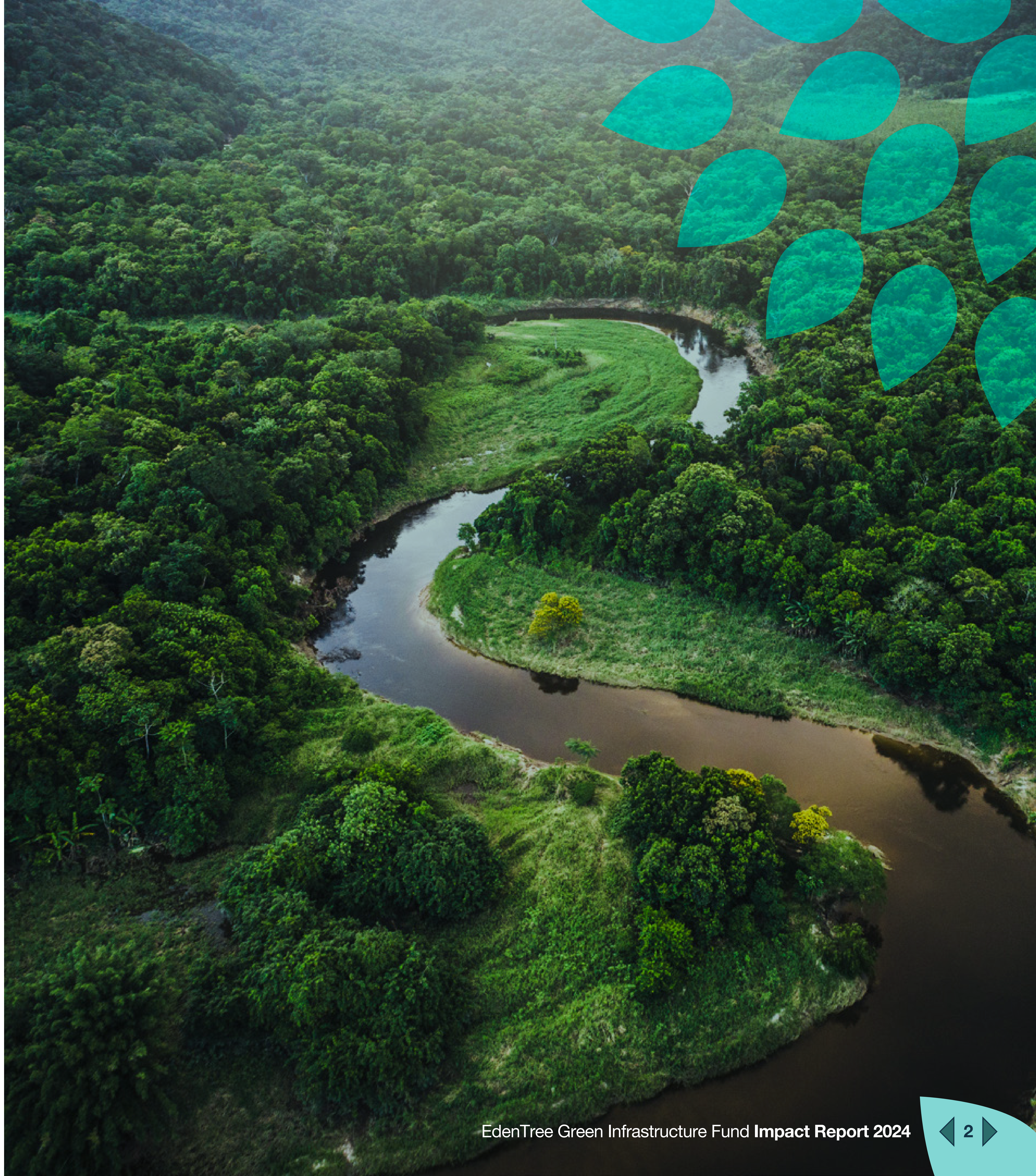
Generating positive social and environmental outcomes is central to our purpose – not only in terms of the outcomes we seek as impact and sustainable investors but as a charity-owned business whereby all distributable profits support a range of charitable causes. Our ultimate parent is the third largest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

The launch of the EdenTree Green Infrastructure Fund in 2022, which came soon after the launch of the EdenTree Green Future Fund and EdenTree Global Impact Bond Fund, was a milestone in itself, marking an important move into a more overtly impactful investment arena.

Although not explicitly named or marketed as impact, the Green Infrastructure Fund has always had a firm aim of investing in assets that are having a positive impact. It has always invested in 'dark green' assets, seeking to build a portfolio of holdings that are directly reducing dependence on fossil fuels and are helping to bring about the transition to a net zero global economy.

With the introduction of the FCA's Sustainability Disclosure Regime (SDR), it was logical for the Fund to formalise this intention with a clear climate-related 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



Impact by numbers

£41.1m
Assets under management (US$51.4m)

87%
Assets under management contribute to the Fund's impact goal

23,550 tCO_2e
Metric tonnes of CO_2e avoided through renewable energy generation and resource efficiency*

572.9 tCO_2e
Metric tonnes of CO_2e avoided per £m invested

37,355 MWh
Renewable energy produced

1,379.4 MWh
Renewable energy produced per £m invested

22 MW
Renewable energy capacity installed

0.55 MW
Renewable energy capacity installed per £m invested

*The data is indicative only and is based on company-reported figures and best estimates for 2024 based on the Fund's holdings as at the 31 December 2024. Please note, the Fund formally adopted the Sustainability Impact label on 29 November 2024 but has invested according to its asset selection process for the entire year. The data has been sourced from Net Purpose, a 3rd party data provider. It has not been possible to source data for all impact holdings in the Fund. 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 causation, attribution and impact measurement. 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 assess and participate in impact opportunities that come to market and, in some cases, seek to influence the pipeline of opportunities.

Impact investing requires patience and a collaborative, long-term approach to form constructive, influential relationships with underlying holdings; the low turnover of our funds typically reflects this. 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.

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

Forward

Tommy Kristoffersen Fund Manager
Aaron Cox Impact Strategist

Tommy Kristoffersen
Fund Manager

Aaron Cox
Impact Strategist

Although the Fund is yet to formally complete its first year since its adoption of the Sustainability Impact label, it has an investment track record that extends back to September 2022. The label has not led to changes in the Fund's investment aims and philosophy but has formalised our impact aims in relation to how we engage with underlying holdings.

This disclosure, therefore, is both retrospective and forward-looking. It provides details of what we do and how we do it, including the impacts of the Fund's underlying holdings, based on the best available data to the end of 2024, and an overview of our engagement activity during that year. It also reflects activity in the months since adopting the Sustainability Impact label.

It looks to the future by highlighting some of our engagement plans for the rest of 2025, which help to shed further light on our approach.

Before moving on, here are a few words about the Fund in general and how the current market context is affecting the Fund's wider impact strategy.

A finance-first impact approach

We manage this Fund as a 'finance-first' impact investment vehicle. This means we seek to generate competitive returns while also generating a positive impact – for the Fund, this means reduced reliance on fossil fuels in the economy and, therefore, a reduction in the rate of harmful greenhouse gas (GHG) emissions that are causing climate change.

This approach differs from 'impact-first' strategies, which are willing to sacrifice potential returns in order to achieve a particular impact.

As an impact investor in public rather than private markets, the impact opportunity is also shaped to some extent by the investment opportunities available. As such, our core means for creating additional impact is by engagement with companies, a point we discuss in more detail later in the report. Notably, as investors in investment companies that themselves make capital allocation decisions, our engagement with those companies about those decisions can at times have private-market effects.

The economic context matters to impact outcomes

Impact assumes that a clean solution is used instead of a polluting one – the former displacing the latter. Needless to say, there are many factors involved in one solution replacing another, not least cost, availability and desirability – as well as other demand drivers such as government policy and interest rates. There are also supply-side considerations, from unforeseen outages to the weather. For this reason, we are careful not to overstate the impact of our activities and highlight in this report the challenges associated with attributing impacts.

Market environment

In terms of adding new capacity, listed green infrastructure operators have suffered the same economic constraints as their grey peers, namely low share prices relative to net asset values (NAVs), which have in part been a result of high interest rates (although we would argue simplistically so).

This market dynamic has effectively put a hold on capital raising for growth. Indeed, many companies have been divesting assets to buy back shares, an activity we are largely supportive of. The period of this report has been one of showing our support to company boards and management teams, demonstrating we are investors with the patience to see them continue to focus on delivering impact through their core products or services while stock market and interest rate dynamics play out. Many of the Fund's holdings are paying historically high dividend rates, many of which are covered by long-term, inflation-linked contracts. In our view, investors in these assets are effectively being paid to wait, although we are aware that not all investors are as patient as we are.

Long-term investing with a long-term tailwind

Although market sentiment has fluctuated, the underlying long-term growth drivers for green infrastructure remain intact. Despite populist rhetoric to the contrary, public support for the energy transition remains strong, and the path to net zero remains enshrined in law by governments around the world. Although we are fully aware of the persistent gap between national climate pledges and delivery, it is notable that one facet of the COP28 summit in Dubai that galvanised the nearly 200 UN countries was the pledge to triple global renewable energy capacity by 2030. This goal might be off track, but we continue to see strategic investment in areas such as battery storage and grid infrastructure that are vital for supporting a rapid increase in deployment of clean energy.

One largely unanticipated development over the last 12 months has been the expansion of power-hungry AI-related activities. This has led to an increase of power-purchase agreements by technology companies seeking to secure clean power to support this growth area. Many major technology companies have their own ambitious targets for lowering or even reversing their carbon footprints and some holdings within the portfolio are starting to see increased demand for power purchase agreements as a result of this activity.

We believe being patient long-term investors gives us an advantage when it comes to seeking to deliver both impact and financial returns. Our long-term approach means we can support investment companies through the economic cycle and can form engagement partnerships where we seek to positively enhance impact outcomes for the benefit of our clients and wider society.

We hope you enjoy this first Green Infrastructure Fund Impact Report.

Sustainability objective

The Fund's sustainability objective is to support a reduction in the level of greenhouse gas emissions, measured in tonnes of CO_2e avoided on an annual basis, through the Fund's investment in, and engagement with, companies whose business is based on the ownership, operation, construction, development or debt funding of real assets and infrastructure projects that mitigate the effects of climate change. This includes products and services that reduce the global economy's reliance on fossil fuels, increase energy efficiency, offer alternative energy sources or improve the sustainable use of natural resources.

The Fund holds a portfolio of equities, investment companies and other securities across a range of impact themes. In most cases, these companies contain diversified portfolios of assets and projects. The investment thesis for holding each company is based on the combination of its impact and potential for 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. While diversification helps to create a portfolio that balances a range of risk factors, holdings tend to be focused on green infrastructure companies, which can perform differently to the wider listed infrastructure sector at different periods. Investors should note that the Fund's focus on companies that mitigate the effects of climate change means that its choice of companies for investment is limited to a subset of the stock market and may result in periods of difference in the Fund's performance compared to its indicative sector.

Sustainability approach

The EdenTree Green Infrastructure Fund invests across six investment themes, each of which supports the Fund's climate-related theory of change, which targets an increase in avoided emissions (see the next section for further details) and contributes to the Fund's sustainability objective through the activities of investee companies.

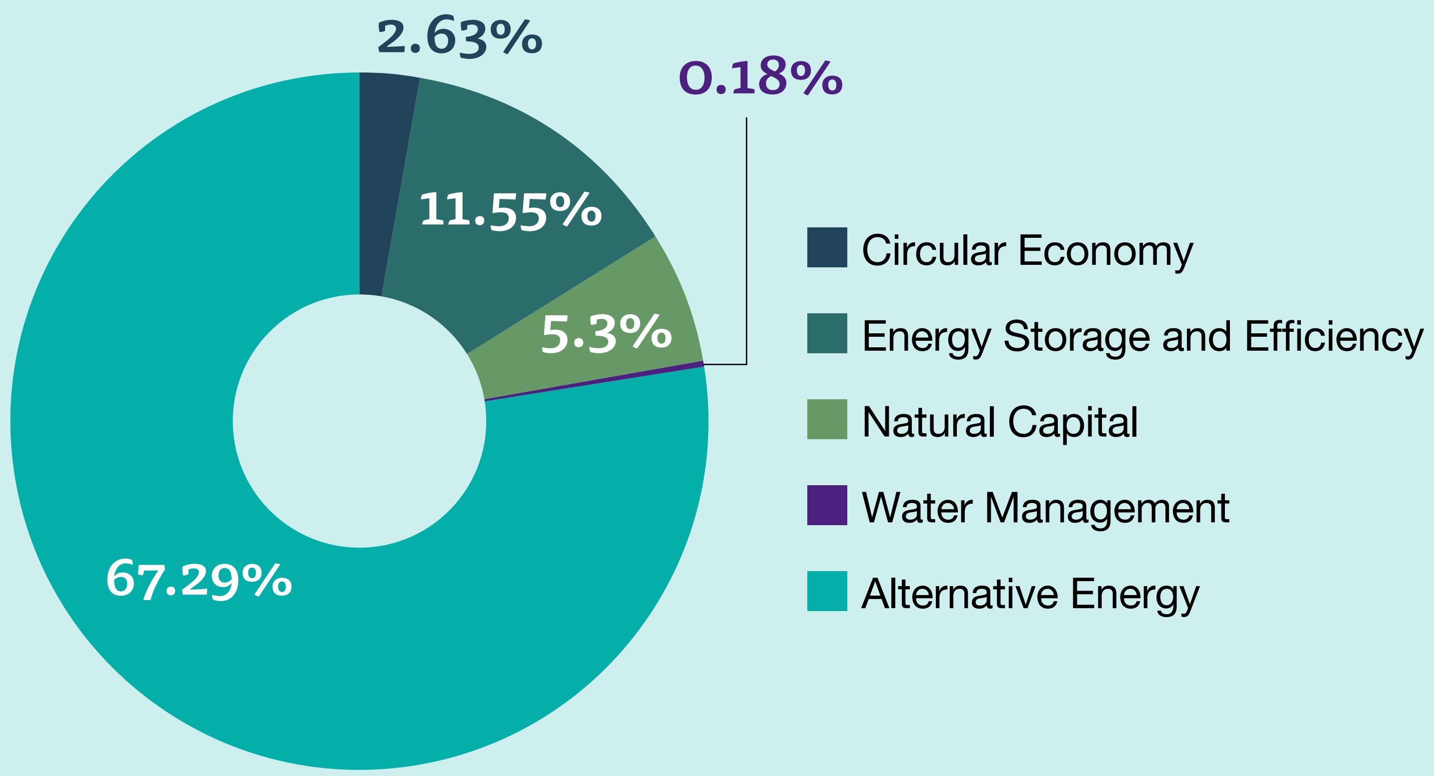
The framework also supports the Fund's financial goals, providing the opportunity to pursue diversified sources of income, many of which are inflation-linked and are supported by long-term contracts due to the essential services their solutions provide.

Alternative Energy	Energy Storage and Efficiency	Circular Economy	Water Management	Sustainable Transportation	Natural Capital
Companies that provide or enable infrastructure-related energy solutions that do not rely on the burning of fossil fuels or are designed to reduce the usage of fossil fuels	Companies that enable wider reductions in energy use or otherwise enable the energy transition through infrastructure-related assets/ products/services	Companies that provide or enable solutions for resource stewardship, waste reduction and pollution control	Companies that have assets involved in efficiently distributing water or have products or services that provide solutions for water conservation and management through infrastructure related assets/ products/services	Companies that own sustainable vehicles, sustainable transportation infrastructure or deliver products or services that enable sustainable transportation	Companies that own natural capital assets that provide natural carbon sequestration or, if used in industry or construction, lengthens the carbon cycle. The investee company could have products or services that support environmental preservation or restoration

Source: EdenTree

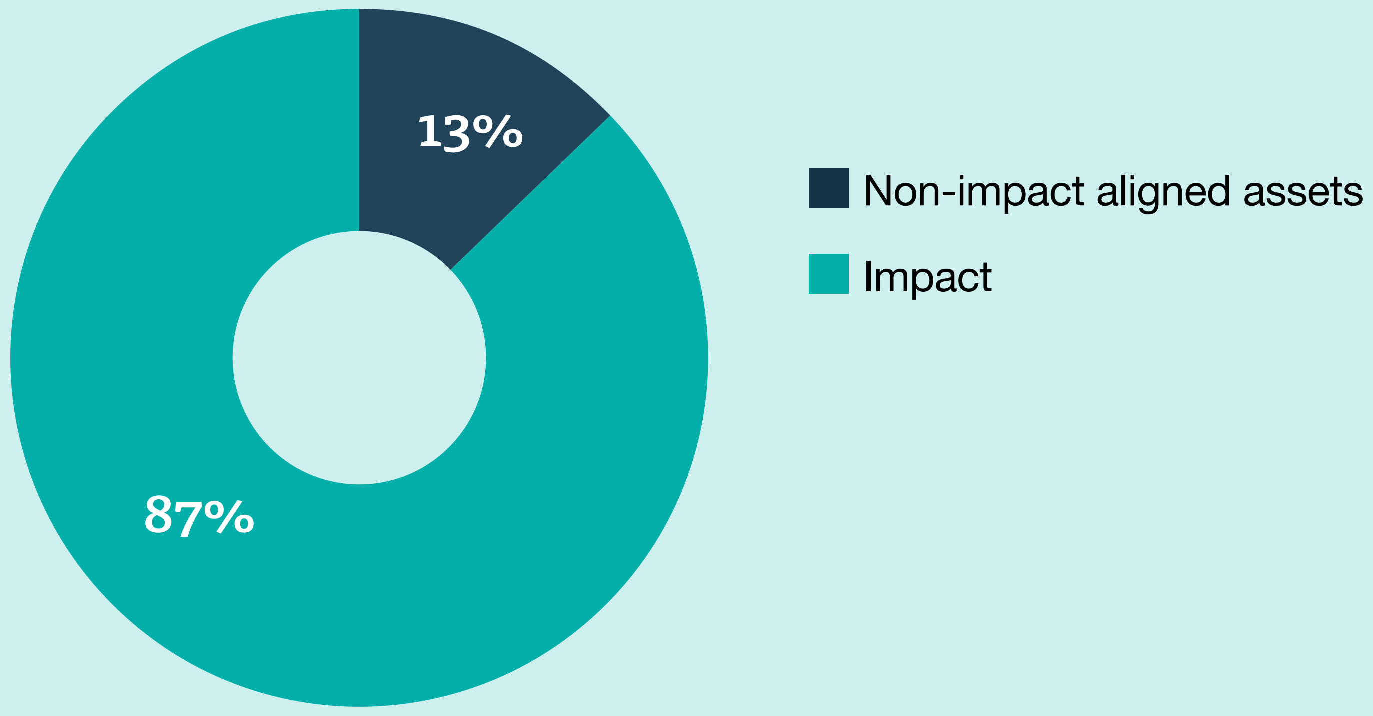
The Fund assesses the combined financial and impact potential of each holding on its merits and may not invest in all themes at all times. At the end of 2024, roughly two-thirds of the Fund was invested in the companies within the Alternative Energy theme.

Fund Breakdown by Investment Theme (%)



Source: EdenTree

87% of AUM invested in Impact holdings



Source: EdenTree

At the end of 2024, some 87% of the Fund was invested in impact holdings, far exceeding the 70% minimum threshold. The remainder of the Fund (circa 13%) was invested in assets that are complementary to the Fund's impact goal. As at the end of 2024, these included a healthcare real estate investment trust, a government-related green bond and an investment in EU carbon allowances (EUAs).

While these assets do not meet the impact requirements of the Fund, in terms of the Fund's themes and asset class policy, each does generate positive social or environmental impacts. Indeed, the green bond and EUA carbon allowance both support the Fund's theory of change, with the former directing capital to green projects that reduce reliance on harmful GHG emissions, while the latter reduces the volume of permits available in the European Emissions Trading System.

Details of the Fund's investment objective, investment policy and sustainability approach can be found in the Fund's Prospectus, Key Investor Information Document (KIID) and 2-page Sustainability Disclosure.

Click here

The Green Infrastructure Fund's theory of change: climate-positive investing

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 Fund's theory of change is built upon the scientific consensus that the Earth's climate is becoming warmer and that human-induced GHGs in the Earth's atmosphere are the chief cause of climate change.

By investing in infrastructure-related products, services and technologies that provide solutions that help to reduce the rate of harmful GHG emissions, and engaging to increase the provision of these solutions, the Fund seeks to mitigate the causes of climate change and its harmful effects. The Fund reports progress against its sustainability objective annually, measured in emissions avoided (tCO_2e).

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].

Activities

- Directing capital to companies whose products, services or assets enable a reduction in the level of GHG emissions across six 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

- 87% of the Fund's assets under management (AUM) invested in impact holdings across Alternative Energy, Energy Storage and Efficiency, Natural Capital, Water Management and Circular Economy.
- Engagements across 72% of holdings in 2024, primarily with a focus on reducing human rights risk in supply chains with additional engagements to support impact delivery.

Outcomes

- Avoided emissions of **23,550 tCO_2e** equivalent to **572.9 tCO_2e** per £million invested through the activities of investee companies.

Impact

- Reduced climate-related risks compared to a scenario where the clean solutions of investee companies had not been provided.

[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 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 Green Infrastructure Fund, this is to pursue investment that reduces the reliance on fossil fuels in the economy and, therefore, helps to tackle and mitigate the causes of climate change. This sets the purpose of the Fund, steering its investments and our engagement activity towards a core goal of supporting the Fund’s climate-based theory of change.

There are two levels of impact within the Fund:

Asset contribution, which is the contribution provided by the underlying investments through their solutions to the problem of needing to reduce the economy’s reliance on fossil fuels to tackle the causes of climate change. This impact is captured in the Fund’s primary avoided emissions key performance indicator (KPI), as outlined below.

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, encouraging an increase in the provision of solutions and reducing potential harms. 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 one primary KPI: **the quantity of harmful GHG emissions (tCO_2e) avoided.**

Avoided emissions data is sourced from the annual disclosures of underlying holdings within the Fund as well as 3rd party estimates provided by Net Purpose. This data represents the collective progress made by companies held within the Fund during 2024 and 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 avoided emissions, whether through the increase in the solution or technological improvements or the reduction of 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 avoided emissions KPI. In cases where avoided emissions data is not available and cannot be estimated due to limited company disclosures, we typically engage with the company to request improvements to their disclosures.

In addition to avoided emissions, we measure two 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 rate at which a generator can produce power at full operation.
- **Renewable energy generated (MWh)** - the amount of energy generated by a power plant over a given reporting period.

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 later in this report 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 primary KPI of the Fund is measured in terms of the emissions avoided by 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 WBCSD Avoided Emissions Guidance.

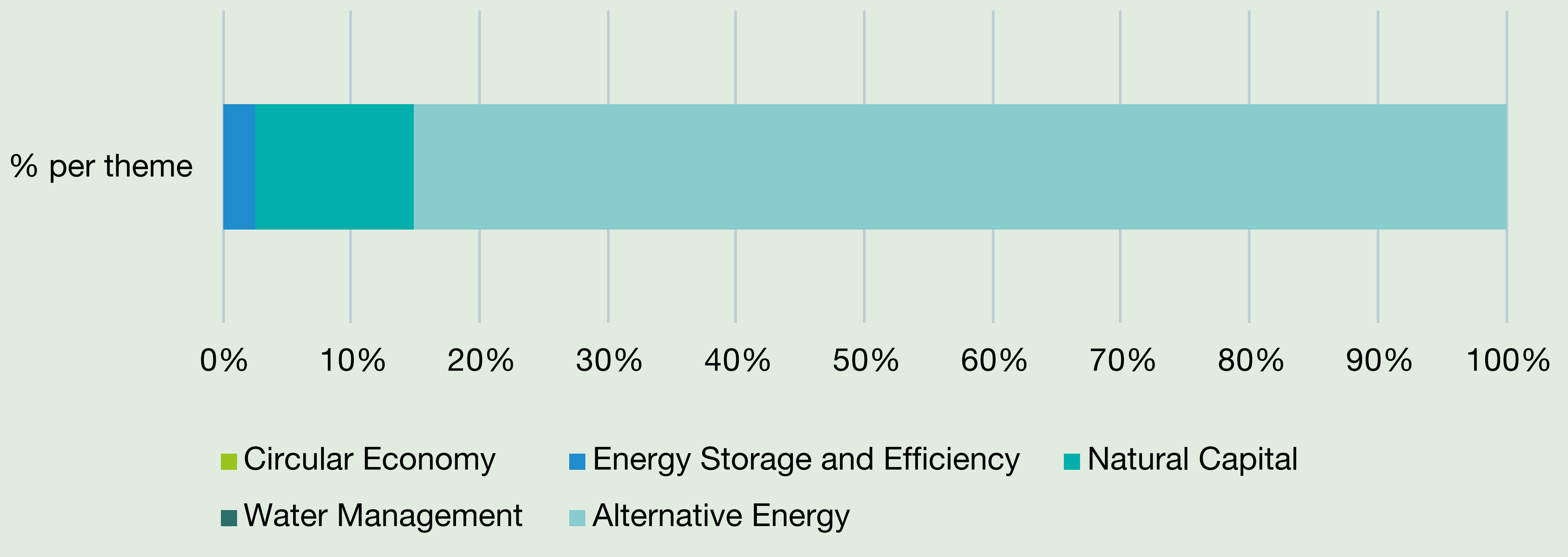
Sustainability metrics

Asset-level impact

Primary Key Performance Indicator (KPI)		Further Metrics	
2024 Impact Data	Carbon Emissions Avoided (tCO_2e)	Renewable energy generated (MWh)	Renewable energy installed capacity (MW)
Total Portfolio Value	23,549.98	37,355.00	22.37
Per £m Invested	572.87	725.00	0.55
29 November 2024 to 31 December 2024			
Total Portfolio Value	2,129.18	5,126.66	2.02
Per £m Invested	51.79	124.71	0.05

Source: EdenTree and Net Purpose based on portfolio holdings on 31 December 2024.

Contribution to Avoided Emissions by Fund Theme



Source: EdenTree and Net Purpose based on portfolio holdings on 31 December 2024.

In the above table, we have also included data for the period from the adoption of the Sustainability Impact label on 29 November 2024 to the end of the year.

> The portfolio's assets produced **37,355 MWh** of renewable energy in 2024, equivalent to powering roughly **11,300 homes** in the UK.

The activities of the Fund's underlying companies are weighted according to holding sizes, resulting in an implied avoided emissions figure of 23,549.98 tCO_2e equivalent to 572.87 tCO_2e per £1million invested for the year 2024.

According to Ofgem, households use roughly 3.3 MWh of electricity per year[2]. On that basis, the production of 37,355 MWh of renewable power in 2024 is equivalent to powering roughly 11,300 UK homes for the entire year.

Impact by theme

Looking at the impact of the Fund's assets per theme, 85% comes from the Alternative Energy theme; this is by far the largest theme within the Fund, making up 67.3% of the Fund's AUM. There are more modest contributions from the Natural Capital and Energy Storage and Efficiency themes.

There were no calculatable contributions from holdings in the Circular Economy and Water Management themes, which combined accounted for 2.8% of AUM. This was primarily due to a lack of data rather than a lack of impact contribution from the underlying solutions providers. Elis, a French industrial laundry business from the Circular Economy theme, clearly avoids emissions through its business but does not report avoided emissions data. In early 2025, we started an engagement with Elis requesting additional datapoints to help calculate the emissions avoided by its products and services. We will provide further information of the progress and outcomes of our 2025 engagements in our next fund-level impact disclosure.

[2] www.ofgem.gov.uk/sites/default/files/docs/2006/04/13537-elecgenfactsfs.pdf

Impact by holding

Although the Alternative Energy theme accounted for the lion's share of the avoided emissions implied by the activities of the Fund's holdings, it is notable that both Cadeler (offshore wind installation specialist) and Holmen (forestry) were among the largest contributors to this metric. We include a case study on Holmen later in this report, so will focus on Cadeler here.

Cadeler is a specialist offshore wind power installation business rather than a producer of renewable energy, and its inclusion in the avoided emissions metric is a good example of how value-chain businesses are captured in the activity to which they contribute. Cadeler's contribution to this KPI assigns the full implied rate of avoided emissions produced by the installed turbines for the year, which might lead to an overstatement of that figure but reflects best practice and the challenge of assigning proportional impacts along the value chain. We have, however, omitted Cadeler's contribution to installed capacity and renewable energy generated to limit the risk of double counting in those metrics.

A few other points of note: the data does not account for holdings that might have been added or sold during the year. While portfolio turnover is generally low, Holmen, Octopus Renewables Infrastructure, Cambi and Elis were added during the year. Their inclusion in the annual data is, therefore, potentially an overstatement of impact for the period. This is offset to some extent by the exclusion of data for Atrato Onsite Energy, a company that was taken private and delisted during the period. We would expect that the effects of portfolio transactions will even out over time and have decided to show the data for each for the entire year to avoid creating a situation where next year's numbers are artificially boosted by adjustments made today.

In terms of data sources for the Fund's core avoided emissions metric, the Fund held 17 impact holdings at the end of 2024: data for 10 holdings came directly from the companies themselves; data for 6 holdings were estimated by Net Purpose, while the data for 1 holding was omitted due to insufficient information.

We seek to improve the measurement process through time.

Primary Key Performance Indicator (KPI)	Further Metrics	
Carbon Emissions Avoided ($tC0_2e$)	Renewable energy generated (MWh)	Renewable energy generated capacity (MWh)
Cadeler A/S (Wind Turbine installation)	**Foresight Solar Fund** (Solar)	**Foresight Solar Fund** (Solar)
Holmen AB (Forestry)	**Foresight Environmental infrastructure** (Diversified Renewables)	**Bluefield Solar Income** (Solar)
Foresight Environmental Infrastructure (Diversified Renewables)	**Renewables infrastructure** (Wind)	**Octopus Renewables** (Diversified Renewables)
Renewables infrastructure (Wind)	**Octopus Renewables Infrastructure** (Diversified Renewables)	**Renewables Infrastructure** (Wind)
Octopus Renewables Infrastructure (Diversified Renewables)	**Greencoat Renewables** (Wind)	**Greencoat Renewables** (Wind)

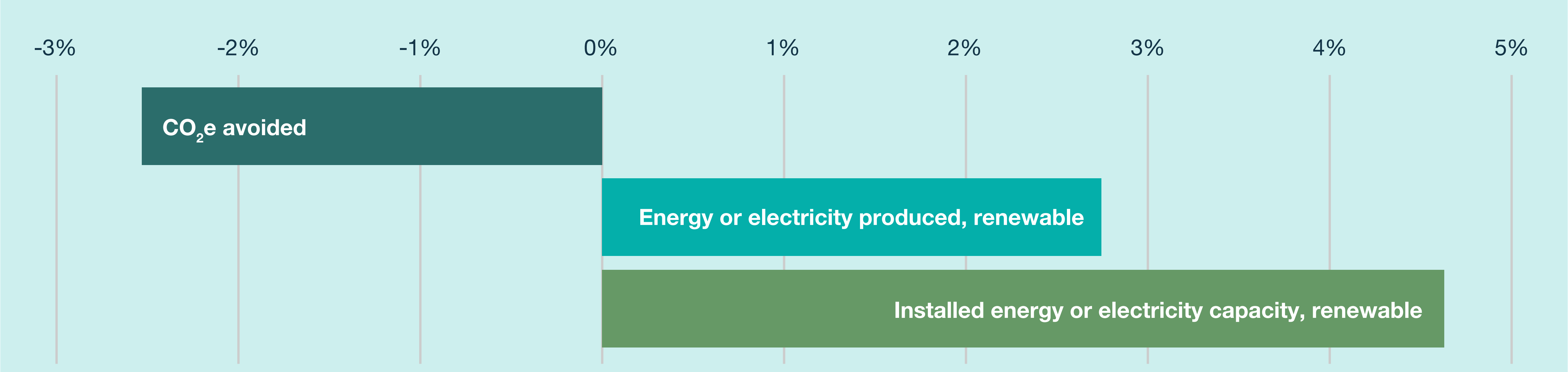
*Data unavailable at time of reporting. Source: EdenTree and Net Purpose based on portfolio holdings on Change to 31 December 2024.

Annual change in impact

Although the Fund only formally adopted the Sustainability Impact label in November 2024, the following table provides an indication of the year-on-year change in each of the Fund's metrics through the activities of the Fund's holdings over 2024. These figures are indicative, and we will provide a more detailed discussion of year-on-year progress in the impact report for 2025.

The moderate fall in the rate of CO_2e avoided is out of step with the pleasing increases in the rate of renewable energy generation and installed capacity. On the positive side, Gore Street Energy Storage saw a notable increase in the rate of avoided emissions due to an increase in energised capacity following the completion of projects in the US. Negative contributors included Octopus Renewables and GCP Infrastructure, which saw modest declines in the rate of avoided emissions in part due to the sale of some assets. As mentioned, we will provide a more detailed account of these changes in next year's report.

2023 – 2024 year-on-year implied change in impact



Source: EdenTree and Net Purpose based on portfolio holdings on 31 December 2024.

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. They are not exhaustive or representative of the entire portfolio.

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 – the company's commitment to providing climate solutions.

Materiality – whether the company's products and services – its provision of 'climate solutions' – are a material part of the company's business as measured by 50% or more of the company's total revenue, capital expenditure or asset base. Typically, this rate is much higher.

Operations – the environmental, social and governance (ESG) impact of the company's own business and how well it is managing these.

The Fund is also subject to baseline exclusions, such as material involvement (10% or more) in fossil fuel exploration and production.

Case studies Greencoat Renewables

Greencoat Renewables is a long-standing impact holding in the Fund. The company invests in, develops and operates renewable energy infrastructure assets in Ireland and continental Europe with a clear purpose to mitigate the causes of climate change.

We are encouraged to see that in 2024, Greencoat Renewables made positive progress, increasing its rate of avoided emissions and renewable energy generated. While its asset base and installed capacity remained the same, it achieved an increase in output due to increased demand, with the company entering into power purchase agreements to meet new AI-related demand from big technology firms.

This company has been held in the portfolio since inception.

Fund theme: Alternative Energy

Theory of change

The burning of fossil fuels emits GHG emissions into the atmosphere. If fewer fossil fuels are burned, there will be a reduction in carbon dioxide emissions. The contribution of assets aligned with this theme can be measured by avoided emissions (tCO_2e).

Intentionality

Greencoat Renewables has a 1.5 GW portfolio of renewable energy assets, comprising 35 onshore and 2 offshore wind farms, 2 solar farms and 1 battery storage facility. It has a clear purpose to invest in and operate renewable energy with the aim of helping to fulfil its environmental objective of climate mitigation.

Materiality

100% of Greencoat Renewables' revenues, tangible assets and capital expenditure are aligned with the Green Infrastructure Fund's Alternative Energy theme and theory of change.

Asset contribution in 2024:

Avoided emissions (tCO_2e):

Company: **1,400,000**

Fund exposure: **2,014**

An **8% increase,** year-on-year

Renewable energy generated (MWh)

Company: **3,933,000**

Fund exposure: **5,657.74**

A **15% increase**, year-on-year

Renewable energy installed capacity (MW)

Company: **1,493**

Fund exposure: **0.04**

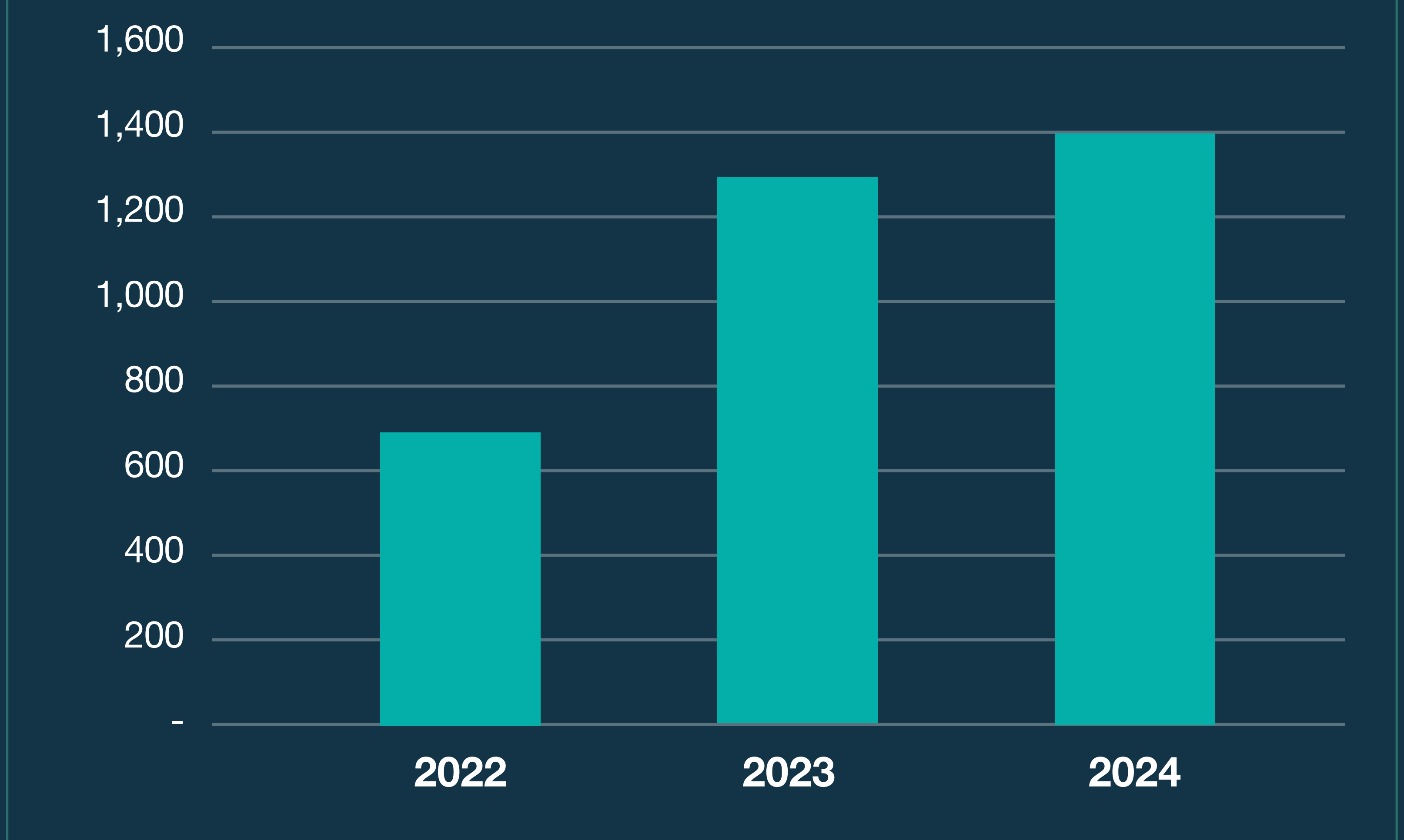
Unchanged, year-on-year

Source: Greencoat UK Wind, Net Purpose and EdenTree

Engagement history

In 2024, we engaged with Greencoat UK Wind as part of a Just Transition thematic engagement aimed at reducing human rights risk in the supply chains of renewable energy companies.

Greencoat Renewables Avoided Emissions (tCO_2e)



Case studies Holmen AB

Holmen is one of Sweden's largest forest owners and creates a positive environmental impact primarily through increasing levels of CO_2 storage (due to steadily growing forestry assets managed to a sustainable harvesting schedule) and through wood products replacing fossil materials and displacing activities such as concrete production. The company also produces renewable energy from wind and water assets, including 21 owned/co-owned hydro power plants. As a holding within the portfolio, Holmen is an example of how themes outside renewable energy can contribute to the Fund's primary impact goal.

We are encouraged to see that the group produced an annual increase of 63% in the rate of avoided emissions between 2023 and 2024, with contribution from both its renewable energy production and wood and fibre products.

Although we do not track this data as a formal part of our impact investment process, it is important to note that Holmen's forestry activity has additional climate benefits as its trees remove (or 'sequester') carbon. In 2024, Holmen's forests removed an estimated 2.6 million tonnes of CO_2e.

Please note the relatively short holding period, with the company held in the portfolio since October 2024.

Fund Theme: Natural Capital

Theory of change

In order to reduce greenhouse gas emissions, society needs sustainable building materials, such as timber, to work effectively. Timber is a significantly less carbon-intensive building material than alternatives like concrete and steel. If sustainably managed, timber forestry represents real asset investment that can lead to net gains in forest cover and reduction in carbon dioxide emissions.

Intentionality

Holmen has embedded sustainability into its general business targets and has a clear aim to support climate improvements.

"Our growing forests reduce the amount of carbon dioxide in the atmosphere, our products replace fossil alternatives and our hydro power and wind power production contributes to the transition towards a renewable energy system."
Holmen, Sustainable Business Objectives.

Materiality

100% of Holmen's revenues are sourced from forestry activities, with the company aligned with the Fund's Natural Capital theme. Its wood and fibre products and renewable energy production activities (e.g. bioenergy) contribute to avoided emissions.

Asset contribution in 2024 and since held:

Avoided emissions (tCO_2e):

Company: **6,500,000** (since held **1,083,333**)

Fund exposure: **1,455.9** (since held **242.7**)

A **15% increase**, year-on-year

Renewable energy generated (MWh)

Company: **1,573,000** (since held **262,166.7**)

Fund exposure: **698.4** (since held **116.4**)

A **4.7% increase**, year-on-year

Renewable energy installed capacity (MW)

Company: **466** (since held **77.7**)

Fund exposure: **0.2** (since held **0.03**)

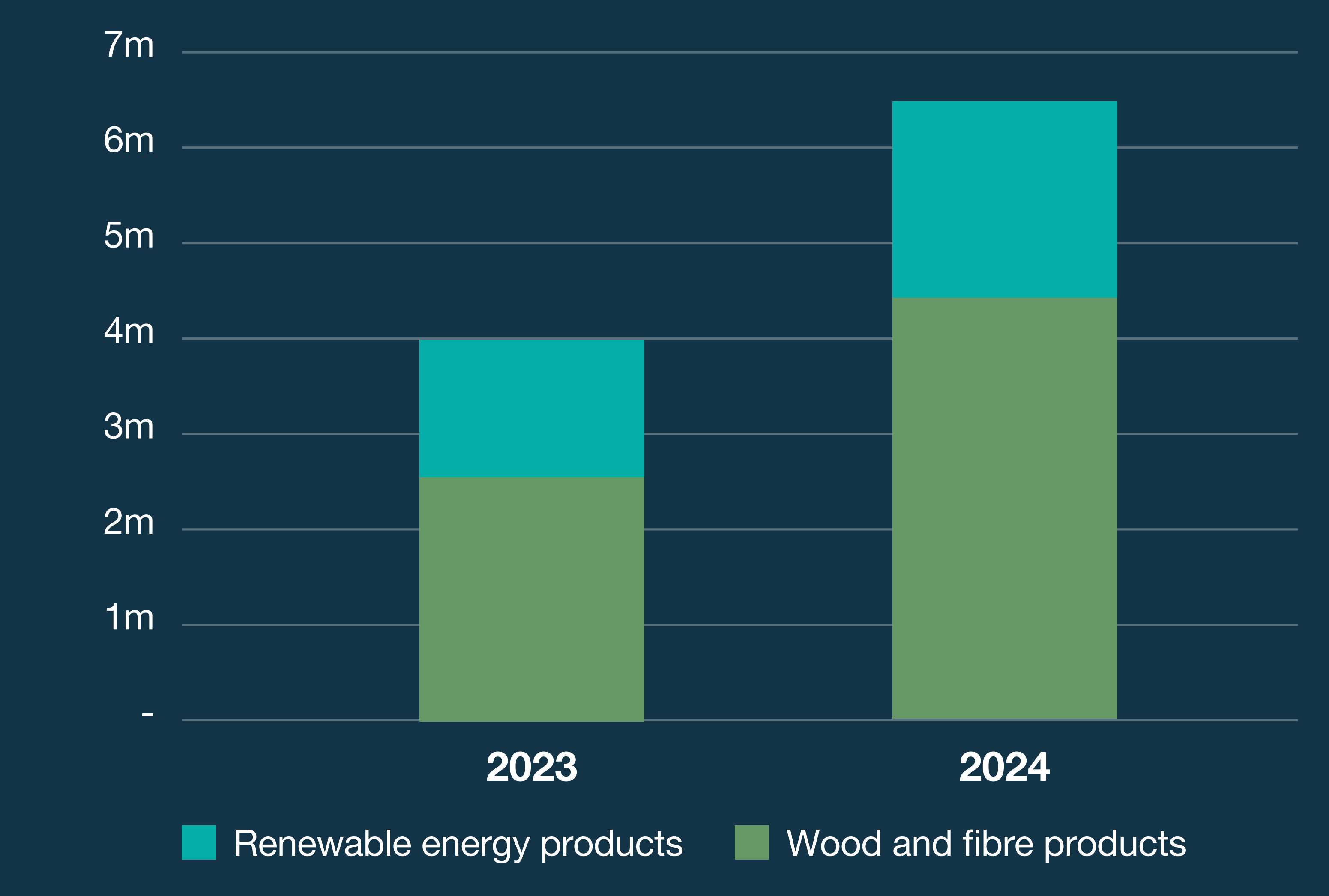
A **4.7% increase**, year-on-year

Source: Holmen, EdenTree and Net Purpose

Engagement history

This is a relatively new holding for the Fund, and we expect to engage with the company on a range of issues (for example, in relation to its sustainability targets and efforts to reduce its operational footprint) through the life of the holding.

Holmen Avoided Emissions (tCO_2e)



Investor stewardship

The pursuit of additionality

Stewardship has long been an integral part of our investment approach, with our Responsible Investment (RI) 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 companies we invest in satisfactorily integrate responsible and 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 Green Infrastructure Fund since its inception in September 2022. When we adopted the Sustainability Impact label in November 2024, 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.

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

We typically engage with a company multiple times through its holding period on themes aimed at both enhancing positive and reducing potentially negative outcomes. Indeed, a study on engagement success and duration[3] suggests an average 35-month duration for the successful completion of an engagement, with the longest reaching 119 months. This speaks to the importance of taking a patient, long-term approach to investing in and engaging with businesses.

Over a rolling five-year period, we aim to engage with at least 70% of holdings within the portfolio. As shown below, our company engagement activity tends to be more frequent than this general goal.

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).

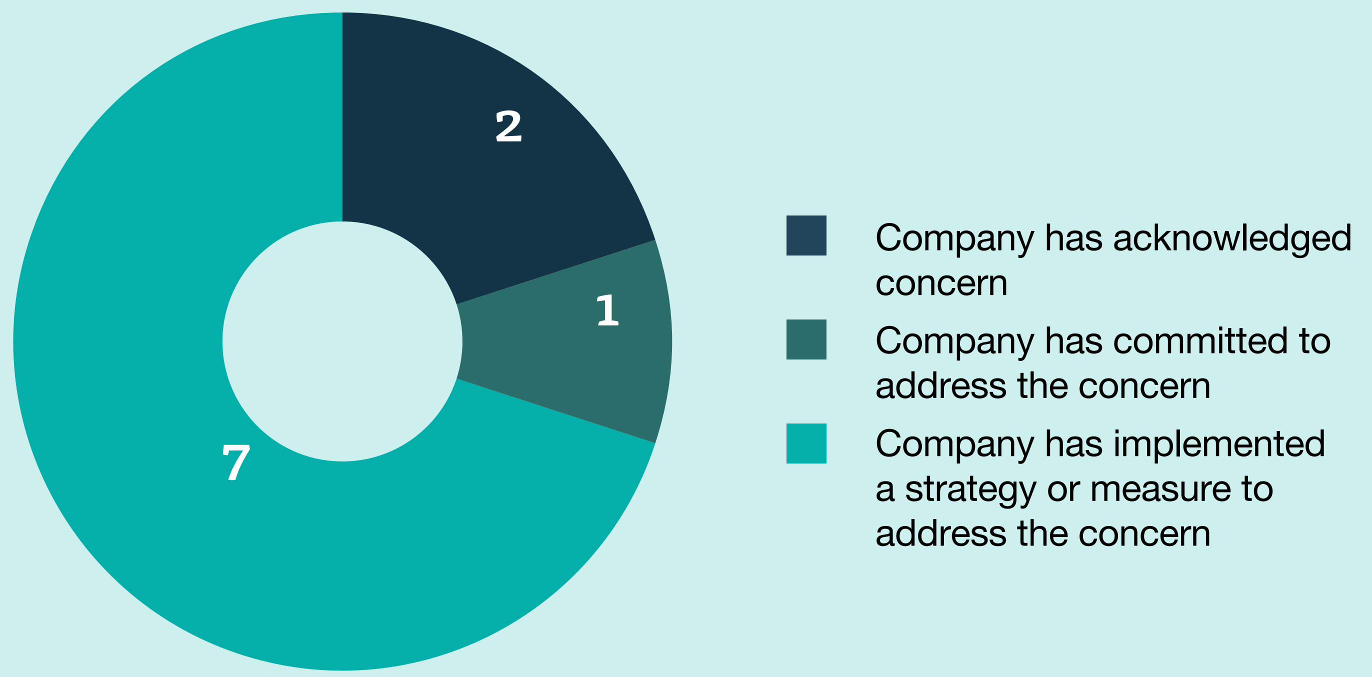
When a company's progress through the milestones is insufficient, we will use escalation measures to drive the engagement forward. These measures include formal correspondence, collaborative intervention, AGM voting, and, in extreme cases, we may divest from a holding.

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 29 November 2024.

[3] 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.

Just Climate Transition — Infrastructure and Human Rights



The Green Infrastructure Fund's engagement progress and strategy

In 2024, we conducted a key thematic engagement spanning 10 holdings (roughly two thirds of the Fund's portfolio at the time), which sought to reduce potential negative impacts associated with human rights in the supply chain for alternative energy. This engagement programme, which was part of our Just Climate Transition work, achieved relatively rapid progress, with some 70% of companies in 2024 reaching our final milestone for success – 'Company has implemented a strategy to address the concern'. We continue to monitor progress among companies yet to progress to this final stage.

We were delighted that this initiative was nominated for Best Sustainable Investment Engagement Initiative at the 2024 Investment Week Sustainable Investment Awards.

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	Increase positive impacts
Activity	Request greater controls of human rights risk in the supply chains of renewable energy holdings
Output	The adoption of human rights standards and implementation of associated policies
Outcome	Lower risk of human rights breaches, which might impede long-term social licence to operate and growth in alternative energy output
Impact	Support for the Fund's climate-related theory of change and Avoided Emissions KPI

Case study

A just transition in infrastructure

CADELER

Start Date: May 2024

Last Activity Date: July 2024

Expected Timeframe: 3 years

Issue: The climate crisis requires the rapid expansion of renewable energy capabilities. Yet it is crucial that the energy transition does not harm people, workers or communities. As an offshore wind farm construction company, Cadeler faces specific elevated health & safety and human rights risks, which must be managed appropriately.

Action: Over the past few years, we have met with several of our renewable energy holdings on the topic of human rights. In 2024, we added Cadeler to our thematic engagement as a key player in the offshore wind farm market.

Outcome: We had a constructive first conversation with Cadeler. The company has areas of elevated risk – in particular its offshore employees and Asian shipbuilding activities – but it was able to point to strong processes to uphold health & safety and human rights. We were pleased to hear that nearly all of Cadeler's offshore employees are now directly employed, and of the company's plans to carry out a human rights impact assessment to better determine where to focus their efforts. We also discussed governance best practice, providing feedback on areas where Cadeler could improve, something it is looking to enhance going forward. We will continue engaging with Cadeler in 2025 and look forward to updates on the company's human rights impact assessments and improvements to corporate governance.

Objective	Milestone reached	Progress
Set up an independent whistleblowing line	The company has implemented a strategy or measures to address the concern	
Conduct a Human Rights Impact Assessment	Company has acknowledged the concern	

"The just transition is not an afterthought for us at EdenTree. Although we report on the outcomes of our engagements as distinct achievements from year to year, we also see our engagement work as an ongoing, integral part of the investment process. As a fund manager, I feel privileged to be able to work with a Responsible Investment Team that goes the extra mile to assess the companies we invest in, and that joins me in supporting – and sometimes challenging – management teams to do what they can to achieve a just transition."

Tommy Kristoffersen
Fund Manager

2025 Engagement strategy

Since adopting the Sustainability Impact label, we have engaged with five companies on themes that directly seek to enhance positive impacts. Given these engagements are ongoing, we will hold back on providing more explicit details of the companies involved until our report next year. However, we would like to provide a high-level overview of the sorts of issues we are engaging on and why, as well as how this informs our broader strategy.

Mindful of the capital constraints many companies currently face, we have started with areas that require relatively little capital input but that can help strengthen both the impact purpose of holdings and the market's awareness of their impact contribution.

Examples include:

Increase intentionality

- Elevate the investment trust's purpose in policy documents.
- Request greater alignment of executive incentives with impact outcomes.
- Votes for investment trust continuation and support for efforts to reduce share-price discounts to net asset values.

Improve disclosures

- Request additional disclosures to improve recognition of the impacts generated by assets.

Each of these themes has a logic chain that supports the Fund's overall theory of change. For example, the alignment of executive compensation to impact outcomes should lead to more focused and effective decision making towards achieving those outcomes.

Logic chain behind request for impact to be factored in executive pay

Engagement strategy	Activity	Output	Outcome	Impact
Increase positive impacts	Request greater alignment of executive pay with impact outcome	More strategic decision making in relation to impact assets	On average greater impact from asset	Support for the Fund's climate-related theory of change and Avoided Emissions KPI

Fact-finding engagements are an important part of our overall approach, as they tend to provide constructive information that ultimately leads to targeted thematic impact engagement in future. At a time of constrained capital budgets, we are starting to pose questions about the alignment of capital allocation decisions and the impact, for example, in relation to assets potentially being sold to raise cash for buybacks or to pay down debt. Along with showing our support for the retention of productive assets and the long-term continuation of listed-infrastructure companies, we expect the alignments of capital allocation and impact considerations will be an ongoing theme for the rest of 2025.

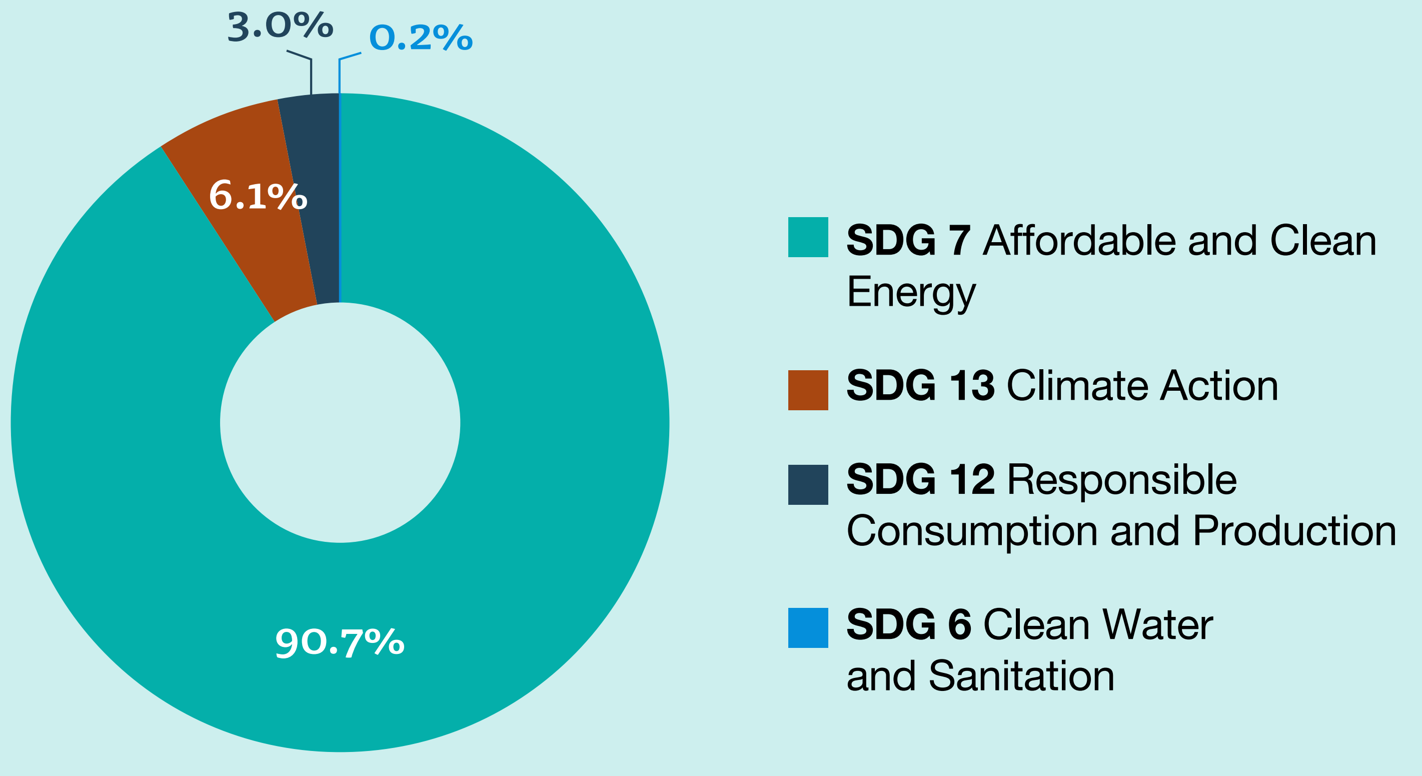
Contextual information

Alignment to UN SDGs

The charts on the right show the Fund's alignment to the UN Sustainable Development Goals (SDGs) and are based on the primary activity of each holding aggregated across the Fund. Although some holdings might contribute to more than one SDG, we have focused on the core activity of each for clarity.

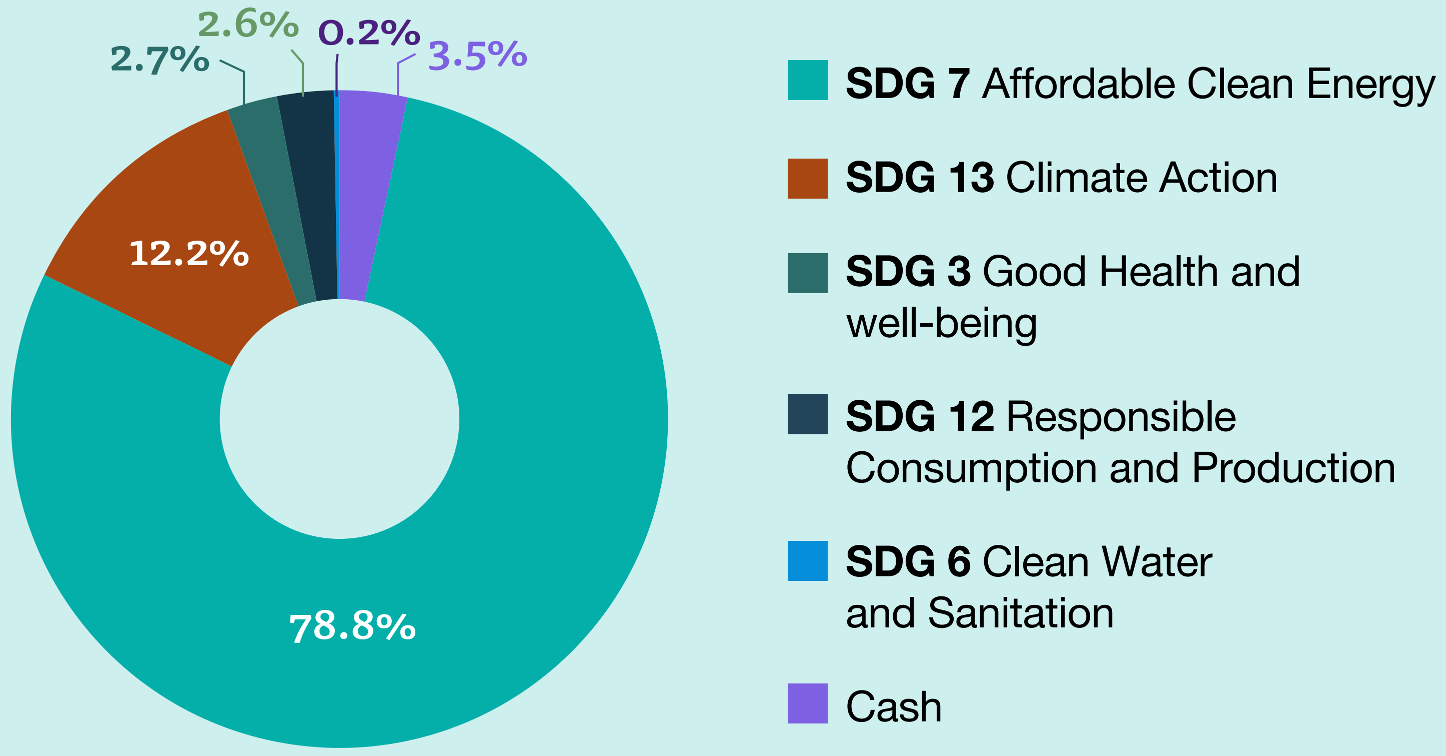
The first chart shows portfolio alignment based on the impact holdings only while the second shows alignment across the entire Fund, with the latter highlighting the impactful characteristics of the entire portfolio, including complementary assets. The assignment of SDGs to individual holdings is based on our own assessment of its fundamental activities.

SDG Alignment - Impact Holdings (%)



Source: EdenTree

SDG Alignment - All Holdings (%)



Source: EdenTree

Data methodology

This report includes data from company reports of underlying companies covering 2024 or 2023 depending on availability.* We have included data for both the 12-month period and the period from the point of adopting the Sustainability Impact label on 29 November to the end of the year.

We show the weighted impact of the Fund's holdings, rather than the total impact of each holding, based on the Fund's share of ownership, which is used to assign proportional alignment with the asset's impact.

As a metric, 'avoided emissions' is inherently complex and should be considered indicative. The impact data contained in this report has been sourced from 3rd party data provider Net Purpose and includes data from the reports of underlying companies or, in cases when not available, Net Purpose estimates. Given the data comes from either companies or Net Purpose, there is a risk of over or under-statement of impacts due to potential methodological inconsistencies, although Net Purpose seek to apply a consistent approach to calculating impact data and highlight situations when a company's reported data differs from their estimates. Additionally, year-on-year data can be distorted by changes to how data is reported by underlying companies. We endeavour to highlight any anomalies or missing data.

In terms of methodology, Net Purpose draw from the best practice principles and standards outlined in the 2023 WBCSD Guidance on Avoided Emissions, Mission Innovation's 2021 Avoided Emissions Framework and World Resource Institute's 2019 Avoided Emissions Framework.

Net Purpose base their methodology on the seven-factor model outlined in Cleantech Scandinavia's Study on Principles for avoided emissions accounting[4]. At EdenTree, we aim to intervene in the data to reduce the risk of double counting where two holdings contribute to the same impact or where we believe the impact of an enabler is underrepresented (provided data is available).

*The impact data used in this report was sourced on 1 May 2025.
[4]Analysis on Avoided Emissions Frameworks_Cleantech Scandinavia

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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