How we screen

Why do you screen?

We launched our first screened fund in 1988. This marked the start of a long-term commitment to responsible and sustainable investment.

Screening is one of EdenTree's four core pillars that support our approach to responsible and sustainable investment. We believe consistent, long-term returns are more likely to be achieved by investing responsibly in sustainable businesses, and we integrate environmental, social and governance factors throughout our investment process.

Across our range of Responsible, Sustainable and Impact funds we seek to invest in companies operating as sustainable businesses, as well as those contributing to environmental and social solutions. Screening, at its simplest, entails reviewing the suitability of companies to be included in our funds in accordance with their sustainability practices.

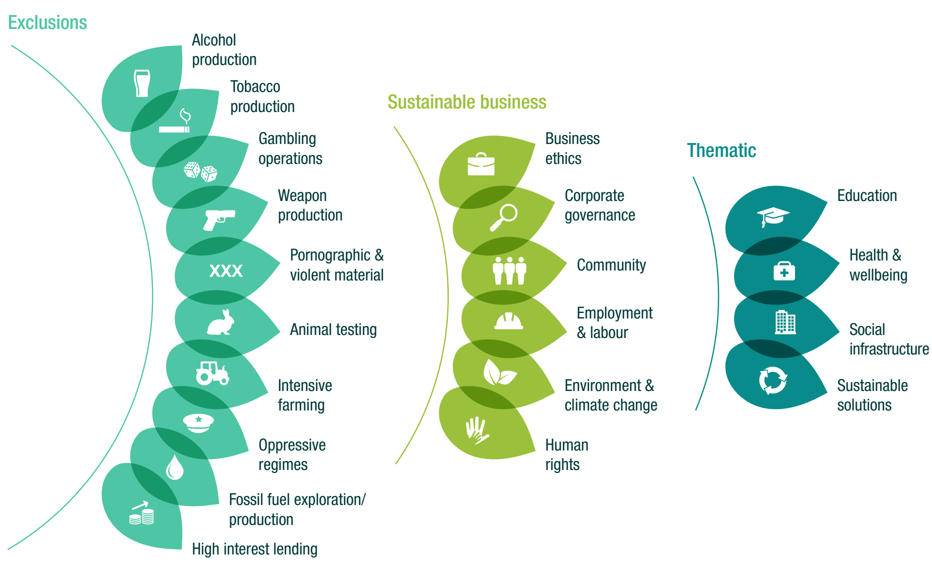
Our Responsible & Sustainable Funds

Our Responsible & Sustainable Fund range seeks to invest in companies which operate as sustainable businesses, and is based on our award-winning Responsible & Sustainable screening process.

To be considered suitable for inclusion within our Responsible & Sustainable funds, an investment idea is assessed across three pillars.

Firstly, exclusions are applied to sectors and activities which we consider fundamentally misaligned with our sustainability objective. These companies are actively excluded from our portfolios. Then, ideas are assessed across six areas of business risk to determine the strength of company's approach as a sustainable business. Finally, we assess companies' contribution to several sustainability themes. These are typically areas of the market we are positive on for their strong social utility or their sustainability credentials.

Every idea proposed by our investment team is independently analysed by our Responsible Investment team to determine whether it is suitable for the portfolio. This is a collaborative process, where both the investment and RI teams seek to enhance each other's understanding of a company and its sustainability impact. Crucially though, the final decision of inclusion rests with the RI team.



How we screen

How do you assess sustainable business practices?

Our positive screens evaluate the quality and strength of a company's approach as a sustainable business. We assess investment ideas across six areas of risk with reference to internationally recognised absolute standards of sustainable business conduct. This assessment informs suitability for inclusion in our Responsible & Sustainable Funds:

- **Business Ethics:** implementation of robust business policies and practices, including business codes of conduct, whistleblowing programmes, product safety, ISO standards, lobbying policies and sector specific standards such as Access to Medicine and farm animal welfare.
- **Corporate Governance:** strength of corporate governance approach including adherence to market best practice, director independence, board tenure, executive remuneration, political donations, tax policy, and board diversity.
- **Community:** impact on local community including social license to operate, giving programmes, corporate partnerships, and employee volunteering.
- **Environment & Climate Change:** environmental management and climate strategy, including greenhouse gas emissions, science-based targets, transition plan, water, waste and recycling, energy use, and biodiversity.
- **Employment & Labour:** human capital management, including respect for ILO principles, ISO Standards, freedom of association, living wages, health and safety, WDI disclosure and employee wellbeing.
- **Human Rights:** support for UN Universal Declaration of Human Rights and OECD guidelines, prohibition of bonded, child and forced labour, respect for land rights and indigenous people, regular human rights due diligence and supplier audits.

For each of these six areas, we look at companies' policies, disclosure, targets, as well as any controversies. We assess companies both across their direct operations and supply chains, and apply a 'traffic light' system, assigning a green, red or amber flag to each of these criteria.

Poor disclosure might lead to amber, as might evidence that a key indicator is going in reverse e.g., GHG emissions or accident rates. Red is used when the company shows poor practice or has been involved in a serious controversy.

What themes do you invest in?

Our Responsible & Sustainable Funds apply a discretionary thematic screen by looking at companies' contribution to several sustainability themes.

These are typically areas of the market we are positive on for their strong social utility or their sustainability credentials:

- **Education:** Education, training, human development, promoting girls' education, student housing and support.
- **Health & Wellbeing:** Affordable healthcare, access to medicine, pharmaceuticals R&D, biotechnology, critical care, nutrition & Wellbeing.
- **Social Infrastructure:** Social housing, affordable housing, community & housing associations, urban regeneration, brownfield development, public facilities.
- **Sustainable Solutions:** Providing products & solutions which respond to environmental or social challenges, such as renewable energy, circular economy, financial inclusion and sustainable transport.

How we screen

What exclusion criteria do you apply?

There are certain sectors and economic activities where we consider the sustainability risks fundamentally misaligned with our sustainable investment approach. We therefore apply baseline exclusions to actively exclude such companies from our investment universe.

Issuers that derive more than 10% of their revenue from the activities listed below are excluded from our universe of investible stocks:

- **Alcohol production:** Applies to manufacturers of alcoholic beverages, but not to retailers.
- **Gambling operations:** Includes betting shops, internet sites, bingo and casino, racing venues, lotteries and the supply of gaming machines.
- **Pornographic & violent materials:** Includes print, digital and broadcast media plus companies operating dedicated licensed sex premises showing live shows.
- **Conventional weapon production:** The manufacture of weapons and weapon systems or goods and services specifically to support those systems.
- **Tobacco production:** Applies to producers of tobacco, but not to retailers.
- **Intensive farming:** Avoid companies directly involved in intensive farming in the beef, dairy, poultry and fish sectors.
- **Fossil fuel exploration & production:** Oil and gas exploration & production, as well as thermal coal extraction. This exclusion does not include fossil-fuel generation.
- **High Interest Lending (non-standard sub-prime credit):** Companies operating wholly or mainly in high interest lending (non-standard sub-prime credit) where this is defined as (and limited to) door-stop lending, pay-day loans and/ or pawn-broking sub-prime credit).

We have a 0% tolerance to the following activities. Issuers deriving any revenue from the activities listed below are excluded from our universe of investible stocks:

- **Unconventional weapons:** We seek to avoid companies with exposure to the manufacture of unconventional weapons, defined as nuclear, biological and chemical weapons, land mines and cluster bombs.
- **Animal testing:** We will not invest in companies that use animals to test cosmetic or household products. We do allow animal testing where required by law, for example by pharmaceuticals companies or under REACH regulation.

In addition, we apply the following screen on a case-by-case basis based on our proprietary assessment:

- **Oppressive regimes:** Companies operating in oppressive regimes, as determined by our proprietary methodology (available here) are reviewed on a case-by-case basis to determine suitability for our funds. Bonds issues by countries on our oppressive regime list are excluded.

These exclusions are applied across our Responsible & Sustainable, and Impact Funds.

What information do you use for screening?

The Responsible Investment Team has access to a range of sources to conduct this assessment. This includes company's Sustainability and Annual reports, industry publications and websites, as well as NGO research. Government, academic research, investor databases, and benchmark initiatives also provide useful insights.

In addition, we have access to ESG data provided by ISS and Sustainalytics, and whilst we capture overarching ESG ratings and controversies as part of our assessment, these third-party ratings do not drive our screening decisions.

How we screen

edentree investment management

What are the outcomes of the screening process?

There are several potential screening outcomes:

- **Suitable:** this means the company passes the exclusion criteria and the sustainable business screens. It is deemed suitable for investment.
- **Suitable with caution:** this means the company passes the exclusion criteria and the sustainable business screens, however due to the nature of the business or sector of operations there is an elevated level of risk which we wish to alert the fund manager to, and may also engage on. It meets our threshold of a sustainable business, and is deemed suitable for investment.
- **Engagement needed prior to investment:** this is reserved for situations where we may need more information before we can make a final decision, or wish to engage with the company on material ESG risk prior to investing. This is a temporary outcome, and once the engagement has been successfully completed we may invest in the company or fail it.
- **Fails**: the fund manager cannot invest, because the company does not meet the exclusion criteria and/or the sustainable business screens and therefore does not meet our threshold for inclusion.

Can you give some examples of the different outcomes?

Suitable: Companies that pass our screens typically have transparent disclosure and show strong management of key ESG issues. Risks are well understood and they demonstrate leadership in improving practices in their industry. Companies that pass our screens are seeking to reduce their impacts, and metrics tend to show a positive trend.

Suitable with caution: these are companies that still pass our screens and are suitable for inclusion in the funds, but have elevated areas of risk or some residual issues. This could be because of controversies a company has been involved in, poor corporate governance, or a lack of disclosure on important ESG issues.

Engage before Invest: these are companies where more information is required to ensure they are suitable for inclusion in our funds. Further information may be needed to ensure they do not breach our exclusions, or it may be needed on specific areas of the business operations such as its environmental or human rights impact.

Fails: these companies show significant failings and do not meet our sustainable investment criteria. This could be due to involvement in one of our excluded activities, or as a result of poor management of ESG risks such as a high level of environmental incidents, a poor climate transition plan, or high risk of human rights abuses.

How do you monitor companies already held in the funds?

Stocks are monitored on an ongoing basis to ensure they continue to meet the Funds' sustainability criteria for inclusion. This includes monitoring of controversies through our two ESG data providers ISS-ESG and Sustainalytics, ongoing engagement with holdings, and a bi-annual risk review based on company performance on key indicators such as performance on ratings, norms and controversy flags, and climate risk metrics.

In the event that a company falls below our expectations, we will engage with the company to understand the reasons, and where necessary, realise our investment in an appropriate timeframe, usually within 90 days.

Can you ensure only screened companies are allowed?

All new investment ideas need to be approved by the RI Team before any trading can take place. To ensure that a fund manager cannot trade an unscreened stock, we have integrated our screening process into Charles River. This places automatic tags on all stocks (including excluded ones), and prevents fund managers from dealing unless a stock has been approved by the RI Team.

Our Impact Funds

Our Impact Funds pursue positive social and environmental outcomes across global equities, fixed income, and infrastructure.

All three funds are subject to sustainability assessments to identify companies providing solutions to social and environmental challenges. In addition, the exclusion criteria outlined above apply across all of these funds.

Sustainability Impact

Green Future Fund

Invests mainly in solutions to sustainability problems, with an aim to achieve a positive impact for people or the planet.

Sustainability Goal

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 products and services provide climate change solutions.

The Fund's focus on companies providing solutions to 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 benchmark. 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.

This Sustainability Goal combines with the Fund's Financial Goal to form the overall Investment Objective.

Sustainability Approach

We expect the Fund to contribute to a reduction in greenhouse gas emissions through its asset contribution and investor contribution, as detailed below.

Asset activities (Asset Contribution to the Fund's Impact): directing capital to companies which are providing solutions to climate change across seven core themes.

Engagement activities (Investor Contribution to the Fund's Impact): engaging with companies held in the portfolio to increase provision of climate solutions and avoiding potentially negative outcomes or misalignment with the Fund's Sustainability Goal. Our engagement activities seek to increase the greenhouse gas emissions reductions delivered by a company. To deliver this contribution, we engage via two broad categories: 1) Increase Positive Impacts and 2) Reduce Potential Negative Impacts. Each engagement has a bespoke KPI which is intended to increase and support the overall Fund level KPI (avoided emissions).

The Fund directs capital to companies which are providing solutions to climate change across seven core themes, such as:

Alternative Energy: Companies that offer products or services that provide alternative energy that does not rely on the burning of fossil fuels.

Energy Efficiency: Companies that offer products or services that enable reductions in energy use by their customers.

Circular Economy: Companies that offer products or services that extend the life of existing resources and enable the more efficient management of natural resources.

Environmental Services: Companies that provide software and cloud solutions that enable customers to design, test, build and operate more environmentally friendly buildings, products or services.

Water Management: Companies that offer products or services that provide solutions for water conservation and management.

Future Mobility: Companies that offer products or services which enable low carbon transportation.

Regenerative Agriculture: Companies that offer products or services which enable low carbon food production.

The Fund will provide transparency on its environmental impact through annual reporting to investors. This reporting provides both quantitative and qualitative assessments on how investee companies are achieving environmental targets and developing solutions to address the world's environmental challenges.

IA Sector **Global**

Further information on the Fund's Investment Objectives, Policy and Sustainability Approach can be found in the Prospectus, Sustainability Disclosure and Key Investor Information Document. All are available via our Literature page.

Our Impact Funds

Sustainability Impact

Green Infrastructure Fund

Invests mainly in solutions to sustainability problems, with an aim to achieve a positive impact for people or the planet.

Sustainability Goal

To support a reduction in the level of greenhouse gas emissions, measured in tonnes of CO2e 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.

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. 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.

This Sustainability Goal combines with the Fund's Financial Goal to form the overall Investment Objective.

Sustainability Approach

We expect the Fund to contribute to a reduction in greenhouse gas emissions through its asset contribution and investor contribution, as detailed below.

Asset activities (Asset Contribution to the Fund's Impact): directing capital to companies whose products, services or assets enable a reduction in the level of greenhouse gas emissions across six pre-defined themes.

Engagement activities (Investor Contribution to the Fund's Impact): engaging with companies held in the portfolio to increase provision of climate solutions and avoiding potentially negative outcomes or misalignment with the Fund's Sustainability Goal. Our engagement activities seek to increase the greenhouse gas emissions reductions delivered by a company. To deliver this contribution, we engage via two broad categories: 1) Increase Positive Impacts and 2) Reduce Potential Negative Impacts. Each engagement has a bespoke KPI which is intended to increase and support the overall Fund level KPI (avoided emissions).

The Fund invests in companies whose products, services or assets enable a reduction in the level of greenhouse gas emissions across six pre-defined themes which offer solutions that address aspects of climate change, such as:

Alternative Energy: 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.

Energy Storage and Efficiency: Companies that enable wider reductions in energy use or otherwise enable the energy transition through infrastructure-related assets/products/services.

Circular Economy: Companies that provide or enable solutions for resource stewardship, waste reduction, and pollution control.

Water Management: 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.

Sustainable Transportation: Companies that own sustainable vehicles, sustainable transportation infrastructure, or deliver products or services which enable sustainable. transportation.

Natural Capital: 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.

The Fund will provide transparency on its environmental impact through annual reporting to investors. This reporting provides both quantitative and qualitative assessments on how investee companies are achieving environmental targets and developing solutions to address the world's environmental challenges.

IA Sector **Infrastructure**

Further information on the Fund's Investment Objectives, Policy and Sustainability Approach can be found in the Prospectus, Sustainability Disclosure and Key Investor Information Document. All are available via our [Literature page].

How we screen

Global Impact Bond Fund

The Fund aims to deliver positive and social environmental impact by investing in fixed interest securities issued by companies that make a positive contribution to society and the environment through sustainable and socially responsible practices.

The positive impact sought is categorised but not limited to the EdenTree themes of Sustainable Solutions, Social Infrastructure, Health & Wellbeing as well as Education.

The Global Impact Bond Fund is subject to the full EdenTree Responsible and Sustainable screening process, but differs from our Responsible and Sustainable Funds by also requiring at least 80% of the holdings to have a demonstrable positive impact.

The Fund also provides transparency on the impacts of its investments annually by reporting measurable outcomes data and Key Performance Indicator metrics, including (but not limited to):

- GHG emissions avoided (metric tonnes)
- Energy Savings (megawatt hours (MWH))
- Water Savings (gallons)
- Number of jobs created
- Number of social/affordable homes
- Number of medical doses provided
- Number of shipments to low income countries
- Number of Educational Institutions funded

Declared contribution to the UN Sustainable Development Goals also reported and monitored.

IA Sector **Global Corporate Bond**

Is there any oversight of the sustainable investment process?

Our approach is overseen by our Independent Responsible Investment Advisory Panel. The Advisory Panel meets three times a year and oversees the RI Team's engagement, research, screening, and governance work. They also serve as a sounding board for key ethical dilemmas and challenges.

As of April 2024, the Panel comprised of seven non-executive members:

Will Oulton
Panel Chair

Paul Simpson OBE
Strategic Advisor

Mike Barry
Former Director of Sustainable Business

Annette Fergusson
Director, Threefold

Julian Parrott
Client Member, Ethical Futures

Sue Round
Deputy Chair, EdenTree Investment Management

Verity Mitchell
Former Director of Utilities Research

Our Responsible Investment Team

We have a specialist in-house Responsible Investment (RI) team who carry out thematic and stock specific research on environmental, social and governance issues.

The team is also responsible for creating an on-going dialogue with companies, allowing us to engage on a wide variety of sustainability topics. For investors, it's an added layer of assurance that our clients' money is being invested in companies that are operating in a responsible and sustainable way.

Our responsible and sustainable investment process is overseen by an independent Advisory Panel that meets three times a year, and comprises industry and business experts, appointed for their specialist knowledge.

Carlota Esguevillas
Head of Responsible Investment

Amelia Gaston
Senior Responsible Investment Analyst

Hayley Grafton
Senior Responsible Investment Analyst

Cordelia Dower-Tylee
RI Analyst

Aaron Cox
Impact Strategist

Why EdenTree?

Partnering with us can empower your clients with a suite of investment strategies designed to help address pressing environmental and social challenges, while seeking to deliver competitive rates of return.

Contact us today to explore our innovative investment solutions and discover how we can support your clients' sustainable investment objectives.

We hope you find this Responsible Investment Activity Report useful and informative. For any further information please contact us on:

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or at clientservice@edentreeim.com
or visit edentreeim.com

The value of an investment and the income from it may go down as well as up and the investor may not get back the amount invested.

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