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To: All Investors in the EdenTree Global Impact Bond Fund (the "**Fund**")

We are required under the rules of the Financial Conduct Authority (FCA) to give you notice of these changes.

You do not need take any action, however we do recommend that you read this letter.

Dear Investor,

We, EdenTree Investment Management Limited, as Authorised Fund Manager of the Fund, are writing to you as an investor in the Fund, a sub-fund of the EdenTree Investment Funds – Series 1.

The Fund is adopting the '**Sustainability Impact Label**' in line with the new rules under the FCA's Sustainability Disclosure Requirements (SDR).

Funds with a Sustainability Impact label seek to achieve a predefined, positive, measurable environmental and/or social impact. We provide further information about the new labelling framework below.

We have chosen this label for the Fund as it is aligned with the intention behind how the Fund is managed and the positive outcomes we seek to achieve.

What are the Sustainability Disclosure Requirements (SDR)?

In November 2023, the FCA published its Policy Statement (PS23/16), Sustainable Disclosure Requirements and investment labels (known as "SDR"). The Policy Statement set out the final rules on anti-greenwashing, a new labelling regime, naming and marketing rules and product and entity level disclosures.

Currently, SDR is solely applicable to funds domiciled in the UK. SDR presents a package of measures, namely sustainability-related product labels, disclosures at fund and fund manager level, a rule against greenwashing, and additional regulations concerning sustainable investing in the UK.

Under FCA definitions, “greenwashing is when providers, such as banks, fund managers or insurers, claim their products or services are doing more for people or our planet than they actually are.”

The FCA’s objective for SDR is to ensure that “financial products that are marketed as sustainable should do as they claim and have the evidence to back it up”. The sustainability labels aim to clearly differentiate between i) sustainability labelled funds that qualify as sustainable, ii) unlabelled funds that mention environmental, social, and governance (ESG) characteristics in their branding or marketing, and iii) non-ESG funds.

SDR divides each labelled fund into one of four labels, based on their sustainability-related objectives and features. Along with the corresponding disclosures, which are applicable at both the fund and fund manager level, the labels are intended to provide investors with the necessary information to make educated decisions regarding which funds align with their needs and sustainability inclinations.

The four labels are:

- **Sustainability Focus** these funds invest in assets that are environmentally or socially sustainable, determined by a robust, evidence-based standard of sustainability.
- **Sustainability Improvers** these funds invest in assets that have the potential to become more sustainable over time, determined by their potential to meet a robust, evidence-based standard of sustainability over time.
- **Sustainability Impact** these funds seek to achieve a predefined, positive, measurable environmental and/or social impact.
- **Sustainability Mixed Goals** these funds invest in assets that meet or have the potential to meet a robust, evidence-based standard for sustainability, and/or invest with an aim to achieve positive impact.

A fund may only adopt a label if it complies with five general criteria, as well as the specific criteria required for that particular label. The general criteria are:

1. **Sustainability objectives**: every labelled fund must have a sustainability objective (to improve or pursue positive environmental and/or social outcomes) as part of their investment objectives. Fund managers must identify and disclose whether pursuing the positive sustainability outcomes may result in material negative outcomes.
2. **Investment policy and strategy**: Ordinarily, at least 70% of a labelled fund’s assets must be invested in accordance with its sustainability objective, with reference to a robust, evidence-based standard that is an absolute measure of environmental and/or social sustainability. Fund managers must also identify and disclose any other assets the fund holds for other reasons (for example, cash or derivatives), and why they are held.
3. **Key performance indicators (KPIs)**: Fund managers must identify KPIs to measure progress of a labelled fund or its investments against the sustainability objective. Fund managers must also set out an escalation plan to be able to take action when investments within the 70% threshold do not demonstrate sufficient progress towards the sustainability objective and/or KPIs.
4. **Resources and governance**: Fund managers are responsible for appropriate resources, governance and organisational arrangements to support delivery of the sustainability objective.
5. **Stewardship**: Fund managers must disclose their stewardship strategy to support the delivery of the sustainability objective.

In addition to the above criteria, a Sustainability Impact fund must also have a Theory of Change and a summary of the method used to measure and demonstrate that an impact is being achieved.

Please read the “Your questions answered” section which provides additional information on the upcoming change.

Our approach - What changes are being made as a result of SDR?

With this in mind, we have decided to update the disclosures within the Fund's prospectus in order to comply with the final SDR requirements and be eligible for the Sustainability Impact label. Please see the Appendix to this letter for the new prospectus disclosures for this Fund. These changes will take effect on 3rd February 2025.

These changes will not affect the way the Fund is currently managed and will not change the risk profile of the Fund.

A new document, the "consumer-facing Sustainability Disclosure" will also be created, providing a summary of the Fund's impact investing approach.

Please contact EdenTree on the number below if you would like to receive a copy of the full prospectus.

What action should you take?

This letter is for information purposes and you are not required to take any action.

If you have any questions regarding this change, including a reminder of your options if you would like to redeem your investment on the basis of this change, please contact EdenTree Investment Management Limited on 0800 358 3010 between 9.00 a.m. and 5.00 p.m. Monday to Friday, but please be aware that we are not authorised to give investment advice. If you are uncertain as to the contents of this letter, you should consult a financial adviser.

Yours sincerely,

Andy Clark

Chief Executive Officer, EdenTree Investment Management Limited

Your questions on the Sustainability Disclosure Requirements (SDR) and fund labelling regime answered

- **What is SDR and why was it introduced?**

  "SDR" is a shorthand acronym for the Financial Conduct Authority's (FCA) new *Sustainability Disclosure Requirements and fund labelling* regulations.

  With the introduction of new sustainability fund labels and increased fund disclosure requirements, the purpose of SDR is to promote greater transparency and consistency in how UK asset managers label and market sustainable investment funds.

  In short, SDR will provide investors with a clearer framework for understanding the sustainability intention of a fund, as well as more information about its progress against specific sustainability goals.

  It is a rigorous policy, with robust requirements for asset managers to maintain high standards of integrity, which should give investors greater confidence about an asset manager's sustainability claims and the overall progress of a fund towards meeting its goals.

  The policy has been introduced as part of a range of FCA consumer protection measures including specific regulations on Consumer Duty and Anti-Greenwashing.

- **When does SDR come into force?**

  The policy officially came into effect on the 31st of July 2024.

- **Why are we adopting a label for the Fund I invest in?**

  We are adopting the Sustainability Impact label for the Fund as it best reflects our existing approach to selecting holdings based on the positive impact they are having on people and/or planet and our approach to engaging with those companies to effect positive change.

  The Fund's Theory of Change, which is a conceptual framework clearly outlines our impact intention and provides a robust framework for our efforts to bring about positive change. Please refer to the prospectus for further information.

- **How will this affect my investment?**

  These changes will not affect the way the Fund is currently managed, and we do not expect a change to the Fund's future performance due to the adoption of the new fund label.

- **What information and disclosures should I expect under the new regulation?**

  In addition to the prospectus, which provides important details about the Fund's sustainability framework, we will produce an annual fund disclosure document soon after the start of each calendar year. This will show the Fund's progress against its predefined Key Performance Indicators and will provide details about the activities we have undertaken to ensure the Fund has met its Sustainability Objective.

  For new investors in the Fund, we have created a new two-page consumer-facing Sustainability Disclosure, which will be available on our website from the date the changes take effect.

- **What action do I need to take?**

  You do not need to take any action. However, we do encourage you to refer to the appendix to understand the new Sustainability Objective of the Fund and how we aim to achieve and measure that objective.

Please contact EdenTree Investment Management Limited if you would like to receive a copy of the full prospectus.

- **Is one label better than another?**

  The labelling system is not designed to be hierarchical. It is designed to provide clarity and assurance, as well as investor choice.

- **How do the regulations apply to sustainability funds that don't meet the minimum standard or choose not to adopt the label?**

  Funds that don't meet the threshold standards required for the labels but continue to pursue a sustainability-like strategy will be required to comply with rules for unlabelled sustainability funds, which include the same requirements for disclosures as labelled funds.

  The new regulations restrict the use by unlabelled funds of terms directly included in the SDR labelling regime, but permit the use of other related terms (e.g. Socially Responsible Investing) as long as the fund adheres to the FCA Guiding Principle, as well as Anti-Greenwashing Rules.

APPENDIX

EDENTREE GLOBAL IMPACT BOND FUND – PRN 968602

SDR Label: Sustainability Impact

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

INVESTMENT OBJECTIVE

Financial Objective

To invest in fixed income securities globally to deliver a regular level of income, payable quarterly.

Sustainability Objective

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

i) To support a reduction in the level of greenhouse gas (GHG) emissions caused by human activity by investing in bonds that provide sustainable solution and engaging with the companies that issue them (as described below under "Investor Contribution: Investor Stewardship"). 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 (CO_2e) avoided on an annual basis.

ii) To support an increase in access to basic services for underserved communities by investing in bonds that contribute to the following themes - Social Infrastructure, Health & Wellbeing and Education & Financial Inclusion, and engaging with the companies that issue them (as described below under "Investor Contribution: Investor Stewardship"). 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.

Investment policy

The Fund aims to invest at least 80% in publicly listed bonds (or other fixed interest securities). These securities are selected in accordance with the Sustainability Approach. Up to 20% of the Fund may be invested in other assets that do not meet the Sustainability Approach but will not conflict with the Fund's sustainability objective. These include units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the Fund's investment objective.

The Fund does not currently intend to use derivatives for any purpose other than efficient portfolio management. If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would cause the Net Asset Value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.

SUSTAINABILITY APPROACH

Investment themes

The Fund invests in sustainability labelled bonds (such as Green, Social and Sustainability bonds) whose proceeds will be used support a reduction in greenhouse gas emissions and/or enable greater access to basic services for underserved communities. The Fund also invests in non-labelled bonds issued by entities whose products or services support the same two goals. How assets are selected is described in the "Asset Contribution: How we select assets" section. The Manager will also engage with the issuers of bonds the Fund invests in to enhance the Investors' contribution to the Sustainability Objective. This is described further in the "Investor Contribution: Investor Stewardship" section.

Issuers must make a material contribution to one of the four sustainability themes. The table below illustrates the solutions provided under each theme ("what") and how that solution supports the Sustainability Objective and contributes to a reduction in the level of greenhouse gas emissions and/or an increase in access to basic services for underserved communities ("why"). The asset KPIs relevant to each theme are also shown (for further detail on KPIs please see "Ongoing Monitoring and Sustainability Metrics").

Theme	What	Why	Asset KPI(s)
Social Infrastructure	The issuer allocates proceeds to/ has products and services that 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.	The lack of sufficient social infrastructure impedes local economic development, creating underserved communities that don't have access to affordable housing, digital services or community spaces. Investing in social infrastructure enables these communities to access these services, increasing the number of underserved beneficiaries. In turn, this supports community development, closes the economic gap, and avoids areas being left behind.	Number of underserved beneficiaries (# people)
Health & Wellbeing	The issuer allocates proceeds to/ has products and services that, increase access to medicines, healthcare and critical care for underserved communities.	The lack of access to basic healthcare impedes social development and wellbeing, creating underserved communities that don't have access to affordable medicine, healthcare or critical care. Investing in health and wellbeing solutions enables these communities to access these services, increasing the number of underserved beneficiaries. In turn, this supports social mobility and economic development.	Number of underserved beneficiaries (# people)
Education & Financial Inclusion	The issuer allocates proceeds to/ has products and services that, increase access to education, training and human development, and financial and digital inclusion for underserved communities.	The lack of access to education and/or financial resources impedes social cohesion and equality, creating underserved groups which don't have access to schools, learning materials, basic banking services, or equal employment opportunities. Investing in education and financial inclusion enables these communities to access these services, increasing the number of underserved beneficiaries. In turn, this can reduce wealth gaps and increase resilience in communities.	Number of underserved beneficiaries (# people)
Sustainable Solutions	The issuer allocates proceeds to/ has products and services that, provide sustainable solutions for reducing greenhouse gas emissions. This includes solutions that increase the provision of renewable energy, improve energy efficiency, advance the circular economy, or improve water management.	The burning of fossil fuels emits carbon dioxide. If fewer fossil fuels are burned, there will be a reduction in greenhouse gas emissions. There are a variety of solutions that equate to burning fewer fossil fuels. For example, renewable energy solutions do not rely on the burning of fossil fuels to generate electricity. If more renewable energy solutions are used, there will be a reduction in greenhouse gas emissions.	Avoided emissions (tCO_2e)

		Similarly, recycling solutions reduce demand for virgin steel, aluminium, cement and plastics – all of which rely on burning fossil fuels to create. As such, by providing sustainable solutions, there will be a reduction in greenhouse gas emissions. Finally, the pumping, treating and delivery of water is energy intensive and therefore releases carbon dioxide into the atmosphere. Conserving water and enhancing water efficiency reduces the need to pump, treat, and deliver more water, leading to a reduction in greenhouse gas emissions.	

Theory of Change

The Fund has a Theory of Change which explains the link between the Fund's investment activity and its dual objective to: 1) reduce greenhouse gas emissions and 2) increase access to basic services for underserved communities. A theory of change supports each aspect of the Fund's objective.

1) **Climate Change:** There is scientific consensus that the Earth's climate is becoming warmer. The chief causes of this climate change are greenhouse gases in Earth's atmosphere, such as carbon dioxide (CO_2). Human activities currently release more carbon dioxide into the atmosphere than natural processes (like trees) can remove. At the current rate of climate change, experts expect far-reaching and highly damaging environmental and social impacts. Slowing the pace of humanmade CO_2 emissions will slow the rate of climate change and mitigate its damaging effects. Unsustainable business practices are currently contributing to this problem (such as products/services that rely on the burning of fossil fuels as an energy source).

   Our theory of change states that addressing climate change requires rapid changes to the world's energy and industrial system through large-scale and targeted investment in products, services and technologies that provide either alternative, sustainable solutions, or help to mitigate and reverse the harmful effects that have already occurred.

2) **Underserved Communities:** Current economic practices contribute to the unequal provision of, and access to, basic services in many parts of the world, which restrict development and have created underserved communities. We define underserved communities as groups who have limited or no access to resources or that are otherwise disenfranchised. These include groups who have limited access to quality healthcare; are socioeconomically disadvantaged; have limited language proficiencies; are geographically isolated; are educationally disenfranchised; are part of a demographic minority (whether that be gender, race, ethnicity, age, or ability); or lack access to healthcare, healthy food and safe drinking water.

   The existence of underserved communities has accentuated social problems such as poverty and poor health, which pose significant sustainable development challenges. Studies have shown that increasing access to basic services amongst underserved groups can be an effective way of reducing poverty and generally increasing development opportunities. Our theory of change states that we need to shift resources, attention, and capital into underserved communities to bridge existing inequalities and ensure greater access for them to basic services.

   We expect the Fund to contribute to an increase in greenhouse gas emissions reductions and an increase in access to basic services for underserved communities through our asset contribution and investor contribution, as detailed below:

Asset contribution: The Fund, as bondholder, will directly finance projects and companies which reduce greenhouse gas emissions and/or increase access to basic services for underserved communities across four themes, as set out above. We allocate capital to issuers where the impact alignment to our thematic framework is clear and measurable to provide confidence that the activities, products and solutions offered using proceeds of the bonds within the Fund will enable a reduction in greenhouse gas emissions and/or an increase in access to basic services for underserved communities. How we select assets is detailed further in the "Asset Contribution: How we Select Assets" section.

Investor Contribution: The Investor Contribution will be realised through our engagement activities. The Manager seeks to establish positive, collaborative and long-term relationships with issuers, which facilitates constructive engagement. The Manager has an active engagement approach, delivered with the intention of enhancing the bond's contribution to the Sustainability Objective, i.e., our engagement activities will seek to reduce the greenhouse gas emissions and/or increase access to basic services for underserved communities delivered by a bond. To deliver our investor contribution, we engage via two broad categories:

Engagement activities:

1. **Increase Positive Impacts:** This type of engagement activity seeks to increase the bond's delivery of positive impact. Depending on the bond, this type of engagement will seek to influence the use of proceeds and/or business strategy in regard to increasing the delivery of a reduction in greenhouse gas emissions and/or increase access to basic services for underserved communities. For example, the Manager may encourage a Utility to hasten plans to phase out fossil fuel power and increasing the percentage of renewable power in its energy mix, or may encourage a green bond issuer from the property sector to improve plans for the use of proceeds to improve the energy efficiency of buildings. It will also seek to influence the company's reinvestment decisions (including capital raising and allocation) to support an increase in the quantum of avoided emissions and basic service provided to underserved communities and hence support the Fund's overall Theory of Change.

2. **Reduce Potential Negative Impacts:** This type of engagement activity seeks to decrease the investee company's potential negative impacts. It will increase the greenhouse gas emissions reductions delivered by a company by reducing the scope 1, 2 & 3 emissions that are a consequence of solutions production, and via ensuring a company maintains its licence to operate (which can be affected by a variety of E, S and G factors) and can therefore continue to generate avoided emissions.

   An example of this type of engagement activity could be encouraging companies to set science-based targets to reduce their emissions. By setting a Science-Based Target (SBT), a company commits to reducing its greenhouse gas emissions in line with a 1.5°C pathway. This pathway is aligned with net zero scenarios, making it steeper than the pathway would be if the target was not science-based. As such, the quantum of reduction in emissions increases when a company sets an SBT over time.

   Under this second category of engagement, we will also engage on issues which pose a risk to an asset delivering its positive impact. While the impact of these engagements in relation to the Fund meeting its Sustainability Objective are difficult to quantify, we will pursue these sorts of engagement where there is evidence that the risk we seek to address poses a material risk to the achievement of this Objective. An example of this type of engagement activity could be encouraging a company to put in place human rights policies and due diligence processes. The consequences of not managing human rights effectively are significant, and have caused renewable energy projects across the world to pause or shut down entirely, reducing a company's ability to generate avoided emissions. By effectively managing human rights risks, the company will strengthen its social licence to operate and reduce the risk of an interruption in the delivery of its products or services. This will enable it to continue delivering a reduction in greenhouse gas emissions through its products or services, increasing the quantum of greenhouse gas emissions reduced compared to the amount that would be achieved if the company had to limit, or entirely shut down, its production due to having insufficient human rights processes in place. This type of engagement will be measured by bespoke engagement KPIs (as described below), and in this example indirectly via the asset level KPI of avoided emissions. We follow the same process for cases where the engagement is related to risks to the provision of services for underserved communities.

   For each engagement we undertake we will set a specific engagement objective, bespoke to the bond and topic in question. This objective will be aligned to the Theory of Change, with a clear and relevant link back to the Fund's overarching Sustainability Objective. As we utilise bespoke objectives, we will also utilise bespoke KPIs to measure the outcomes of our engagement activities. We will define this KPI along with the objective at the start of the engagement. As we engage with the company, we will track progress towards the objective (and therefore delivery of the KPI) via a five-milestone approach. Our approach to investor engagement is detailed further in the "Investor Contribution: Investor Stewardship" section below, and our approach to measuring outcomes is detailed further in the "Ongoing Monitoring and Sustainability Metrics" section below.

Asset Contribution: How we select assets

To determine whether an asset is contributing to the Fund's sustainability objective, all investments will be assessed against our proprietary Impact Framework, grounded in the Fund's Theory of Change. The Impact Framework includes four levels of assessment.

1 An assessment of the **intentionality** of the prospective investment

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

a. **Labelled bonds**: Labelled bonds, such as green, social, sustainable bonds, have use of proceeds provisions which explain how the proceeds will be allocated, the expected objectives of the bond and the impacts the bond is aiming to generate. For labelled bonds, the issuer needs to clearly state the outcomes that are expected to result from the activity funded by the bonds. Each bond should have robust guidelines as to the nature of the green and/or social expenditures included under its allocation programme, as well as any excluded expenditures, which are aligned with the Fund's sustainability objective, in order to be considered suitable.

b. **Non-labelled bonds**: Non-labelled bonds must be issued by entities whose products or services make a **material** positive contribution to one of the four investment themes. We will assess how much of the issuer's expected revenue or capital investment is aligned with the investment themes, and therefore with the Fund's sustainability objective. A non-labelled bond's contribution is considered material if over 50% of the revenues of the company issuing the bond are aligned with one of the four themes set out above. The 50% revenue threshold is appropriate because it ensures that the company's impact contribution makes up the majority of the company's revenues and is therefore material to the business. By setting the threshold at 50%, we consider, in line with the UN PRI framework, that the relevant investment theme or themes are such companies' "main reason for being". This also ensures that there can be no greater revenue source for the company in question. The 50% threshold is also recognised in other industry standard frameworks, such as the London Stock Exchange's Green Economy Mark framework. Given this, we believe a 50% minimum threshold provides assurance that the majority of a holding's activities support the Fund's sustainability objective to either support i) an increase in access to basic services for underserved communities, or ii) a reduction in greenhouse gas emissions, in line with the Theory of Change.

   When investing in non-labelled bonds in addition to meeting our materiality threshold, we also seek to ensure that the **intention** behind the issuer is aligned with one of the Fund's investment themes and that the bond's impact in terms of greenhouse emissions reduction or the provision of basic services for underserved communities is measurable. To demonstrate intentionality, a company is expected to set out how the product/service will feature as a core part of the company's business model and whether those solutions are part of the company's long-term strategy and growth plans, and how these plans are credible. This demonstrates whether or not the impact is likely to be sustained, at a minimum over the bond's term to maturity or the expected holding period.

2 An assessment of the **contribution** of the prospective investment

When gauging the issuer's contribution, we seek to establish whether the planned projects fulfil a social or environmental need that would have otherwise not been met. The bond's proceeds should be allocated to projects which specifically support the reduction in greenhouse gas emissions and/or enable greater access to basic services for underserved communities.

3 An assessment of the **impact measurement and credibility** of the prospective investment

We seek assurance that the bonds impact framework is credible, measurable and has a robust reporting framework which provides evidence of how proceeds are used and their impact. Issuers should clearly outline and track how the bond's proceeds will be allocated to meet the bond's sustainability goals, and report on the impact generated by the bond, typically on an annual basis. For bonds linked to the provision of basic services we seek assurance that the activities provided by the bond will provide measurable support to underserved communities and clarity about which community groups will benefit from the bond.

For labelled bonds, we assess its **label credibility**; each bond should meet the standards of an appropriate globally recognised framework, such as the International Capital Market Associated (ICMA) Green Bond Principles (GBP), the Social Bond Principles (SBP), the Sustainability Bond Guidelines (SBG) or the Sustainability-Linked Bond Principles (SLBP). In addition, we will consider whether it has received pre-issuance assurance from an independent agency (e.g. the Carbon Trust) to ensure the use-of-proceeds framework is credible.

For all bonds, we assess the bond's **reporting framework**. Issuers should demonstrate a robust reporting framework, which provides investors with transparency about how proceeds are allocated, residual balances and any changes to the intentionality of the bond, as well as details of social and environmental impacts. This will be monitored on an ongoing basis to ensure proceeds support the reduction in greenhouse emissions caused by human activities and/or enable greater access to basic services for underserved communities. During this analysis we seek to understand the credibility of how issuers source and report data, with particular reference to the quality of the data and how this data is aligned with our impact intention (and the Fund's themes) and evidences the Fund's KPIs, whether related to underserved beneficiaries or avoided emissions. We seek specific metrics to provide confidence in the impact that the bond will achieve, which is particularly relevant for bonds issued to fund a range of projects, potentially across themes.

4 An assessment of the **issuer's operations** (i.e. the organisation issuing the bond):

Finally, issuers need to pass our responsible and sustainable screen, through the assessment against our baseline standards and positive sustainable business assessment. This assessment is based on a company's adherence to international environmental and social norms, and ensures that only a company which is deemed by us to not breach environmental and social norms (and therefore not have any material negative environmental or social outcomes) will be suitable for investment.

a. **Baseline Standards:** Companies that fail to meet our minimum baseline standards, and those we consider fundamentally unethical or misaligned with the Fund's Sustainability Objective, are automatically excluded from the potential pool of investments. The Fund will avoid investments where there is a material involvement (10% or more) in alcohol and tobacco production, conventional weapon production, gambling, the publication of violent or explicit materials, intensive farming, fossil fuel exploration and production and high-interest (sub-prime) lending. The Fund will also avoid companies with material operations in oppressive regimes. It will also seek to avoid companies that have exposure to the manufacture of unconventional weapons where these are defined as nuclear, biological and chemical weapons, land mines and cluster bombs. Finally, the Fund will seek to avoid companies using animals to test cosmetic, beauty or household products.

b. **Positive Sustainable business assessment:** We assess each potential company's suitability for inclusion in the portfolio based on an assessment of the company's impact across six key areas of sustainable business practice: Climate Change & Environment, Employment & Labour, Human Rights, Business Ethics, Community and Corporate Governance. In each of these areas, we collect quantitative and qualitative data relating to how effectively a company responds to identified sustainability issues, and whether it makes the most of its opportunities for positive impact. We look at the impact a company has on its stakeholders, its surroundings, and on society as a whole via its operations, products and services.

EdenTree's Product Governance Committee and the EdenTree Investment Management Limited Board assess the methodology to ensure it is suitable for choosing assets. They have data analysis skills, know the regulatory criteria for asset selection standards, and are independent from the investment process, providing an objective view to the assessment.

Investor Contribution: Investor Stewardship

We will engage with companies held in the Fund (bond issuers), as set out the Theory of Change above ("Investor Contribution"), to fulfil our investor contribution. We will engage directly with companies and will also seek to collaborate with other investors and organisations where appropriate, for example with policy makers or other asset managers where supportive of our engagement goals and the Fund's Theory of Change.

Our engagement is carried out across all four themes. Successful engagement can take time to be realised, potentially stretching over several years and we seek to invest in bonds for long holding periods (in accordance with the term structure of the bond) to create successful engagement partnerships with issuers. With this in mind, we will engage with at least 70% of the portfolio (i.e. all holdings that meet the Fund's minimum Sustainability Impact threshold) over the Fund's recommended average holding period.

Our engagement activities seek to increase the greenhouse gas emissions reductions delivered by a company and/or increase the provision of basic services delivered by a company. To deliver this contribution, we engage via two broad categories:

1. **Increase Positive Impacts:** This type of engagement activity seeks to increase the bond's delivery of positive impact. It will increase the greenhouse gas emissions reductions and/or increase the basic services delivered by a bond by seeking to positively influence, where possible, use of proceeds decisions to maximise these impacts.

2. **Reduce Potential Negative Impacts:** This type of engagement seeks to decrease the issuer's potential negative impacts. It will ensure that an issuer maintains its licence to operate (which can be affected by a variety of E, S and G factors) and can therefore continue to deliver basic services for underserved communities and/or generate avoided emissions.

For each engagement we undertake we will set a specific engagement objective, which reflects the aim of the bond and its use of proceeds framework, the nature of the issuer, and the topic in question. This objective is time-bound and addresses a targeted concern. The objective under both categories will be aligned to the Fund's Theory of Change, with a clear and relevant link back to the Fund's overarching Sustainability Objective. In some cases, we may utilise an initial engagement prior to investing to gain a better understanding of an issuer's strategy and where our engagement activities should focus in order to deliver greenhouse gas emissions reductions and/or an increase in basic services for underserved communities. Our engagement path with a company is likely to evolve through time, and it is common to identify additional areas where our engagement could contribute to enhanced outcomes during the holding period.

We use five milestones to represent the investor contribution process. These milestones track the completion of our engagement objective, starting at no response (i.e. "1. Issuer has not acknowledged") through to the company fully enacting the changes we have engaged on (i.e. "5. Issuer has implemented a strategy to address"). This allows us to identify the positive relationship between our engagement and the direction of progress made by the issuer towards the engagement objective being achieved.

1. Issuer has not acknowledged (i.e., the issuer has not responded to our request for dialogue/ information)

2. Issuer has acknowledged (i.e., the issuer has responded to our request for dialogue/ information, acknowledging the topic, but not sharing information on steps they are taking to address it).

3. Issuer has shared information (i.e., through a two-way dialogue the issuer has shared information on the steps they will take to address the topic).

4. Issuer has committed to address (i.e., the issuer has pledged to improve its existing approach and make specific changes to address the concern/topic).

5. Issuer has implemented a strategy to address (i.e., the issuer has followed through and made specific changes to address the concern/topic).

As the engagement progresses (i.e., as we enter into dialogue with a bond issuer), we record progress towards our engagement objective and update the status of the engagement milestone accordingly. Once an issuer has reached the fifth and final milestone, we expect this to result in an outcome which supports a reduction in GHG emissions and/or an increase in basic services for underserved communities. The KPIs we use to track these outcomes are further detailed in the "Ongoing Monitoring and Sustainability Metrics" section.

Not every engagement activity will necessarily proceed sequentially through each milestone. There may be times when milestones 3, and 4 and 5 overlap with new information or strategic planning requiring further dialogue and engagement where we believe our support could further increase the quantum of greenhouse gas emissions reductions or an increase in basic services for underserved communities (as per the Fund's Sustainability Objective). Where progress through the milestones is deemed to be insufficient, we will employ a combination of the steps outlined below to escalate our concerns. There are several indicators that typically raise concerns that an engagement may not succeed, including poor levels of responsiveness from issuers (during milestones 1 and 2 above), a lack of progress towards previously stated targets despite assurances (between milestones 4 and 5 above), or notably slower progress than peers. If the concern is severe and requires immediate action, we will move immediately to step 4 below and sell the investment within an appropriate timeframe, as soon as possible, with consideration to a bond's remaining time to maturity.

1. Initial outreach and conversations with issuer - The engagement approach usually begins with an initial outreach via email or letter, followed by meetings with management and/or subject matter experts.

2. Formal correspondence - If an issuer does not respond to multiple attempts of contact, or if it demonstrates insufficient progress and the topic is of a severity that necessitates further action, we will initially escalate via a formal letter to the CEO or Board. This will set out our expectations, and potential means of escalation.

3. Collaborative intervention with other investors - Failing this, we will actively collaborate with other investors to escalate the engagement. This will include joining or leading collaborative engagement efforts or signing onto joint letters.

4. Divestment - If following a period of engagement, we fail to achieve adequate progress, the position may be sold down. Maturing bonds will be directed towards alternative opportunities, while longer-dated bonds will be actively reduced within an appropriate timeframe.

Our in-house Responsible Investment Team oversees engagement and stewardship activities. Engagement is an internal function and is not outsourced to third parties. In addition, the stewardship approach is overseen by the EdenTree Responsible Investment Advisory Panel. We are a signatory of the UK Stewardship Code 2020, published by the Financial Reporting Council, demonstrating its commitment to appropriately resourcing and conducting stewardship.

Example: Electricity Grid Operator – Labelled Green Bond

Investment Theme: Sustainable Solutions

Problem: The Earth's climate is becoming warmer. The chief causes of this climate change are greenhouse gases in the Earth's atmosphere, such as carbon dioxide.

Cause: Unsustainable business practices are contributing to this problem. One such practice is burning fossil fuels to create energy as it releases carbon dioxide into the atmosphere.

Solution: The company designs, builds, maintains and operates a high-voltage electricity network in northern Europe. The network carries electricity from where it is made to where it is used. In particular, the company aims to connect renewable energy to the grid. The process of generating renewable energy does not release carbon dioxide into the atmosphere. Therefore, by improving the infrastructure needed to transport renewable energy, the company enables more renewable energy to be used, which reduces reliance on fossil fuel derived energy sources, thus reducing their use, and in turn reducing the carbon dioxide emitted.

Asset contribution: The company has issued a labelled green bond as part of its Green Financing Framework. It passes our intentionality assessment as proceeds are used only to invest in green power transmission projects in Germany and the Netherlands, which connect offshore wind to the electricity grid thereby increasing the transmission capacity of renewable energy. The company has ambitious targets to connect over 40GW of offshore wind power to the grid by 2030, up from 9.9GW. The bond passes our contribution assessment as without the improved capacity of the network enabled by the bond's proceeds, the offshore wind facilities would not be connected to the grid. It passes our impact measurement assessment and reporting assessment, as the bond reports annually on the avoided emissions generated via the bond's proceeds. It passes our credibility assessment as its Green Financing Framework has been verified by ISS ESG, an approved verifier for the Climate Bond Initiative. Finally, the bond passes our issuer operations assessment as it passes all our baseline standards and our sustainable business assessment, with the company's environmental and social risk management deemed strong.

Engagement contribution: We sought to enhance the company's contribution to the Sustainability objective via our engagement activities. We identified that via operating an electricity grid network, the company has very high scope 2 emissions, largely from grid losses which occur in transportation of energy from production to consumption. High scope 2 emissions from poor management of grid losses are a negative impact which results from the production or distribution of solutions. As such, we engaged with the company under our second broad engagement category to reduce negative impacts. Under this broad aim, we set a specific objective for the company to set a Climate Transition Plan, specifically for managing its grid losses. We have engaged with the company since 2023 against this objective.

Outcome: The outcome sought in our Sustainability Objective is a reduction in greenhouse gas emissions.

Our KPI for monitoring asset contribution to the sustainability objective is avoided emissions. In 2023, the company generated 1,028,239 tonnes of avoided emissions. This represents carbon that would otherwise have been emitted. By

generating avoided emissions, the company delivers against the asset-level KPI and thus contributes to the Sustainability Objective.

Our KPI for monitoring the investor contribution was the publication of a climate transition plan. This KPI reflects the specific engagement objective sought. When we first started engaging with the company, they shared information on the concern, reaching engagement milestone 3. They stated they had started working on a transition plan, but it was not yet ready. We encouraged the company to expedite this work and release a full transition plan into the public domain. In 2024, the company reached the fifth milestone: 'company has implemented a strategy to address the concern'. The outcome (as measured against our KPI) was publication of a climate transition plan. By adopting a transition plan, the company is significantly more likely to meaningfully reduce its scope 2 emissions. Whilst we don't claim to have been the sole driving force behind this outcome, we believe our investor activities were a contributing factor.

As such, via both our asset activities and our investor activities we contributed to the Fund's Sustainability Objective of reducing greenhouse gas emissions. This outcome should be captured in the asset level KPI (avoided emissions) over time, although it may be impossible to accurately measure the Fund's contribution given the complex factors involved in both the investee company's decision and future avoided emissions.

Ongoing Monitoring and Sustainability Metrics

We will monitor performance against the Fund's Sustainability Objective on an ongoing basis, against a range of KPIs. All KPIs will be reported on an annual basis.

Asset Activities

These KPIs monitor asset-level activities. They demonstrate the positive outcomes that arise as a result of directing capital towards issuers that provide products and solutions that reduce carbon emissions and/or increase access to basic services for underserved communities.

- **Avoided emissions (tCO_2e) –** emissions reductions that occur as a result of the use of the product or service. Avoided emissions embody represent CO_2e emissions that have not been released into the atmosphere, thus reducing global warming, and so mitigating the harmful consequences of climate change. CO_2e stands for carbon dioxide equivalent and includes other greenhouse gases adjusted to the same measure of global warming potential. This KPI applies across the Sustainable Solutions and Social Infrastructure investment themes.
- **Number of Underserved Beneficiaries (# people)** – the total number of underserved people that benefit from improved access to basic services as a result of the product or service. This includes underserved people who receive access to healthcare, social infrastructure, education and financial resources. This KPI applies across all four investment themes as they all have the potential to generate greater access to basic services for underserved communities. When issuers report a specific category of beneficiaries (i.e., number of healthcare beneficiaries or number of education beneficiaries), we will aggregate these numbers to measure, at a Fund level, the total number of underserved beneficiaries (#).

At a minimum, we expect each of the Fund's assets to contribute positively towards a reduction in greenhouse gas emissions every year, measured by avoided emissions, and/or an increase in access to basic services for underserved, measured by total number of underserved beneficiaries. If an asset fails to make a positive contribution within a year, this would be addressed through our escalation plans.

In addition, over a 5-year rolling period we would expect to see an increase in the rate of avoided emissions and the total number of underserved beneficiaries derived through the Fund's activities, as a result of the growth in output of the underlying assets, the growth of the fund, and our engagement activity to increase the contribution of companies in the Fund. However, we recognise that this rate may fluctuate year-on-year due to external factors such as changes to broader economic conditions.

Please refer to the "Methodology for monitoring and KPI data collection" below for further information about how we calculate the Fund's impact.

Additional Metrics

The following additional metrics are measured and apply only to certain investment themes, as only certain types of products and service have the potential to generate these outcomes. They contribute to the Fund's sustainability objective to support an annual reduction in the level of greenhouse gas emissions, as described below. These metrics will be converted into avoided emissions (measured in tCO_2e) for the purpose of reporting progress towards the Fund's Sustainability Objective (the data from which will be incorporated into the Fund's KPIs for asset activities outlined above). However, they are also disclosed, where relevant, to provide additional information on the positive outcomes the Fund seeks to generate.

- **Renewable energy installed capacity (MW)** - the amount of electricity a generator can produce when running at full operation. High renewable energy installed capacity helps to reduce the reliance of the global energy system on fossil fuels as there is less need for fossil-fuel derived power to fulfil capacity requirements. The lower the need to burn fossil fuels, the fewer greenhouse gas emissions that are released, supporting the Fund's sustainability objective. Each MW of installed capacity is therefore directly linked to a level of CO_2 emissions avoided. The level of CO_2 emissions avoided will depend on the technology and displaced fuel.

- **Renewable energy generated (MWh)** - the amount of electricity generated by a power plant. Renewable energy is a form of low-carbon energy, thus the more that is generated, the less need there is to burn fossil fuels to create energy, which reduces the amount of greenhouse gas emissions released into the atmosphere, supporting the Fund's sustainability objective. Each MWh of renewable energy generated is therefore directly linked to a level of CO_2 emissions avoided. The level of CO_2 emissions avoided will depend on the technology and displaced fuel.

- **Water saved/ treated/ provided (litres)** - the volume of water that is treated/saved/provided by a company's products and services. The higher the figure, the greater the abundance of global freshwater supplies. The pumping, treating and delivery of water is energy intensive, and therefore releases carbon dioxide (CO_2) into the atmosphere. Conserving water and enhancing water efficiency will lead to a reduction in carbon dioxide emissions. Each litre of water saved/treated/provided is therefore directly linked to a level of CO_2 emissions avoided and, in some cases, a number of underserved beneficiaries (#). This also supports the provision of basic services.

Investor Activities

This KPI monitors the success of our engagement activities and the investor contribution of the Fund, in line with the Fund's Theory of Change.

As described above, our engagement activities seek to increase the greenhouse gas emissions reductions and/or increase access to basic services for underserved communities delivered by a bond. To deliver this contribution, we engage via two broad categories:

- **Increase Positive Impacts:** This type of engagement activity seeks to increase the bond's delivery of positive impact. It will increase the greenhouse gas emissions reductions and/or increase the basic services delivered by a bond by seeking to positively influence, where possible, use of proceeds decisions to maximise these impacts.

- **Reduce Potential Negative Impacts:** This type of engagement seeks to decrease the issuer's potential negative impacts. It will ensure that a company maintains its licence to operate (which can be affected by a variety of E, S and G factors) and can therefore continue to deliver basic services for underserved communities and/or generate avoided emissions.

For each engagement we undertake, we will set a specific engagement objective, bespoke to the topic and company in question. This objective will be aligned to the Theory of Change with a clear and relevant link back to the Fund's overarching Sustainability Objective, meaning all objectives will ultimately seek to generate a reduction in greenhouse gas emissions and/ or increase the basic services to underserved communities delivered by a bond. However, the method by which this is sought may vary, reflecting the need for bespoke objectives. All objectives will be time-bound and address a targeted concern or topic.

As set out in the "Investor Contribution: Investment Stewardship" section, progress towards these is measured through five milestones. These milestones feed through to an escalation framework, which we will utilise if progress is deemed to be insufficient.

Due to the use of bespoke engagement objectives, the KPIs for measuring the success of our investor contribution are also bespoke and linked specifically to the stated objective. The KPI for measuring success will be identified at the outset of the engagement, alongside the bespoke objective. This makes the KPI unique to the topic and company in question.

It should be noted that companies can make changes for a number of reasons and that determining a direct causal relationship between the engagement and outcome may not be possible. Despite this, we believe our activities do contribute towards certain outcomes, and setting a bespoke KPI for each engagement enables us to appraise this link between our activities and the outcomes each seeks to achieve to support the Fund's theory of change. Bespoke KPIs are therefore used to demonstrate the outcomes of our investor contribution. We provide investors with details of the Fund's engagement activities, including KPIs, the number of engagements carried out, the progress made and their outcomes as part of the Fund's annual disclosure.

A non-exhaustive list of example KPIs that would be used for reporting the outcomes of our engagement is provided below to illustrate the link between an engagement objective and the engagement KPI. These KPIs will be reported annually in the Fund's Sustainability disclosures.

We monitor and report on the outcomes of these bespoke KPIs separately to the Fund's overall KPIs. Whilst the bespoke engagement KPIs are more granular and specific to the objective set for engagement (as shown in the table below), the overall objective of these engagement activities is to support a reduction in the level of greenhouse gas emissions and or increased provision of basic services to underserved communities and these outcomes will be measured and captured via the asset level KPIs.

Broad engagement objective	**Example of bespoke engagement objective**	**Example of bespoke KPI used to track engagement outcomes**	**How outcome supports Fund Sustainability Objective**
Enhance the delivery of the company's impact contribution as measured by a reduction in greenhouse gas emissions and/or increase the basic services for underserved communities.	For a utility company to transition its energy mix to a greater percentage of renewable power, through the deployment of proceeds or influencing reinvestment and capital raising decisions.	Renewable energy installed capacity (MW)	By increasing its renewable capacity, the company reduces reliance on thermal power (which is more carbon intensive) thus prevents a greater amount of greenhouse gas emissions from being released into the atmosphere. This will be captured in the asset-level KPI (avoided emissions).
	For a Water Utility company that has issued a labelled bond to provide clean drinking water to those in financial difficulty, who are otherwise unable to pay for the cost of their water bills.	Number of customers reached by bill support schemes (#),as intended by the bond's use of proceeds framework	By supporting households who are unable to pay their water bills, the company provides greater access to basic services (water) for underserved communities (those unable to pay their bills). As such, the number of beneficiaries increases. This will be captured in the asset-level KPI (underserved beneficiaries).
Reduce an asset's potential negative impact by improving the company's management of ESG risks, which if left unmanaged could lessen the overall quantum of greenhouse gas emissions reductions delivered and/or number of social beneficiaries reached.	For an industrials company providing products that enable customers to improve their energy efficiency, to set a science-based target and reduce its scope 1&2 emissions that arise when manufacturing its products.	Presence of a Science Based Target (Y/N) Quantum of scope 1&2 emissions reductions (tCO2e)	By setting a science-based target, the company commits to reducing its greenhouse gas emissions in line with a 1.5C pathway, which reduces its GHG emissions over time. By reducing its scope 1&2 emissions, the company releases less greenhouse gas emissions into the atmosphere when manufacturing its solution-oriented products. This will be captured in the asset-level KPI (avoided emissions).

Methodology for asset-level KPI measurement

When calculating avoided emissions and the number of underserved beneficiaries, we seek to source data where possible from the investee companies themselves. This data is sourced directly by our in-house team and with assistance from third-party vendors.

For each holding, we adopt an enterprise value approach to calculating the Fund's share of the asset's impact in terms of avoided emissions (and relevant additional metrics) or number of underserved beneficiaries. This approach divides the value of the Fund's holding in the business by the entire value of the company (combining stock and debt valuations) to determine the Fund's share of the overall enterprise. This is then multiplied by the asset's reported impact to calculate the Fund's share of the impact. We are conscious of the risk of double counting and will seek to adjust for cases where other funding sources are contributing to the impact sought by the Fund. This process provides the basis for the Fund's aggregate impact.

As the Fund's absolute impact will change according to general fund flows, we will also present the impact in terms of its intensity per £1m invested, a figure which should increase in line with the Fund's broader KPI.

If companies do not report avoided emissions or number of underserved beneficiaries, but do report an alternative impact measure (for example renewable energy generated, number of vaccines provided) we will convert this measure into avoided emissions and underserved beneficiaries using industry standard carbon conversion factors, for the purpose of reporting against the asset KPI.

Data quality of impact reporting can vary across companies. In cases where a company provides insufficient data, with the help of third-party vendors, we employ models based on scientific literature and methods produced by leading bodies such as the Global Impact Investing Network (GIIN), to estimate the data required to calculate the Fund's asset-level KPI. We will also seek to engage with companies to improve the quality of reporting where appropriate.

We are also cognisant that improvements to company reporting and to calculating ESG data can lead to what might be considered "technical" changes (increases or decreases) in the data associated with the Fund's KPIs which we will disclose as part of the Fund's Annual Disclosure. We will also look to evolve our processes, adopting improvements that are aligned with industry best practices, and challenging our own approach.

OTHER INFORMATION

The Fund is marketable to all retail investors.

The Fund will be managed in line with the requirements for inclusion in an Individual Savings Account (ISA).

Fund Benchmark

iBoxx Global Green, Social & Sustainability Bonds Total Return Index (GBP Hedged)

This benchmark is a comparator against which the overall performance of the Fund can be measured. It has been chosen based on the Fund's multi-currency portfolio of debt instruments, the bulk of which possess a clear use of proceeds and as such are labelled Green, Social and or Sustainable. We are not bound or influenced by the index when making investment decisions and the Fund's holdings may deviate from the benchmarks constituents. Investors should note that our Responsible and Sustainable Investment Policy will mean the exclusion of certain investments within the index which may lead to greater variance in the Fund's performance versus the benchmark.

Charges

Shares Offered	Initial Charge	Annual Charge
Class B gross income (£1m or more invested)	0% actual	0.55% actual
Class D gross income (£1m or more invested)	0% actual	0% actual
Class I gross income (£100m or more invested)	0% actual	0.30% actual