



EdenTree Global Impact Bond Fund

Impact Report 2024

A message from the team

We are delighted to present the second Annual Impact Report for the EdenTree Global Impact Bond Fund.



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Head of Fixed Income



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Fund Manager



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While the aim of this report is to detail how the Global Impact Bond Fund has invested for positive outcomes, we are pleased to also report that the Fund has continued to meet both elements of its core objective as a finance-first impact vehicle; namely, to deliver a competitive financial return alongside positive environmental and social outcomes.

This is especially pleasing given the wider macroeconomic backdrop was challenging for bond markets through much of 2023, a time when sentiment towards ESG and impactful approaches to investing became caught up the highly fraught political maelstrom in the US.

Against this backdrop we continued to stand steadfastly behind the Fund's goal of investing in bonds that provide solutions for environmental sustainability and address societal challenges. As a charity-owned entity, we find many similarities between the projects the

Global Impact Bond Fund invests in, the community work our employees at EdenTree carry out and the social impact that our parent owner Benefact Trust aims to create.

As proud as we are of our philanthropic heritage, we recognise the Fund will only succeed in its positive impact endeavour if it continues to deliver competitive returns in line or better than global fixed income markets. The reason for this is simple: attractive rates of financial return should ultimately help to attract new capital into the Fund with which we can apply our impact investment approach. A competitive rate of return therefore has the potential to create a virtuous circle of increased capital for positive outcomes.

We welcome the UK's Sustainable Disclosure Requirements (SDR) and fund labelling regulations, which should ultimately be supportive for public market impact investing with the introduction of the "Sustainability Impact" label. The SDR Impact label, which has a high standard for adoption, will increase market

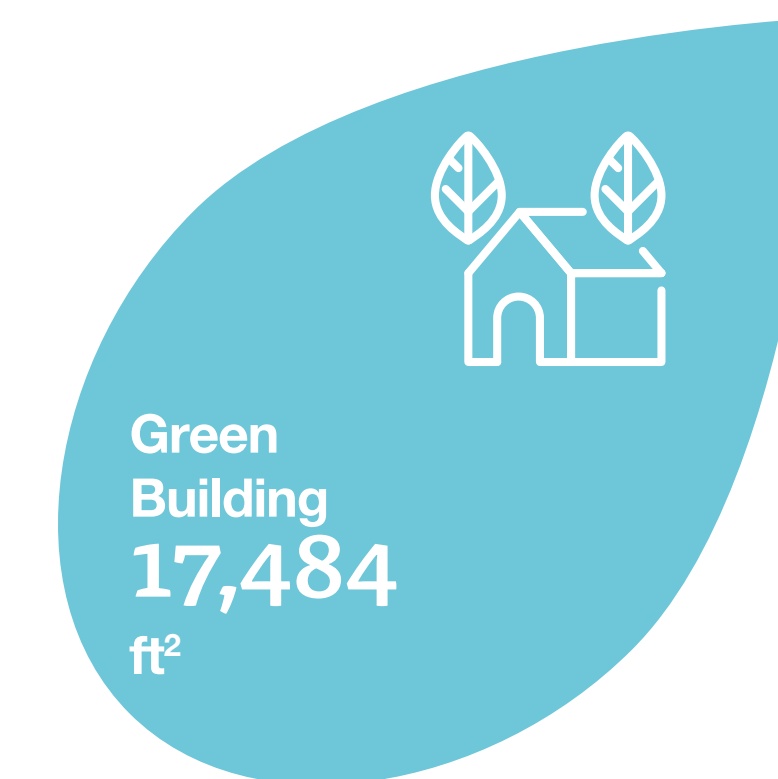
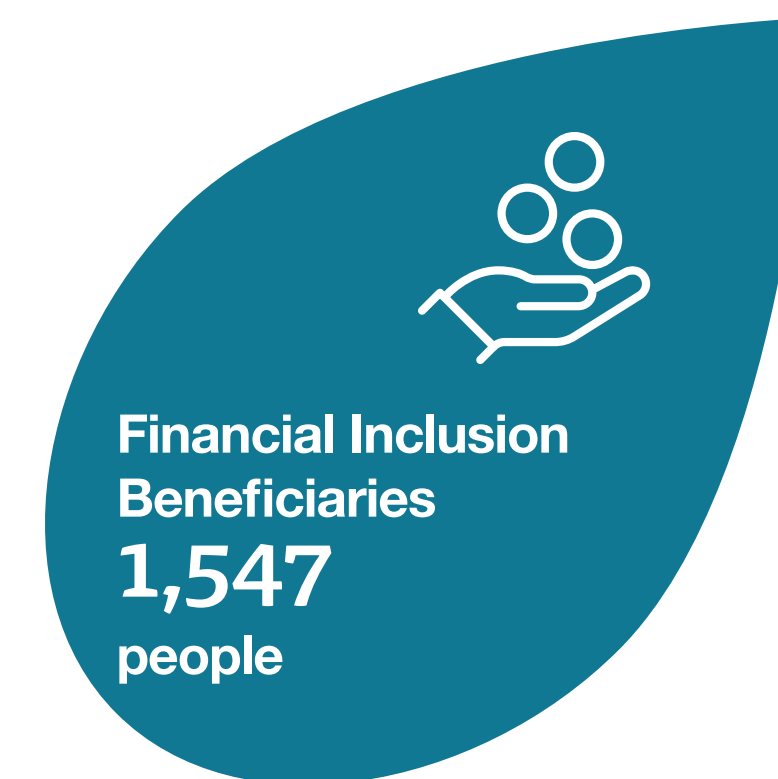
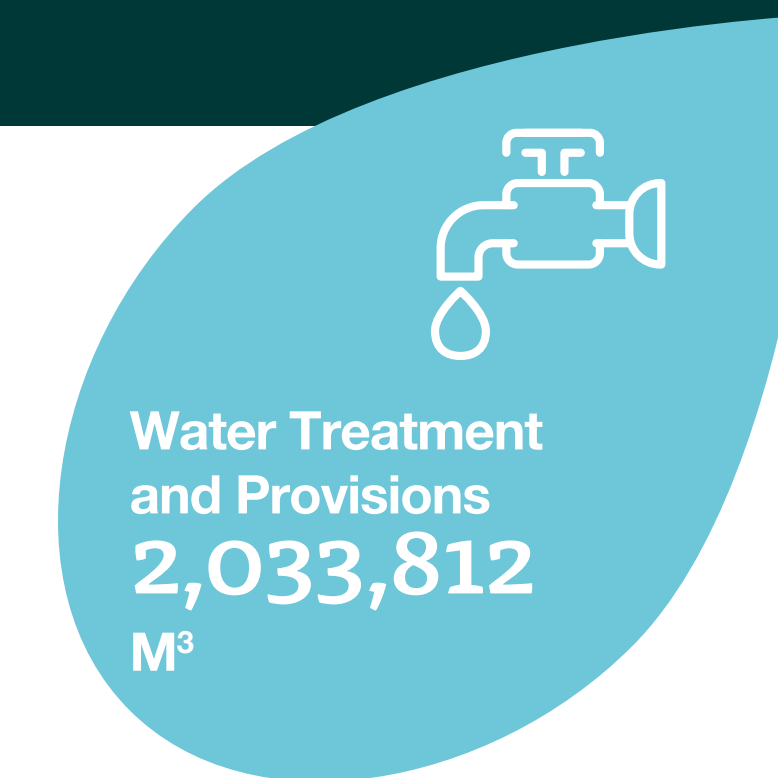
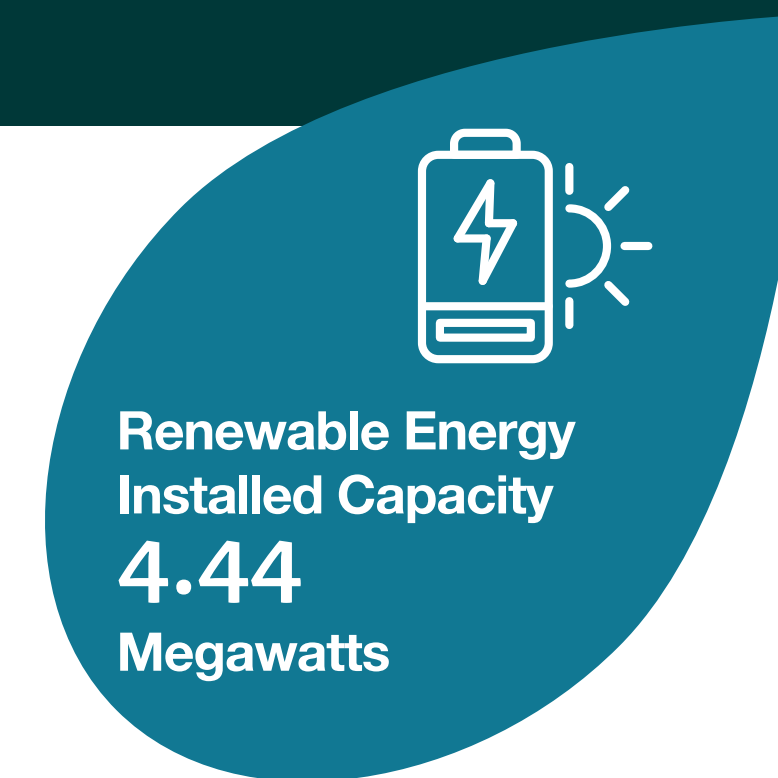
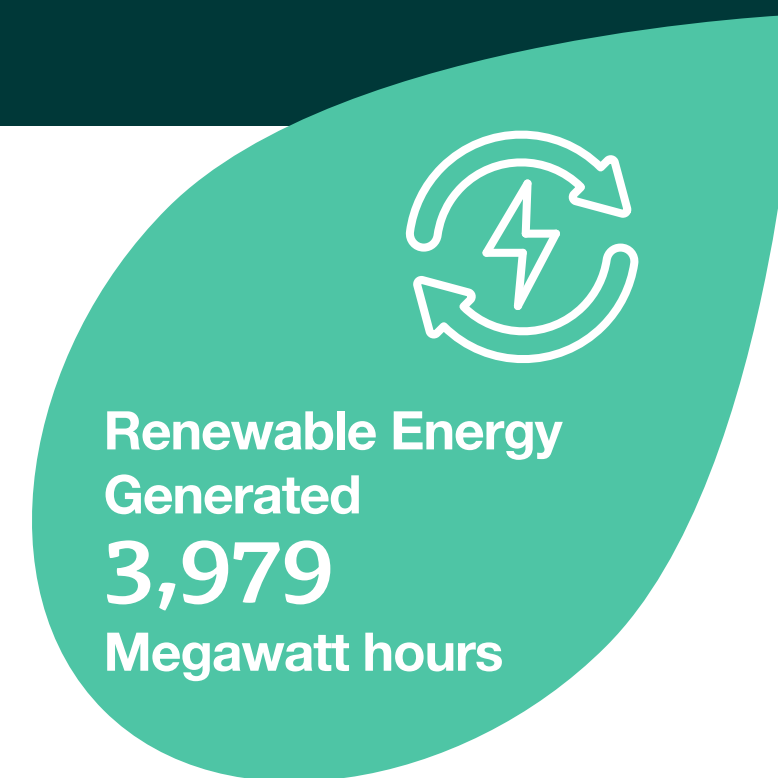
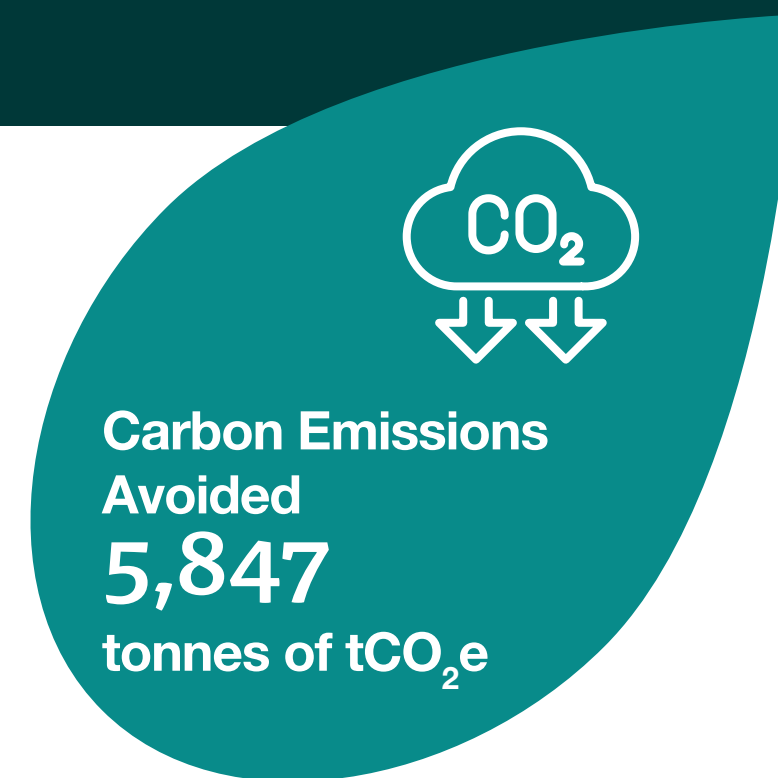
understanding and confidence in public-market impact investment. Our process of adopting the Impact label for the EdenTree Global Impact Bond Fund has resulted in a far more detailed articulation of our approach. We have introduced an overarching Fund-level theory of change and new KPIs which we will report against annually to demonstrate the positive impact the Fund has achieved. While the adoption of the label has added to the Fund's credentials, it comes from a place of genuine commitment to generating positive outcomes, driving positive change and ultimately helping people – those remain the primary reasons we pursue impact investing as a team.

We believe we are at the precipice of an exciting journey for impact investing in the public space. We continue to have meaningful dialogues with our investors about the future direction of the Fund and are confident in the Fund's long-term potential.

About the Fund

The EdenTree Global Impact Bond Fund seeks to deliver positive environmental and social impact for our clients alongside generating risk-adjusted performance over the long term. To achieve this, the portfolio invests in a global diverse mix of ESG-labelled green, social and sustainable bonds that contain a use-of-proceeds provisions. With robust standards and clear use-of-proceeds frameworks, we believe labelled bonds issued by companies at the forefront of addressing societal challenges are a fundamental way for investors to generate positive impact in public fixed

income. The Fund's investment universe also encompasses general corporate purpose debt issued by entities whose products or services offer tangible solutions to the world's most pressing challenges, guided by the impact pillars of Sustainable Solutions, Social Infrastructure, Health and Wellbeing & Education. Overall, we seek to increase positive impacts and reduce potential negative outcomes.



The data provided in this report 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. Please see page 18.

Our Impact

As the table overleaf highlights, the Fund supports a range of positive outcomes across its core environmental and social themes. Similarly to previous years, the largest asset-level impacts came from investments in Green Bonds. The three most common KPIs identified by Green Bonds are Emissions Avoided (tCO₂e), Renewable Energy generated (MWh) and Renewable Energy Installed capacity (MW). Green and Sustainable Bonds issued by Utilities and financial institutions generated the largest impact for the three environmental KPIs.

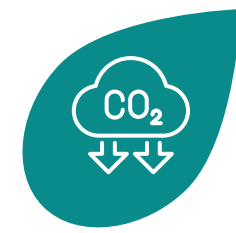
Within the Fund, however, we increased the proportion of social impacts in relation to the Fund's overall impact. This was intentional, with our team seeking to provide a blend of environmental and social impacts which means we will typically look to invest a larger than market proportion of the Fund in social bonds.

Our investments in health-related bonds produced the largest group of social beneficiaries; a notable contribution came from an investment in the International Finance Corporation which is the largest Global development institution focused on the private sector in emerging markets.

Our engagements, where we seek to increase positive impact, focused on social and financial inclusion. Social & financial Inclusion was one of our priority thematic engagement areas for the year and we were able to engage with issues of a number of social bonds that generate a positive impact towards this theme. We also actively engagement with issuers on their decarbonisation plans, as part of our wider climate stewardship strategy. We provide more detail about these engagements later in this Impact Report.

In general, Green Bonds remained the largest subset of the labelled bond market, and the market saw a growth in issuance again in 2023, while bond issuance for Social and Sustainable labelled bonds remained largely flat.

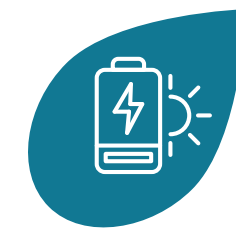




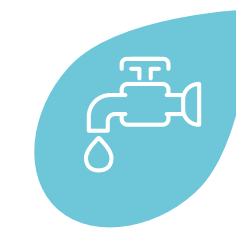
Carbon Emissions Avoided (tCO₂e)



Renewable Energy Generated (MWh)



Renewable Energy Installed Capacity (MW)



Water treated/ provided (m³)



Financial Inclusion Beneficiaries (#)



Healthcare Beneficiaries (#)



Education Beneficiaries (#)



Green Building Floor Space (ft²)

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

Interview: GIB Impact Report



Aaron Cox
Impact Strategist
RI Team

How will SDR change the impact investing landscape?

Despite well-reported teething delays, we remain highly supportive of the new framework and believe the policy will ultimately have positive benefits in terms of reducing greenwashing risk and improving investor confidence and understanding.

In relation to impact investing, the inclusion of the Sustainability Impact label in the policy framework should have some notably positive effects. It is an attractive category for people who want to see their investment help to create positive real-world outcomes and the label should help to elevate the profile of this form of investment practice, which has been largely limited to institutional and private equity investors. This is obviously positive for the industry, but most importantly for supporting the real-world outcomes impact investing seeks to deliver.

And, of course, there should be less risk that we will see flows caused by greenwashing or, indeed, impact washing. Contrary to many expectations, the ‘Sustainability Impact’ label has produced the earliest successes in terms of product meeting the requirement of the labelling regime. This is most likely a reflection of the efforts by investing practitioners to develop robust standards over recent years for both private and public markets. From here, we feel there are strong foundations for growth and innovation in the UK impact investing market – particularly in public markets which, alongside private market counterparts, are an important part of the impact investing ecosystem.

What are the implications for investors in the Fund?

For the Global Impact Bond fund, the new disclosure and labelling regime won’t lead to a material change in approach but has certainly provided an opportunity to improve how we articulate what we do and to elevate aspects of our approach that were previously less prominent.

The team have always run the Fund with clear focus on the impact contribution of the underlying investment, whether labelled or non-labelled paper, as well as the alignment of the issuer with sustainable outcomes. Our stewardship approach, which seeks to increase positive impacts while reducing potential negative ones, has also been a key feature of the Fund, with notable and well-publicised engagements in the water sector, for example.

What is new is an articulation of the Fund’s overall theory of change, which shapes the intentionality behind the fund and ties both the asset selection and investor contributions together more formally under broader impact goals of helping to mitigate climate risk and support the provision of basic services to underserved communities. These activities will be measured through core fund level KPIs. Each holding has an impact thesis that supports the theory of change and the engagements themselves have objectives that again link back to the overall sustainability objective of the Fund. The Fund will also have new disclosures to show how it is progressing against its sustainability objectives.

ESG has seen something of a backlash in recent years. Will this continue?

The backlash against ESG, which is playing out most fiercely in the US, is unhelpful but is unfortunately not unexpected. US politics is extremely divided when it comes to tackling environmental and social issues, and framing ESG as a social threat by certain factions fits a playbook that is decades old and stalled progress on many key issues including the UN’s COP process. This latest iteration is definitely of concern given the current political backdrop in the US and, in the lead up to the election, a number of renewable projects were put on hold pending its outcome.

While anti-ESG sentiment obviously hasn’t helped fund flows into this area, it is far from the only factor involved. In fact, monetary policy has had a bigger part to play. In recent years we have witnessed the steepest tightening cycle in the US on record, which is a reminder that ESG or sustainable investing is no island. It is subject to the same forces as the rest of the market and longer-duration asset (whether bonds or growth equities) as well as a number of renewable energy projects, which have higher up front costs and long duration payoffs, have suffered as a result. The prospect of a more benign rates backdrop has eased some of those pressures. And the normalisation of rate policy has created one of the most interesting investment backdrops for sustainable investors for years. Bonds are back.

In terms of broader industry flows, we have been encouraged by data from Morningstar that showed a return to positive flows into sustainable investment funds in Q2, with the investment area attracting \$4.3bn compared to outflow of \$2.9 in Q1. Similarly, we have seen strong issuance in the Green, Social and Sustainability bonds (GSS+) in the first half of 2024, with some \$554bn issued during the period, which bodes well for a strong year, potentially rivalling the record issuance of 2021. Overall issuance of labelled bonds has now risen to over \$5tn overall, which is an important milestone. This presents a deeper pool of opportunities for those seeking to invest for positive outcomes in the public bond market.

Public Fixed Income and Impact

With impact investing increasing in popularity among investors, a range of conflicting opinions on its true definition have emerged. Whilst we welcome the spirited debate around the topic of impact investing, we believe it is more important to remain focused on what impact investing aims to achieve. At its core, impact investing allocates capital to generate financial returns alongside positive non-financial outcomes.

To that effect, our view is that we are investing in bonds that generate a positive impact for either the environment or people. The Global Impact Bond fund incorporates the key pillars of intentionality, contribution, and measurement into its impact process. Additionally, we include our responsible screen into the process. We recognise that applying these principles within public bonds requires an acceptance that public bonds are unlikely to have the same type of impact as private debt or project financing. As fixed income investors in public credit, we have limited influence over the level of impact between asset classes. However, where we do have the power to maximise impact, we have made every effort to do so.

We outline below what we believe is best practice for achieving maximum impact in public credit

Intentionality

Investments must be intentional in generating positive non-financial impacts. **We believe that the purest way to deliver impact via public bonds is through investing in labelled (outcome/impact) bonds, specifically use-of-proceeds bonds issued by companies addressing the world's most pressing challenges.**

A key feature of purchasing labelled bonds is that the use-of-proceeds is appropriately described in the legal documentation of the security. Where companies do not have labelled bonds available for investment, the intentionality may be less clear-cut. This is not to say it is unachievable, but our assessment for intentionality is much more stringent. Conversely, not all labelled bonds are equal; some companies issue social or green bonds that may be contrary to their usual business operations or lack a detailed timeline and strategy for deploying the funding.

Contribution

Traditional impact practitioners question whether the outcome would occur without this investment. **What we are able to do with respect to contribution is assess how material the outcome is.** This includes both the materiality of the company itself and the contribution of the bonds. The Global Impact Bond Fund assesses the impact generated to ensure that the securities included are driving real change.

Measurement

Measuring the impact of public bonds remains challenging. For labelled bonds, issuers release annual impact reports for the allocated projects and ideally produce associated impact metrics. The asset class struggles with a lack of conformity across impact reports and different approaches to measuring impact. **It is crucial that the calculation or rationale behind the reported impact is clear, and that companies follow through with the impact outlined in the initial framework.** Looking ahead, we advocate for greater standardisation of data and conformity of metrics. As data quality improves, so too will investors' ability to assess the materiality of a project's impact.

Responsibility

Integrating our responsible and sustainable process ensures that the **"Net Impact"** of the companies we invest in is positive. The fund invests in companies that have positive impact incorporated throughout their business activities, not just in the project outlined by a labelled bond framework.

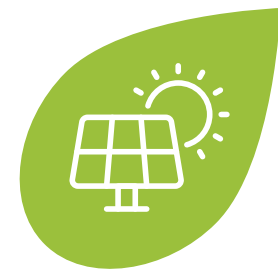


Theme Impact Allocation



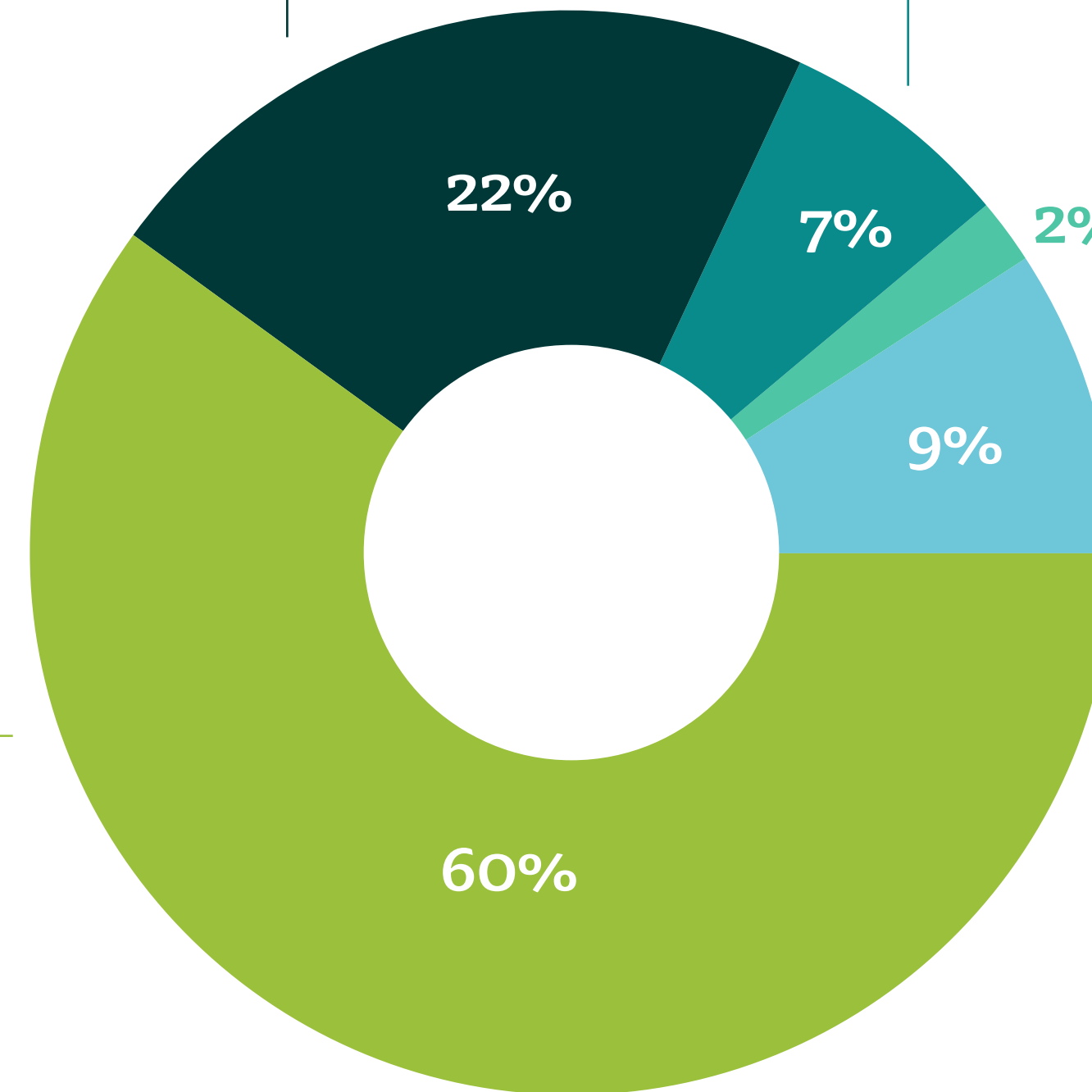
Social Infrastructure

Social infrastructure includes the construction and maintenance of facilities that support social services, including social housing, affordable housing, student housing, urban regeneration and Brownfield Development.



Sustainable Solutions

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



Health and Wellbeing

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



Education

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



Aligned

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

Security Impact Allocation



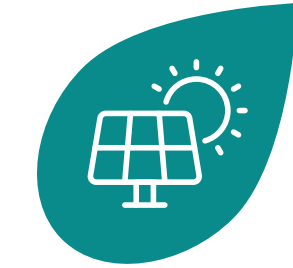
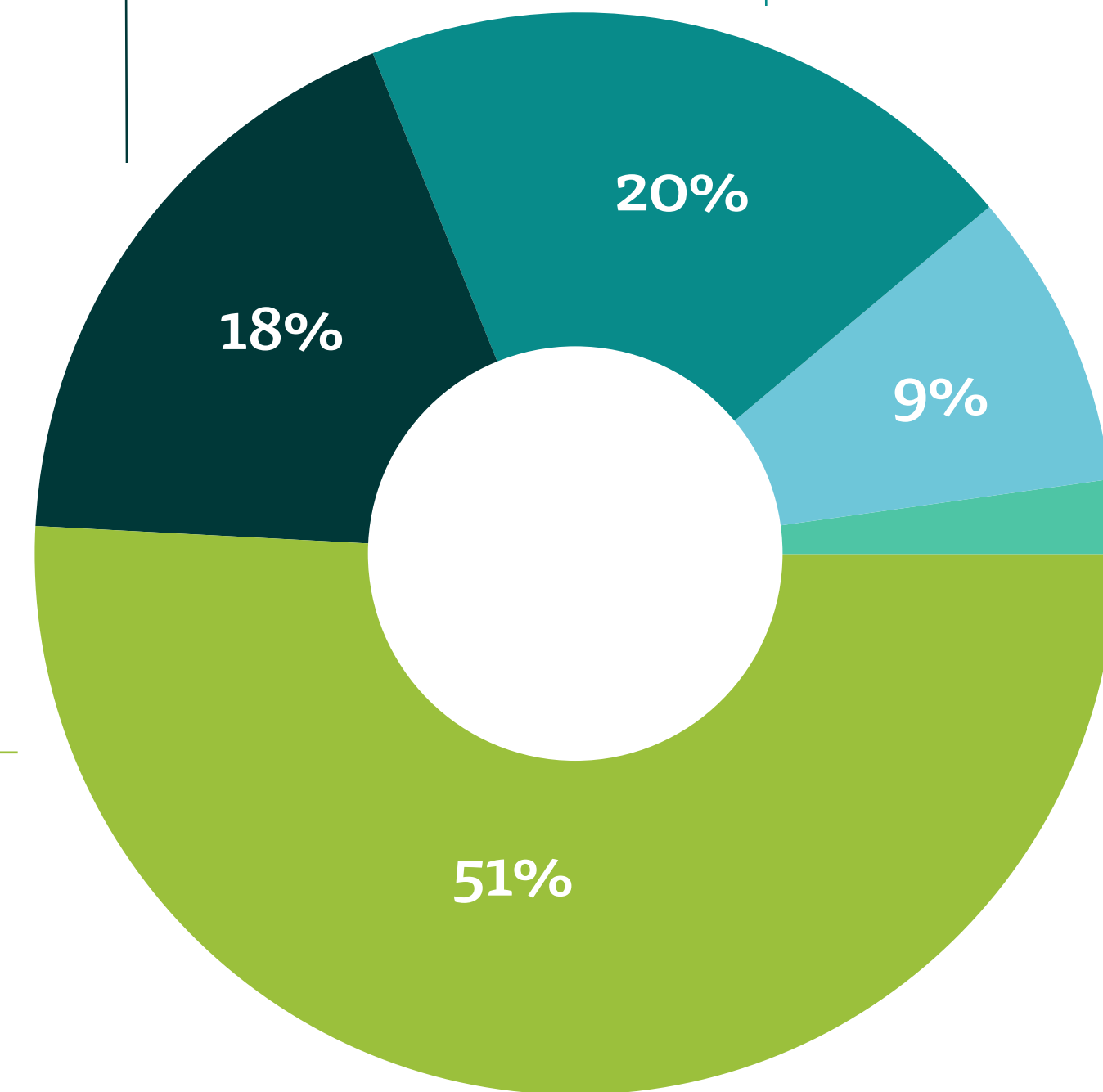
Social

Social bonds are used to finance social projects or activities. Pearson education is an example held within the portfolio where the proceeds are used to develop and improve access to learning for underserved communities.



Green

Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance eligible Green Projects. Green bonds continue to be the preferred option for companies issuing sustainable finance, the fund holds Financial, Corporate and Government green bonds



Sustainability

Sustainability bonds are securities that are used to finance a combination of green and social projects or activities. Examples include bonds from UK Water companies Severn Trent and Yorkshire Water.



Aligned

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



Non-labelled impact

Non-labelled Impact are securities that pass our internal impact assessment but where the issuer has not adopted the ICMA principles. Bonds typically include pure-play institutions whose sole focus contributes towards positive outcomes.

Portfolio Contribution to UN SDGs

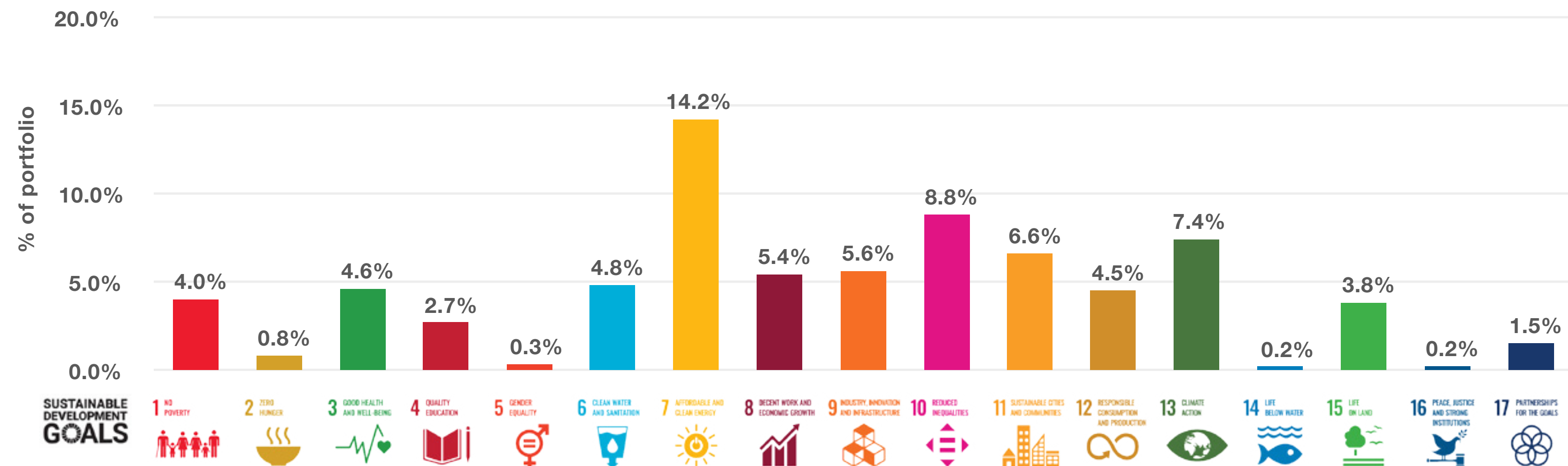
Why we consider SDG alignment

With global consumer preferences increasingly influenced by sustainability, the demand for tangible impact measurement is growing. We also realise that sustainable development requires a vast amount of funding, of which there is a shortfall. While the UN Sustainable Development Goals (SDGs) were created to provide a framework

for governments to drive social and environmental improvements, the 17 broad goals are a useful way to understand where investment capital is allocated to support positive outcomes. Our investment approach seeks to generate positive, measurable outcomes for people and planet, alongside market-competitive financial

returns, by focusing on solutions to the world's most pressing sustainability challenges, such as education, health and wellbeing and social infrastructure. This forms a core objective of our Global Impact Bond Fund, where we focus on the positive impact generated by corporate debt issuers, principally by investing in ESG-labelled bonds

and non-labelled bonds that can help finance tangible sustainable outcomes. This approach typically results in positive social and environmental outcomes across a broad spectrum of the SDGs, although with SDG13 Climate Action tending to have the highest weight, which is in part due to the nature of the labelled bond market where Green Bonds tend to dominate.



Case Study Sustainable Solutions



Vattenfall

Vattenfall (VATFAL) operates as a power generation company providing electricity and heat through solar, hydro, and wind power plants. Owned by the Swedish Government, Vattenfall aims to be a leader in the energy transition, with the goal of enabling fossil-free living within one generation.

The Fund's holdings in Vattenfall's 2.5% Hybrid bond allow the company



to invest in areas such as biomass, hydrogen energy, efficiency, and clean transportation. One notable project is the construction of an onshore wind farm in Bruzaholm, Sweden. The 21 wind turbines will, upon completion, produce 460 GWh, which corresponds to the annual electricity consumption of approximately 91,500 households.

As part of our Climate Stewardship plan, we engaged with Vattenfall to focus on their transition plan. One of the more ambitious plans within our engagement, we welcomed the detail strategy for achieving Net Zero by 2040 and that the company remains on track to achieve full phase out of coal by 2030 and gas by 2040. As a government owned entity ownership of the bonds creates the sole opportunity for investors to engage with the company.

SDG



GIB Fund reported Impact:
353 tCO2 Carbon Emissions Avoided
0.5 Installed Capacity Megawatts

Case Study Health & Wellbeing



California Endowment

California Endowment awards grants to healthcare providers in the state of California. The company operates as a non-profit entity and targets unprivileged individuals and communities.

The Fund's holding in its CAENDW 2.498% 2051 social bond sees it fund projects that expand Access to affordable, quality healthcare for underserved individuals and communities, and promote fundamental improvements in the health status of Californians. Since inception, the Endowment has awarded more than 22,000 grants totalling over \$2.9 billion to community-based organisations throughout California.



GIB Fund reported Impact:
N/A³

SDG



³Despite generating material impact, quantifying the impact of bonds issued by supra-nationals, including IBRD, is difficult due to reporting limitation and the breadth of positive projects they tend to support

Case Study Social Infrastructure



Places for People

Places for People is one of the largest UK social housing companies, managing nearly 240,000 units.

The EdenTree Global Impact Bond Fund holds the issuer's sustainable bond which enables it to fund the construction, retrofitting and acquisition of affordable housing for low- and

moderate-income households including supported living. The bond also enables construction of new homes to be built with an EPC rating of B and above or retrofitting of older homes to an EPC rating C or above.

The bond has been fully allocated, as a result 3,303 new homes have been built with 1,425 existing homes being refitted.



SDG



GIB Fund reported Impact:
12.32 Housing Units

Case Study Social Infrastructure



One Main Financial

One Main Financial operates as a socially responsible non-prime lender. The company provides access to responsible credit for those unable to source credit from traditional banks or credit unions.

OMF are a national lender with 1,400 branches with the majority of loans for debt consolidation and unplanned emergencies. The 3.5% 2027 social bond held within the portfolio is used to target eligible individuals residing in "Credit Insecure Areas" as defined by the Federal Reserve. Furthermore at least 75% of Loans will be determined to be from women and or racial minorities.



SDG



GIB Fund reported Impact:
24 Loans Provided

Case Study Sustainable Solutions



Ørsted A/S

Ørsted A/S is a multinational energy company headquartered in Denmark, and operates in various countries including the United Kingdom and the United States. The company develops, constructs, operates offshore and onshore wind farms, solar farms, energy storage facilities, renewable hydrogen and green fuels facilities, and bioenergy plants.

Ørsted has issued several green bonds and is one of the largest issuers of green bonds in the renewable energy sector. The Fund's holdings in its 3.625% 2026 and hybrid 5.125% were directly allocated toward Ørsted's large capital investment programme of eligible renewable energy projects.



GIB Fund reported Impact:
569² tCO2 Carbon Emissions Avoided

SDG



²Total Carbon Emissions Avoided for both holdings within the portfolio.

Case Study Education



International Bank for Reconstruction and Development

International Bank for Reconstruction and Development (IBRD) is a global development cooperative owned by 189 member countries and is the largest development bank in the world. It supports the World Bank's aim to reduce poverty and promote sustainable development. IBRD provides low-interest loans, zero to

low-interest credits, and grants to developing countries.

The remit of the World Bank is broad covering a wide range of priorities which include Climate, Food Security and Human Capital. Notably, The World Bank Group is the largest financier of education in the developing world, working in 94 countries and committed to helping them reach SDG4: access to inclusive and equitable quality education and lifelong learning opportunities for all by 2030.



SDG



GIB Fund reported Impact:
N/A⁴

⁴Despite generating material impact, quantifying the impact of bonds issued by supra-nationals, including IBRD, is difficult due to reporting limitation and the breadth of positive projects they tend to support.

Engagement

Our approach to engagement

As active managers, engaging with investee companies is fundamental to understanding the risks and challenges they face from an environmental, social and governance (ESG) perspective. We use engagement as a tool to assess how companies are considering and managing their ESG risk, which feeds into our investment case. Engagement is also a core way in which we can leverage our influence as investors to drive positive change and contribute towards a more sustainable future. In the past three decades of engaging with companies in our portfolios, it has proved a powerful way of improving investee companies' performance on a range of environmental, social and governance topics.

How do we engage?

To achieve the best outcomes for our clients, we look to focus our time and attention on issues that we believe are most material to our investments, and where engagement can have the greatest impact on company behaviour. We seek to form constructive long-term relationships with the companies in which we invest and engage as part of an active, ongoing monitoring programme. This dialogue is conducted in close collaboration with fund managers. As an active asset manager, most of our company engagement meetings are conducted on a one-to-one basis. However, we recognise that many of the issues we are tackling cannot be solved alone. We therefore seek to collaborate with other investors and organisations, where partnering will help us exert greater influence.

Looking ahead

As we discuss further below, through the process of updating our prospectus for the adoption of the Sustainability Impact Label, we have enhanced the way in which we categorise and track our engagement activity, with a greater focus on outcomes. We will endeavour, for every engagement, to set a clear objective and timeline for action, and track progress towards these objectives against five milestones. For our impact strategies, including the EdenTree Global Impact Bond Fund, our engagement activities will broadly seek to increase positive impacts and reduce potential negative impacts.

We have also, at a firm level, chosen to focus our engagement on three core themes: A Just Climate Transition, Water Stress, and Social & Financial Inclusion. These thematic priorities are those which we deem to be material to the long-term value of our investments, and where we view our engagement as being able to drive positive change. Effective engagement is time intensive, and focusing on these three issues will allow us to concentrate our resources more effectively. Our 'How We Engage' document provides further information on our engagement approach and priorities.



Global Impact Bond Fund Engagements



Climate Change



Amelia Gaston
Senior Responsible
Investment Analyst

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

Strategy

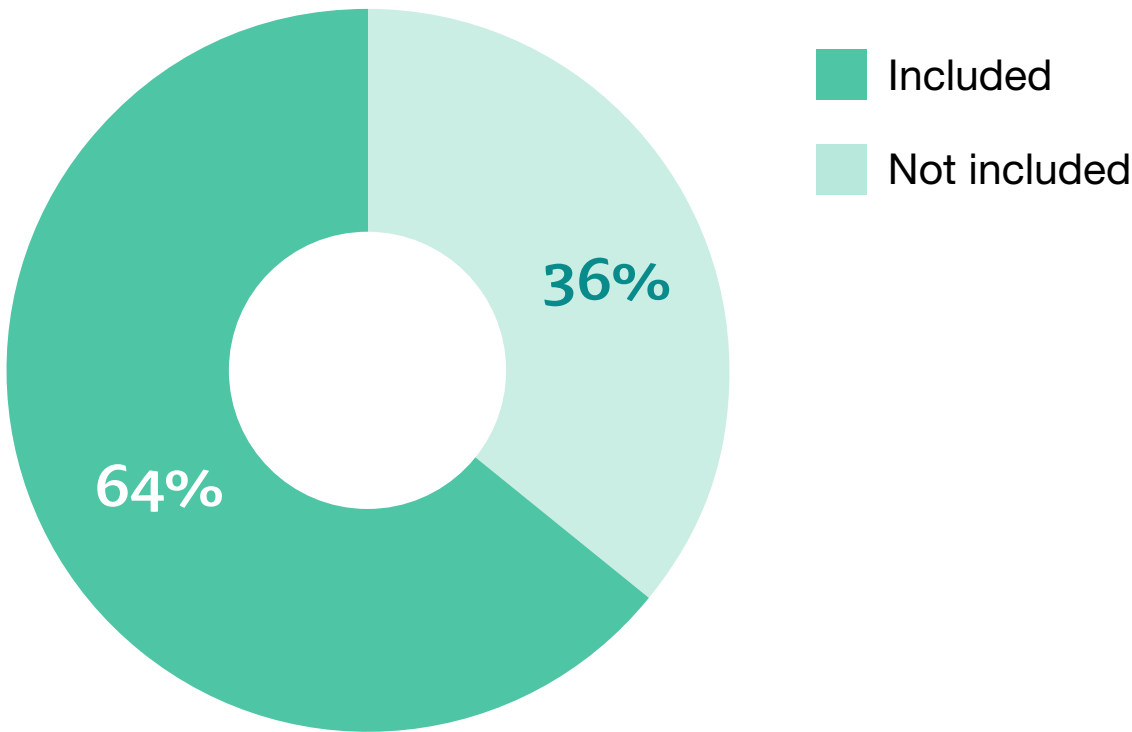
The climate risk associated with the Global Impact Bond Fund is currently managed through EdenTree’s broader Climate Strategy, which seeks, amongst other things, to drive decarbonisation and accelerate the climate transition.

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

The Fund is also covered by EdenTree’s proprietary Climate Stewardship Plan, a tool which allows us to track and monitor the climate-related performance of the Fund’s heaviest emitters. At present, three companies, representing 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 therefore where we are likely to have the biggest impact on real-world decarbonisation.

Target	Performance	Status
To maintain an implied temperature rise aligned with 1.5°C	1.5C	Aligned
To ensure 80% of the Fund’s financed emissions are covered by a science-based target by 2025	77%	On Track

Financed Emissions covered by the Climate Stewardship Plan



Carbon Risk Metrics

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

Our metrics demonstrate that GIB has a significantly lower negative impact than its benchmark from a climate perspective. The Fund's carbon intensity is 62% lower than the

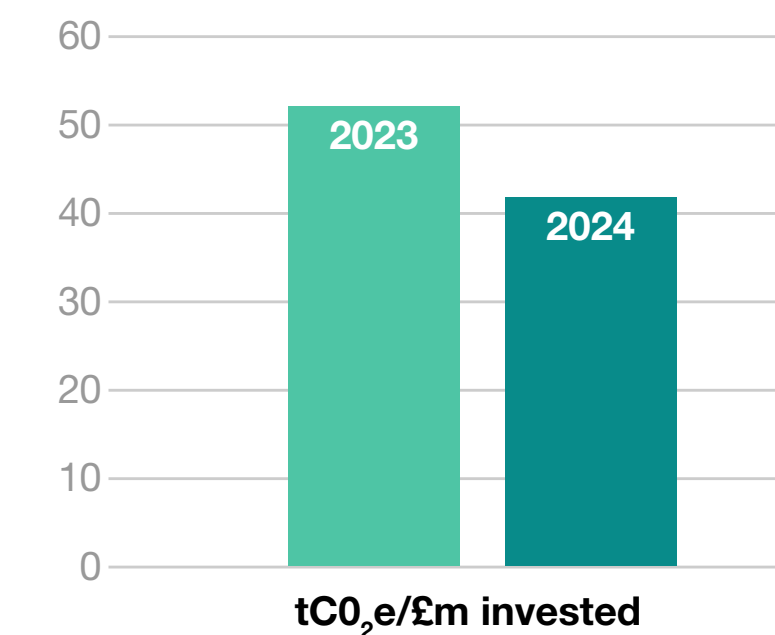
benchmark, meaning that for every £ invested the portfolio's companies emit 62% less CO₂. A similar pattern is seen in the weighted average carbon intensity which is 63% more efficient than the benchmark. It is also encouraging to observe a year-on-year decrease in the Fund's carbon intensity, which has reduced by 20% between 2023 and 2024.

Metric	Fund	Benchmark
Carbon Intensity (tCO ₂ e/£m invested)	42.8	111.05
Weighted Average Carbon Intensity (tCO ₂ e/revenue)	85.07	227.07
Implied Temperature Rise	1.5C	2.0C
Approved SBTs (% financed emissions)	76.7%	–
Coverage (% portfolio weight)	79.2%	–

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

Finally, we also assess the coverage of Science Based Targets within the Fund. At EdenTree, we place a strong emphasis on Science Based Targets as they provide companies with a clearly defined path to achieve 1.5°C alignment, mandate absolute emissions reductions rather than carbon offsetting, and require companies to tackle the full scope of their emissions. Positively, 77% of Fund's financed emissions are covered by companies that have set an SBT – an indication that the Fund is invested in companies with best-in-class climate risk management.

Carbon Intensity
Global Impact Bond Fund





What does the Sustainability Impact label mean for the EdenTree Global Impact Bond Fund?

Sustainability Impact Label



The adoption of the Sustainability Impact label has not changed the broader aim of the Fund, which is to generate both a positive impact and competitive financial return. The Fund will continue to seek impactful investments across its four core environmental and social themes, with a primary focus on labelled bonds issued by responsible entities.

What has changed is how we articulate the aims of the Fund, with the introduction of a new Sustainability Objective that sits more formally alongside the existing Financial Objective. We have also provided a Theory of Change, which forms the conceptual foundations for our approach to asset selection and engagement, and have introduced new fund-level KPIs (Avoided emissions (tCO₂e) and Number of Underserved Beneficiaries (# people)), which will be reported against annually. Our engagement activity will seek to i) Increase Positive Impacts and ii) Reduce Potential Negative Impacts, will have KPIs specific to the outcome sought, which will support the Fund-level KPIs.

The Sustainability Objective appears to the right and we recommend reading the full text of the new prospectus which can be found on our website [here](#).

Sustainability Objective

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

- 1 To support a reduction in the level of greenhouse gas (GHG) emissions caused by human activity by investing in bonds that provide sustainable solution and engaging with the companies that issue them. This includes solutions that increase the provision of environmental solutions such as renewable energy, enable a circular economy, or improve water management. This will be measured in tonnes of carbon dioxide equivalent (CO₂e) avoided on an annual basis.
- 2 To support an increase in access to basic services for underserved communities by investing in bonds that contribute to the following themes - Social Infrastructure, Health & Wellbeing and Education & 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 Fund 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 contribute to the themes. For more information on our Impact Framework, including how we ensure no negative material social and environmental outcomes please see “Asset Contribution: How we select assets”.

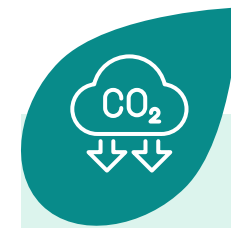
The fixed income market provides a breadth of opportunities for impact investing, and the Fund holds a diversified portfolio of bonds across a range of impact themes. The investment thesis for holding each company is based on the combination of its impact and long-term financial return. We consider the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

Methodology

Data sources used for the calculation of impact are labelled bond impact reports for the underlying holdings, or where unavailable, impact bond frameworks for the underlying holdings. By Issuing use-of-proceed bonds issuers voluntarily adopt the ICMA principles which adhere to certain guidelines including verified annual impact reports.

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

Impact indicators used



tCO2 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

Capacity is the amount of 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 of an electricity load a generator can handle.



Education Beneficiaries

Relates to the number of beneficiaries benefited from the issuance of the bond.



Financial Inclusion Beneficiaries

Relates to the number of beneficiaries benefited from the issuance of the bond.



Healthcare Beneficiaries

Relates to the number of beneficiaries benefited from the issuance of the bond. This includes, but is not limited to, the number of patients reached and number of vaccines provided.



Green building floor space (Ft2)

The total floor space of buildings classified as 'green' or 'sustainable'. It includes buildings that meet regional, national or internationally recognised standards or certifications for environmental performance.

This Report refers to a period prior to the adoption of the SDR Sustainability Impact Label and displays data in a way consistent with the Fund's original Impact Framework. Although the Fund's primary approach to investing for both financial and impact returns will not change, the framework for tracking and reporting the Fund's impact will change, with the introduction of new Fund level Key Performance Indicators (KPIs), which include Avoided emissions (tCO2e) and Number of Underserved Beneficiaries (# people), as well as additional metrics to provide further detail about the specific activities that support these KPIs. We have provided further details about these changes towards the end of this Impact Report. The Fund's impact reports in future years will therefore include new information and will present impact data differently.

Our Impact A different kind of company

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



BENEFACT GROUP

We are proud to be part of the **Benefact Group, a diverse family of specialist financial services businesses, driven by our shared ambition to do right by our customers and clients, and united by a common purpose to give all available profits to charity and good causes.**



We're built on the idea that better business can better lives. The **Benefact Group is the UK's third largest corporate donor to good causes*, having given £200m in charitable donations since 2014, including through the Movement for Good awards, and is on track to meet its ambition of giving £250 million to good causes by the end of 2025**



BENEFACT TRUST

Being owned by a charity – Benefact Trust – places good intentions at the foundations of our Group. Benefact Trust is a top 30 grantmaking charity in the UK, making a positive difference by empowering the most vulnerable and giving people, communities and places a renewed opportunity to flourish

Building on the foundations laid by our CR Committee since its inception in 2017, we took the decision early in 2023 to elevate our ambition, focusing our efforts on three core areas: People, Community and Environment.

True to our culture, we set a high standard for ourselves in terms of measuring our impact – looking beyond simple metrics to ensure our efforts have the intended outcome. Our approach to charity partnerships is a case in point. We purposefully extend our partnerships to three years, rather than the one-year schemes more common in the industry. And importantly, we look to provide more than financial support; for example, working with candidates from Blind in Business to improve interview skills and to provide work experience, which go a long way to increasing confidence and have laid the foundations for future employment. We also gain from this

partnership, learning about areas we need to improve to provide a more inclusive and practical environment to existing and future colleagues as well as visitors and students.

Our Diversity & Inclusion work under the People pillar has had pleasing success, with high levels of participation at talks on mental health, our family day and for the excellent initiatives and events during Black History Month. We are also exploring other ways to create an impact, deploying our environmental expertise to assist charity partners to improve their approach to decarbonisation, and to support emerging leaders in sustainability, including young members of the 'Go Green Gorillas', with our Force for Good prize. This is yet another example of how we seek to have an outsized impact at Edentree. Following a formative year, we are optimistic about the future impact we can make across our three pillars.

Our Fixed Income Team

A highly experienced sustainability-orientated investment team

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

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



David Katimbo-Mugwanya
Head of Fixed Income



Michael Sheehan
Fund Manager



Michael Moir
Senior Credit Analyst

The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations, you may not get back the amount originally invested.

Past performance should not be seen as a guide to future performance. If you are unsure which investment is most suited for you, the advice of a qualified financial adviser should be sought.

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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BENEFACT GROUP

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