

Global Impact report

AIMING TO GENERATE COMPETITIVE RETURNS AND POSITIVE
IMPACT THROUGH PUBLIC EQUITY MARKETS

July 2025



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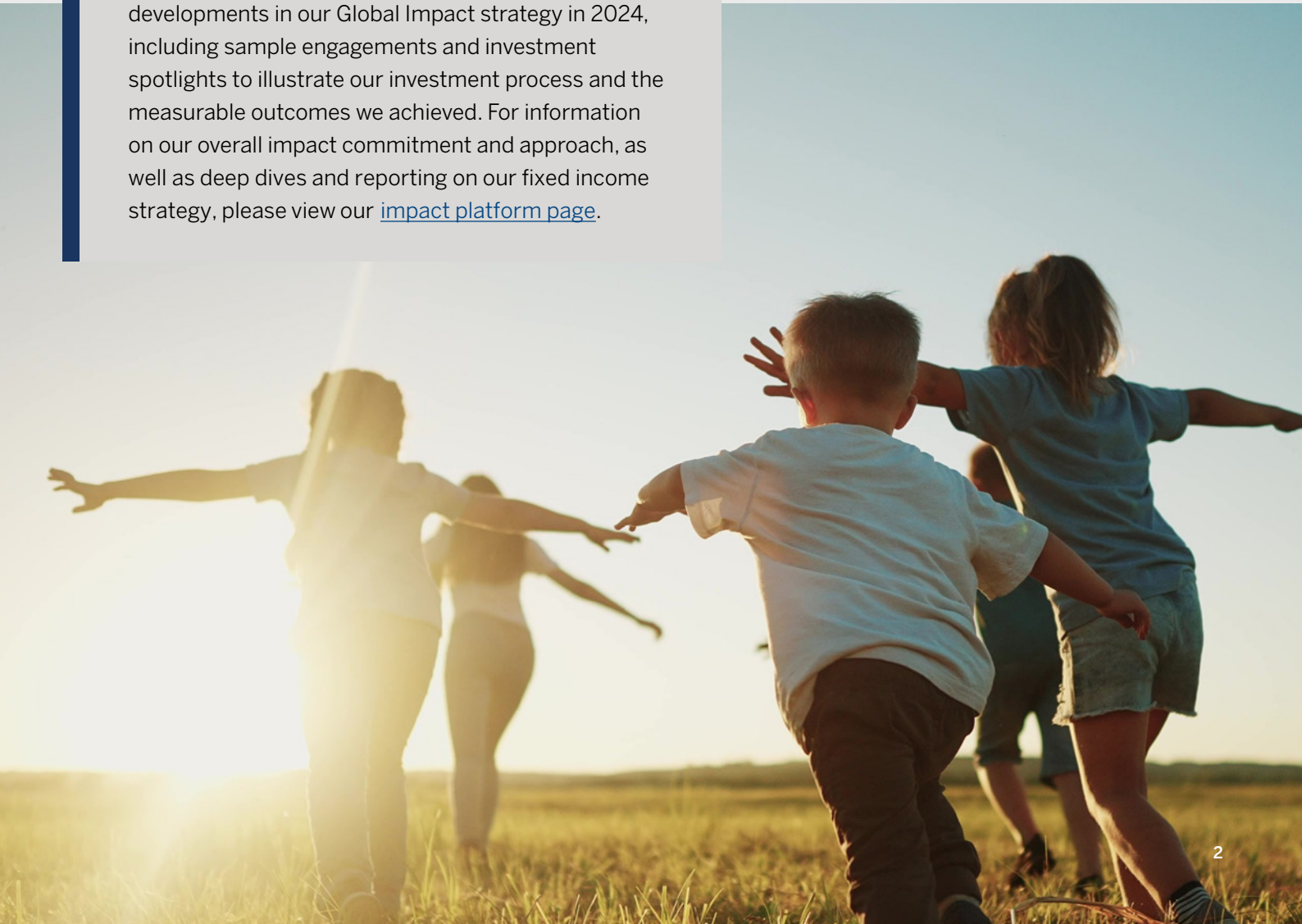
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EVOLUTION OF OUR IMPACT REPORTING

The contents of this document highlight key developments in our Global Impact strategy in 2024, including sample engagements and investment spotlights to illustrate our investment process and the measurable outcomes we achieved. For information on our overall impact commitment and approach, as well as deep dives and reporting on our fixed income strategy, please view our [impact platform page](#).



Message of commitment

We are pleased to share our ninth annual report for Wellington's Global Impact strategy. Ongoing economic and geopolitical uncertainty continues to underscore the need for impact investing. On the economic front, elevated inflation amplifies demand for affordable housing and access to nutritious food, for example. Geopolitical tensions, meanwhile, accelerate the evolution of the cybersecurity landscape, with companies, governments, and individuals needing more protection from the growing threat of AI-based attacks. We remain confident that investment spending on these and all our impact themes will persist, supporting long-term growth opportunities and enabling us to pursue attractive return generation for our clients.

In 2024, the transformative potential of generative AI became vividly clear. Rising capital expenditure for data center build-outs is reinforcing — and pulling forward — the urgent need for electric-grid hardening and alternative energy sources to meet growing energy demands. We believe companies across our Resource efficiency, Alternative energy, and Clean water & sanitation themes are well positioned to support this expansion in a sustainable way. We have also observed companies in multiple industries harness the power of AI-driven technology to enhance the impact of their products and services.

Innovation in health care remained a core focus during the year, particularly among companies with robust drug pipelines aimed at addressing major challenges like metabolic disease, cardiovascular disease, and cancer. Amid many scientific and clinical advancements, we are identifying companies that combine groundbreaking technologies with strong business models, upping the potential for them to have meaningful positive impact on patients worldwide.

Amid the intensifying effects of climate change, we continued to invest in companies supporting sustainable and resilient infrastructure. We see this as an enduring secular trend, offering long-term growth opportunities while advancing climate adaptation and mitigation strategies. The research conducted by our Climate Research Team in collaboration with Woodwell Climate Research Center (Woodwell Climate) and the Massachusetts Institute of Technology Center for Sustainability Science and Strategy continues to underscore the urgent need for these solutions.

We remain committed to setting a high bar for materiality, additionality, and measurability for Global Impact. Through engagement, we encourage companies to establish key performance indicators (KPIs) demonstrating positive social and environmental impact. Where appropriate, we work closely with Wellington's other investment teams to amplify the reach of our engagement. As communities increasingly value solutions that benefit people and the planet, companies are incentivized to innovate. The result is an expanding opportunity set.

We believe our approach of investing across 11 impact themes puts us in a strong position to capture promising new developments across public equity markets and to deliver potentially attractive investment returns for our clients. Thank you for your trust in our team and in Wellington. We are honored to play a role in growing the impact ecosystem with your support, and we look forward to generating positive impact and competitive returns for you, our clients, in 2025.



JASON GOINS, CFA

Portfolio Manager, Global Impact



All investing involves risk. Investors should consider the risk that may impact their capital, before investing. The value of your investment may become worth more or less than at the time of original investment. Please refer to the Risks section for more information.

Impact highlights

Investments in our equity portfolio have enabled companies to achieve the following impact:



131,045

Supplied or financed nearly 131,045 units of affordable housing

Equivalent to 25% the housing supply of Stockholm¹



5.8 billion

Provided or treated more than 5.8 billion cubic meters of water

Equivalent to 2.3 million Olympic-sized swimming pools²



567 million

Provided health care products or services to more than 567 million patients and customers

Or 45 times the average number of patients admitted annually to hospitals in Australia³



116 million

Provided digital access to more than 116 million people in developing countries

Equivalent to nearly 8% of Africa's population⁴



749,321

Provided education, training, and career support to nearly 750,000 people

Or 26% the number of students enrolled in higher education in the United Kingdom⁵



43 million

Supplied access to financial services to more than 43 million underserved individuals and businesses

Compared to 1.4 billion unbanked individuals globally⁶



9,700

Protected nearly 10,000 businesses and individuals with cybersecurity tools and technologies

Compared to 3,158 publicly reported data breaches in the United States in 2024⁷



46.2 million

Avoided 46.2 million tonnes* of greenhouse gas (GHG) emissions through renewable energy generation

Equivalent to a full year's average output of over 13,000 US wind turbines⁸



515 million

Avoided 515 million tonnes of GHG emissions through improved resource efficiency and resource stewardship

Equivalent to 120 million fewer internal-combustion-engine cars on roadways for one year⁹

Note: 56% of our holdings (as a percentage of market value) leverage a common KPI that can be aggregated. If a company or issuer does not report a figure that we believe aligns with one of our aggregated KPIs, we still monitor and report the Individualized KPI over time, but do not include it in the above aggregated statistics which we believe provide a conservative estimate of the impact our funds enable. All reported impact KPIs are obtained from publicly available information. We do not account for fund ownership stakes in the above calculations which represent 100% of the impact of the companies or issuers in which we invest. For each aggregated KPI we provide what we believe to be a relevant reference point. These are for context only and do not imply any equivalence for our KPIs regarding benefits delivered for society and the environment. | If 2024 data is not yet available, 2023 data has been used. Aggregated KPIs reflect the impact of the portfolio as of 31 December 2024. These data points do not constitute a data series and should not be compared to aggregated data points published in previous years due to changes in the portfolio holdings between each publication date. | All investing involves risk. Investors should consider the risk to their capital, before investing. These impact highlights relate to the representative accounts for our equity strategies, and are for informational purposes only, are subject to change, and are not indicative of future portfolio characteristics or returns. The value of your investment may become worth more or less than at the time of original investment. Please refer to the Important disclosures on our website or at the end of this document for more information.

¹"Number of dwellings by region and type of building (including special housing). Year 2013 – 2024," Statistical Database, Official Statistics of Sweden. | ²"How much water does an Olympic-sized swimming pool hold?," Portrait Pools. | ³"Admitted patient care," Australian Institute of Health and Welfare, (2023 – 2024 figures). | ⁴"Africa population," WorldOMeter, accessed 17 February 2025. | ⁵"Higher education student numbers," House of Commons Library, 25 March 2025. | ⁶"The Global Findex Database 2021," The World Bank. | ⁷"2024 Data Breach Report," Identity Theft Resource Center (ITRC). (The aggregated KPI should not be directly compared to the number of data breaches and people impacted. Instead, it should be used as an indication of scale.) | ⁸"Greenhouse Gas Equivalencies Calculator," United States Environmental Protection Agency (data from 2023). | ⁹"Greenhouse Gas Equivalencies Calculator," United States Environmental Protection Agency (data from 2022). | *Unless otherwise indicated, we use tonnes for metric tons throughout this report.

A decade of impact: Verifying our impact investing funds

BlueMark, the leading provider of independent impact verification and intelligence for the sustainable and impact investing market, verified that the impact investing processes of our [Global Impact Equity and Global Impact Bond strategies](#) (with combined assets under management of US\$3.8 billion) align with industry standards. BlueMark assessed our practices against the GIIN's [impact principles](#) — a commonly recognized standard for impact investors, who aim to deliver market-rate financial returns alongside measurable social and environmental impact.

We are thrilled to share our strong results, having earned an “advanced” or “high” rating in eight out of nine practice areas.

Specifically, BlueMark:

- Highlighted our granular, bottom-up, integrated approach to impact diligence.
- Acknowledged strong collaboration among various teams across our firm, who work with our impact portfolio managers to ensure that each underlying holding meets the respective fund's impact criteria.
- Assessed our impact monitoring as “advanced,” citing our annual reporting of impact KPIs and an internal feedback loop that ensures insights from impact data analysis can help influence research and engagement priorities for our impact funds.

While we are proud of our achievements and BlueMark verification, we also recognize the importance of continued diligence and improvement. For example, we plan to focus on the better sharing of lessons learned between our impact investing teams.

As we look forward to the next decade of impact investing at Wellington, we remain committed to advancing our impact measurement and management (IMM) practice. Aligning with industry standards will help us attract capital, deliver strong client outcomes, and ensure our investments drive measurable benefits for society and the environment.

See Important disclosures for details about our verification. | ¹As of December 2024 | Source: Wellington Management.



“We are delighted with the strong scores we achieved in the BlueMark assessment. This independent validation confirms that IMM is a core part of our investment process and that we are performing well compared to our peers. We are proud to align with common standards in the impact investing industry, which we believe can attract interest to these important strategies.”

– Oyin Oduya, Impact Measurement & Management Practice Leader

“After a decade of dedicated impact investing in equity markets, achieving these strong scores in BlueMark verification is a testament to our commitment to transparency and accountability. We are thrilled with this recognition, as it underscores our efforts to create meaningful, positive change in the world — which we look forward to doing for many more years.”

– Jason Goins, Equity Portfolio Manager

“This verification is testimony to the great work our IMM team does. It has reaffirmed the benefit of keeping our reporting in-house, as this has proven to be an additional lens for us to look more deeply at our investments and improve our security selection. We hope that this assessment will help us stay at the forefront of impact investing.”

– Campe Goodman, Fixed Income Portfolio Manager

2024 Industry participation and accolades

Phenix Capital Impact
Summit Europe

MARCH

Responsible
Investor Japan

MAY

Launch of Japan Impact
Consortium

MAY

GIIN Impact Forum

OCTOBER

Square Mile Investment
Conference

OCTOBER

Impact Investing Institute
Listed Markets Community
of Practice

DECEMBER

Engagement examples

We believe that partnership and engagement with our portfolio companies can enhance the positive social and environmental impact of our investments, creating lasting value for our clients.

Overall, in 2024, we engaged with 78 portfolio companies on 236 topics and had further engagements with 45 potential candidates for the portfolio.

Last year, we sought to increase our knowledge of and engagement on dynamics affecting our companies amid a tighter funding environment, a challenging consumer backdrop, and isolated cases of industry-level disruption. In 2024, we remained focused on how our companies can deliver both financial performance and impact amid these headwinds. We are watching interest-rate policies, given the broad implications for companies in our portfolio, and we are mindful of the political environment. Regardless of near-term volatility, we believe the underlying trends hold much promise for secular growth over the long term in impact-relevant areas.

Learn more about our impact platform

[Approach to engagement](#)

The examples shown on the following page are presented for illustrative purposes only and are not to be viewed as representative of actual holdings. It should not be assumed that any client is invested in the (or similar) examples, nor that an investment in the examples has been or will be profitable. Actual holdings will vary for each client, and there is no guarantee that a particular client's account will hold the examples presented. Please refer to the Important disclosures section for information on investment examples. | The companies mentioned comprise a partial list of all engagement meetings in which Wellington's ESG analysts and impact investing teams participated in 2024. The specific securities identified are not representative of all securities purchased, sold, or recommended for clients. This is not to be construed as investment advice or a recommendation to buy or sell any specific security. They are chosen based on meetings held during the year and our priority areas of focus, with the aim of giving insight into our process. There is no assurance the strategy would hold companies such as these or that they would be profitable in the future.

SAMPLE ENGAGEMENTS FROM 2024

ENVIRONMENT (E)

We engaged with a US solar company on several occasions. Early in the year, we spoke to the CEO to better understand the potential business implications of the US presidential election. We were encouraged that the company was well positioned to navigate a range of political outcomes with little impact on its long-term fundamentals. Later in the year, we visited the company's new manufacturing plant in Ohio. We were impressed by the massive scale (1.8 million square feet) and efficiency (a mere 85 workers) of the facility. We witnessed a streamlined operation that relies on a lean, heavily automated labor force to generate significant output. The company is focused on adding technology to existing solar panels to reduce costs and increase electricity generation. We remain impressed by the company's technological prowess and clear geographic advantages.

SOCIAL (S)

We continue to see attractive opportunities within the engineering and construction (E&C) group, particularly with what we believe are undervalued contributions to much-needed infrastructure improvement. During several engagements with E&Cs, we were struck by the continued expansion in capex budgets among clients of these companies, underscoring that the imperative to invest in this increasingly complex work remains strong. In our view, there appears to be a growing gap between companies able to attract and retain talent in order to grow organically and those struggling with employee retention. One Netherlands-based industrial consultant under new management has made dramatic improvements to talent retention and established a tighter strategic and geographic focus.

GOVERNANCE (G)

We met with senior management at a US water company for an update on its corporate strategy. Importantly, while the market has been focused on capital allocation since the company spun off from its parent corporation, our discussion on the company's M&A pipeline left us impressed with its discipline in contemplating its first foray into M&A as an independent company. These positive datapoints, along with the company's steady operating and earnings results and our continued constructiveness in the water space more broadly, underscored our conviction in the growth potential of its water-quality business.

IMPACT (I)

When a US for-profit education company was the subject of a short seller's report in the first quarter, our understanding of its student demographic, a core component of our impact thesis, helped us maintain conviction. While the report criticized the company for low graduation rates, we quickly identified the faulty logic in that assessment, which failed to acknowledge that the company's nontraditional, part-time student body naturally requires more time to graduate. During our engagement immediately following the report, management reinforced its confidence in the academic, operational, and financial strength of the business.

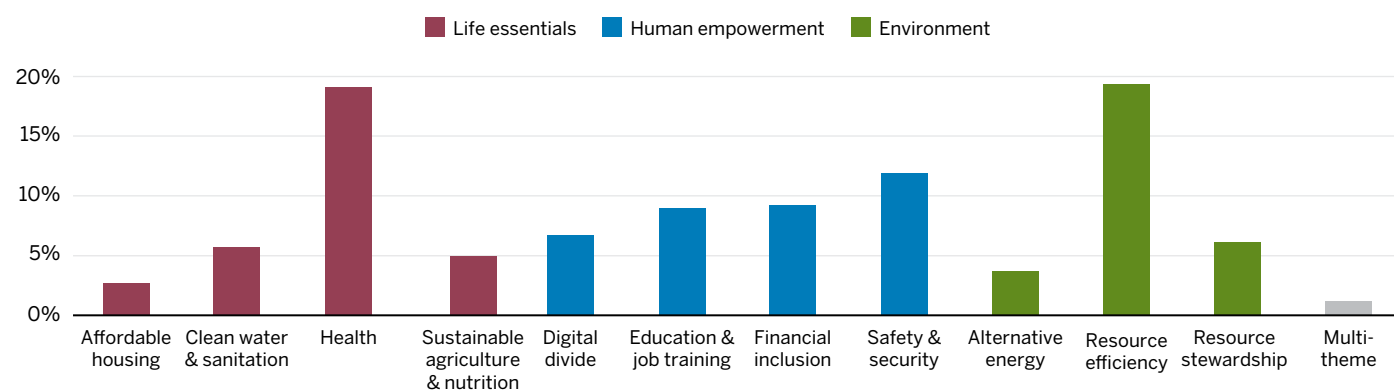


Thematic allocation and SDG alignment

Wellington's Global Impact and Global Impact Bond teams support the 17 Sustainable Development Goals (SDGs) and believe that the private sector has an integral role to play in bridging the funding gap to achieve them. In 2015, we launched Global Impact, our first impact approach, followed by Global Impact Bond in 2019. Through extensive research and consultation, we developed our 11 impact themes aimed at identifying the key forces driving a just transition to a sustainable future. When the SDGs were adopted, we were pleased to see how closely our themes overlapped.

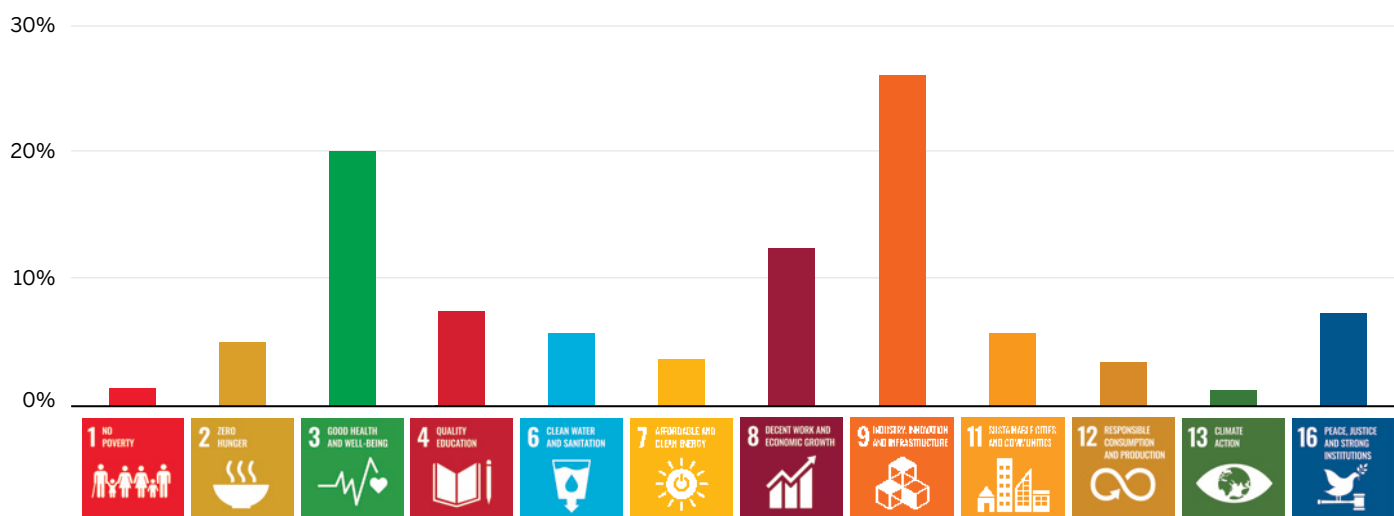
We invest in companies and issuers aligned directly with our proprietary impact themes and denote the relevant SDG and specific target(s) to which they contribute. We do this to better contextualize their activities alongside the efforts of other financial, government, and nongovernment organizations. In our view, reporting by asset managers on SDG alignment helps governments and market participants assess the amount of private capital that is funding progress toward the goals. While our investments may not directly cover some SDGs, we believe they can represent indirect pathways to progress. Bridging the digital divide and expanding financial inclusion, for instance, may enhance gender equality and reduce inequalities (SDGs 5 and 10)

2024 REPRESENTATIVE ACCOUNT EXPOSURES BY THEME (WEIGHT, %)



Data as of 31 December 2024 | Source: Wellington Management.

2024 PRIMARY SDG DISTRIBUTION (WEIGHT, %)



Data reflects primary SDG for each holding. The graph shows the distribution of the representative account for our impact equity strategy across each primary SDG as of 31 December 2024. Our impact equity approach supports SDG 17 at the strategy level. We do not manage the portfolio to any targeted level of alignment with regard to the UN SDGs. | The data shown relates to a representative account, is for informational purposes only, is subject to change, and is not indicative of future portfolio characteristics or returns. | Totals may not agree due to rounding. Excludes cash, cash equivalents, interest-rate, and currency derivatives. | Sources: Wellington Management. | Please refer to the Important disclosures page for additional information.

Impact themes and investment spotlights

Wellington's impact investing teams invest globally across three broad impact categories — Life essentials, Human empowerment, and Environment — which we then divide into 11 impact themes. Impact opportunities can represent innovative solutions across sectors, asset classes, and market capitalizations. All impact investments must meet our thresholds for materiality, additionality, and measurability. That is, companies must generate most of their revenue from products and services related to at least one of our impact themes; the impact they generate must have a low prospect of being achieved by other means; and we must be able to track and measure the impact.

Once we determine whether a company meets our impact criteria, we add it to our opportunity set. In parallel, our fundamental analysis seeks to identify those investments with the most attractive long-term return potential.

Learn more about our impact platform

[Impact themes](#)

[Impact measurement and management](#)

On the following pages, we share sample 2024 equity investment spotlights, highlighting one theme in each category.

OUR IMPACT THEMES



LIFE ESSENTIALS

- Affordable housing
- Clean water & sanitation
- Health
- Sustainable agriculture & nutrition



HUMAN EMPOWERMENT

- Digital divide
- Education & job training
- Financial inclusion
- Safety & security



ENVIRONMENT

- Alternative energy
- Resource efficiency
- Resource stewardship


IMPORTANT NOTE

Portfolio spotlight examples are based on nonperformance-based criteria. For information on how we selected the portfolio spotlight examples, please see the Important disclosures section. Portfolio spotlight examples are for illustrative purposes only, are not representative of all investments made by the portfolio and should not be interpreted as specific security recommendations or advice. It should not be assumed that an investment in the examples has been or will be profitable. Actual holdings vary for each client, and there is no guarantee that a particular client's account will hold the examples presented. Key performance indicator data is based on issuer reporting, press releases and websites, proxy data, and Wellington analysis. While the data is believed to be reliable, no assurance is being provided as to its accuracy or completeness. For all investment spotlights, Wellington's impact investing teams determine the SDG goals and targets that, in our view, each portfolio issuer is aligned with. Language for the goals and targets has been abbreviated, but not otherwise altered, from UN.org. Sources for SDG logos and targets: Wellington Management, www.un.org | Wellington Management supports the SDGs.

Supporting impact worldwide

The global reach of our companies' impact reflects our commitment to creating meaningful change across regions and themes.

3 GOOD HEALTH AND WELL-BEING



Health
Boston Scientific

Manufactures devices that help diagnose and treat diseases; leads in treating coronary artery disease and vascular disorders.


2 ZERO HUNGER



Sustainable agriculture & nutrition
Nomad Foods

Provides affordable, nutritious vegetable and protein products. Recyclable packaging and frozen foods increase shelf life and reduce waste.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Multi-theme
Sekisui House Ltd.

Increases supply of safe (seismic resistance), energy efficient (thermal insulation), high-quality, affordable homes.




4 QUALITY EDUCATION



Education & job training
Laureate Education Inc.¹

Provides education and job placement support to student populations from disadvantaged socioeconomic groups.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Digital divide
Vodacom Group

Provides digital access to customers in South Africa and other African countries, particularly in rural communities that lack network connection.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Resource stewardship
Cleanaway Waste Management Ltd.

Supports responsible waste management technology for waste-to-energy facilities and recycling infrastructure.

Companies highlighted are selected based on representation of the provided impact theme as well as the country of risk associated with the company. Country of risk is based on factors including management location, country of primary listing, country of revenue, and reporting currency of the issuer. Country-of-risk information is provided by Bloomberg. Companies selected are for illustrative purpose only and reflect portfolio holdings as of 2024 year-end. | ¹Because Laureate Education is headquartered in Miami, Florida, the country of risk flagged is the US. However, Laureate's active operations are in Peru and Mexico; as of 2024, 47% of Laureate's revenue was generated by operations in Peru.

Affordable housing

SCALE | ACCESSIBILITY | RESOURCES

LIVING CONDITIONS

By 2030, 40% of the world's population may lack adequate housing, generating an estimated demand for 96,000 new shelter units per day.¹

POVERTY REDUCTION

US renters spent an average of 42% of pre-tax income on housing in 2024, up from 35% in 2021.²

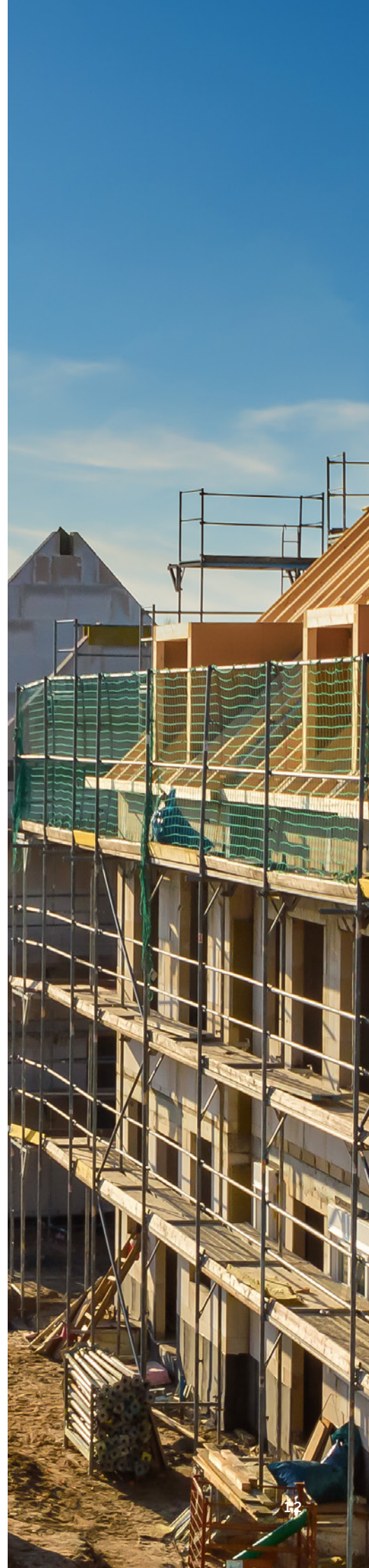
Demand for affordable housing persists in many countries. Rising rents and home prices often outpace household income growth, creating a widespread financial burden. At the same time, diminishing housing supply compounds the challenge, particularly for low- and middle-income households. With inflation driving up the cost of goods and services, low-income households, which typically spend a higher proportion of their income on essentials, are hardest hit.³ Government responses to housing vulnerability tend to move slowly, exposing many households to increasingly precarious situations.

We see affordable housing as a critical need that can accrue health and wellness benefits to families and communities, while creating and sustaining economic value. We believe access to safe, affordable housing allows people to focus more on their overall well-being — health, education, and career-building — and less on basic survival. Put another way: Access to safe, affordable housing may lead to better educational outcomes, higher earning potential, and lower health care costs. In our view, investments in this category also have long-term growth potential and expanding addressable markets.

During 2024, the equity portfolio continued to own shares in companies combating homelessness and addressing the need for safe, affordable shelter. We hold shares in a manufactured home community operator with locations across the US and Canada. This company offers single-family homes for sale or rent at roughly half to one-third the cost of renting or purchasing a local two-bedroom apartment. Additionally, the company actively works to enhance the energy efficiency of its units. We also initiated a new position in a company that operates a portfolio of multifamily apartment properties focused on “workforce housing” at accessible price points in markets across the US sunbelt and some Midwest states with favorable job- and population-growth demographics. We believe the value proposition (and need) for quality affordable housing is high in regions experiencing economic growth.

¹“Housing,” UN-Habitat. | ²Crystal Chen, “Annual Rent Report,” Zumper, 2 March 2025 |

³“Family Food FYE 2023,” UK Government, 17 October 2024.



Independence Realty Trust

IMPACT THEORY OF CHANGE

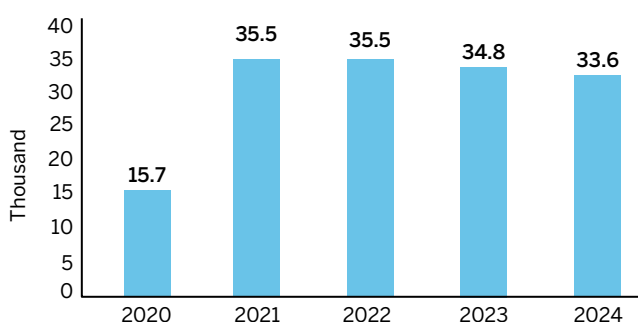
High-quality affordable housing is scarce in much of the US, particularly places that feature well-paying jobs and desirable cultural amenities or social services. Independence Realty Trust (IRT) develops and operates high-quality, affordable, multifamily rental properties near desirable employment and transportation hubs across the US. Its efforts help reduce the housing-cost burden, particularly for young or average-income workers.

FIVE DIMENSIONS OF IMPACT

What	Improving lives and communities by providing access to affordable housing
Who	Younger and/or average-income workers who are often overextended economically by rental costs
How much	Owned and operated 113 multifamily properties, consisting of 33,615 units, in 2024 ¹
Contribution	Average rent-to-income ratio of new residents is 22%, below the US national average ^{2,3}
Risk	Execution: Maintaining a balance between quality and affordability of homes

PROGRESS OVER TIME OF CORE KPI

Affordable housing units provided



Source: "2024 Annual report," Independence Realty Trust.

Year of initial investment: 2024

Three-year annualized change in core KPI: -2%

Assessment: Does not meet expectations



SDG ALIGNMENT

Making cities and human settlements inclusive, safe, resilient and sustainable

TARGET 11.1

By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

QUALITATIVE ASSESSMENT

In 2024, the average price of a single-family home in the US was more than seven times the average annual household income, surpassing near-historic highs.⁴ Renting is just as expensive, with US renters spending an average of 42% of their pre-tax income on housing in 2024, up from 35% in 2021.⁵

By developing and operating high-quality, affordable multifamily properties, IRT assists average-wage earners in the US, many of whom find it difficult to buy or rent in amenity-rich communities that balance a positive living experience with affordability. IRT's properties are often located in non-gateway US markets, strategically positioned in good school districts, and within easy commuting distance to major employment centers. While the occupants of its units have an average rent-to-income ratio of 22% (below the national mean), the demand for affordable housing in this cohort is high. IRT's occupancy rate was 95% in 2024.^{6,7}

The number of units operated by IRT has slightly decreased over the years, primarily due to the sale of properties in noncore markets. We remain confident in the business model and in the positive social outcomes it can ultimately achieve. IRT's above-average community satisfaction score is a valuable indicator.

ENGAGEMENT PRIORITIES

In our 2024 engagement, we focused on supply and demand dynamics impacting rent growth in markets where IRT operates. The combination of expensive real estate and high mortgage rates continues to make renting a more affordable option than buying. In select markets with growing new supply, IRT has offered incentives to manage occupancy for the most price-sensitive renters. Amid an uncertain economic backdrop, we will be monitoring employment trends and renters' ability to pay. We believe IRT's mid-range apartments should prove resilient and could benefit from trade-downs as renters seek more affordable, high-quality options.

¹"Annual Report," Independence Realty Trust, 2024 | ²Erik Sherman, "Average consumer rent is 42% of pre-tax income, report finds," Forbes, 22 December 2024. | ³"2023 Sustainability Report," Independence Realty Trust, data through 31 December 2023. | ⁴"Home Price to Income Ratio," Longtermrents.com, data through 31 December 2024 | ⁵Sherman, op. cit. | ⁶Annual Report, op. cit. | ⁷Sustainability Report, op. cit.

Clean water & sanitation

QUANTITY | QUALITY | DISTRIBUTION

WATER SCARCITY

By 2050, 2.8 billion people in urban areas could face water scarcity, equivalent to half the world's urban population.¹

WATER SAFETY

31% of sub-Saharan Africans have access to safe drinking water, compared to 94% of Europeans and North Americans.²

For billions of people around the world, securing clean water is a constant struggle that can hamper economic development and lead to poor health outcomes. At the community level, water scarcity can contribute to social unrest, particularly in regions where economic inequality is high and water governance is weak. Parts of Asia and Northern Africa have experienced notable increases in water stress, exacerbated by climate change, with some areas seeing an 18% rise between 2015 and 2020.³

The Intergovernmental Panel on Climate Change (IPCC) warns that without adequate adaptation and resilience efforts, water-related impacts of climate change will reduce global GDP. Water stress may challenge agrifood systems by limiting irrigation and agricultural productivity and affecting food security. In its landmark Sixth Assessment Report in 2022, the IPCC found that 900 million people experienced severe food insecurity, with water stress exacerbating the crisis.⁴ Although water scarcity may affect agriculture-dependent countries more heavily, physical climate risks are felt globally. For example, approximately 30% of Europeans experience water stress annually, with southern Europe — particularly the Iberian Peninsula — at greatest risk.⁵

Addressing water stress requires strategic initiatives across all levels of government. National leaders need to enact comprehensive water management policies and increase investments in infrastructure. At the local level, communities should be equipped with water conservation resources such as rainwater harvesting and efficient irrigation methods. We believe that products and technologies aimed at alleviating water stress will see secular demand growth. Our research with Woodwell Climate has reaffirmed the opportunity in this theme. We expect to see more capital expenditure directed toward improving water and sanitation infrastructure, including delivery, safety, and treatment.

In 2024, the equity portfolio included shares of a company that addresses some of the most challenging water issues in utility, industrial, commercial, and residential markets. The portfolio increased its position in a company that helps address water safety, scarcity, responsible water management, and other challenges brought on by climate change. We also maintained a position in a US consulting company that provides science-driven engineering solutions.

¹"Partnerships and Cooperation for Water, UN World Water Development Report 2023," United Nations Educational, Scientific and Cultural Organization (UNESCO). | ²"Progress on Drinking Water (SDG target 6.1)," United Nations, data from 2022. | ³"Clean water and sanitation," United Nations. | ⁴"AR6 Climate Change 2022: Impacts, Adaptation and Vulnerability, IPCC Sixth Assessment Report, Chapter 4 (Water)," Intergovernmental Panel on Climate Change, 2022. | ⁵"Water resources across Europe — confronting water stress: An updated assessment," European Environment Agency, 27 October 2021.



IMPACT THEORY OF CHANGE

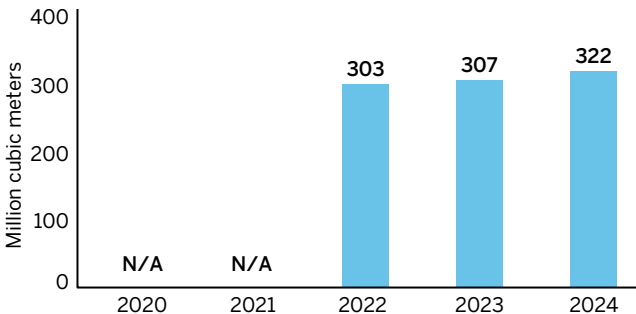
Veralto supports clients in managing, treating, purifying, and otherwise safeguarding water through municipal systems and wastewater treatment facilities. We believe that investing in the company contributes to global water solutions by improving access to quality water for the benefit of society and the environment.

FIVE DIMENSIONS OF IMPACT

What	Protected clients' water resources by addressing water safety, scarcity, and responsible management
Who	Residents of 45 countries; almost 50% of revenue generated in North America ¹
How much	In 2024, helped customers conserve more than 320 million cubic meters of water ²
Contribution	Helped ensure safe water for approximately 40% of the global population daily in 2024 ³
Risk	Evidence: Limited high-quality data due to a large customer base, making it challenging to assess the overall impact

PROGRESS OVER TIME OF CORE KPI

Water treated, saved, or reused



Source: "Safeguarding the world's most vital resources: 2024 Annual report," Veralto, 2024

Year of initial investment: 2023

Three-year annualized change in core KPI: N/A

Assessment: Meets expectations



SDG ALIGNMENT
Ensure availability and sustainable management of water and sanitation for all

TARGET 6.3
By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

QUALITATIVE ASSESSMENT

Amid global population growth, demand for natural resources increases. Water consumption is expected to increase as much as 25% by 2050.⁴ Veralto helps safeguard water resources by addressing safety, scarcity, and responsible management. It accomplishes this by offering proprietary precision instrumentation and advanced water treatment technologies, which customers use to measure, analyze, and treat water in various sectors.

We are impressed with Veralto's environmental and social impact. In 2024, ChemTreat, a market-leading Veralto brand, helped customers conserve over 320 million cubic meters of water.⁵ Although we lack sufficient data to assess a three-year compound annual growth rate in our core KPI because of Veralto's spinoff from the Danaher conglomerate in 2023, the latest metric underscores ChemTreat's substantial positive impact.

Veralto owns other market-leading brands, including Hach, an analytical measurement system of instruments, digital solutions, and related consumables for water testing. In 2024, Hach served more than 149,000 customers and helped 3.4 billion people access safe water daily.⁶ While we acknowledge the significant role that Hach and other Veralto brands play in facilitating access to clean water, having more detailed KPIs and calculation methodologies would enable us to further evaluate its impact on beneficiaries.

ENGAGEMENT PRIORITIES

We acknowledge Veralto's positive sustainability contributions, and we plan to use future engagements to discuss the company's impact KPIs further. Specifically, we aim to continue to better understand how Veralto directly contributes to water conservation for its customers and how its R&D investments support this goal. Additionally, we are interested in understanding the company's impact methodology, particularly how it calculates the number of individuals supported by Hach, ChemTreat, and Trojan Technologies.

¹"Safeguarding the world's most vital resources: 2024 Annual report," Veralto, 2024. | ²Ibid. | ³Ibid. | ⁴"Water demand is rising fast. Yet few realize how it impacts the climate crisis," World Economic Forum, 2024. | ⁵Annual Sustainability report, op. cit. | ⁶Ibid.

THEME OVERVIEW

Digital divide

INFORMATION ACCESS | COMMUNICATIONS INFRASTRUCTURE

ONLINE ACCESS

In 2024, 2.6 billion people, one-third of the global population, were offline.¹

AFFORDABILITY

Mobile broadband is 19 times less affordable in low-income countries than in high-income countries.²

Digital inclusion may improve educational and employment outcomes by enabling people to acquire knowledge, collaborate, and access opportunities online. Bridging the digital divide can also broaden social inclusion, reduce structural inequality, and create avenues for empowerment and economic participation. We believe digital services should be universally affordable and accessible, regardless of ability or location. Digital penetration in rural areas and developing countries remains a challenge, with connectivity still unequal or nonexistent in some places.

People and businesses without access to reliable digital services risk falling behind peers financially and socially. Since the end of the COVID-19 pandemic, many small businesses report significant increases in online sales. Despite that boost, affordability, lack of technical knowledge, and limited resources often make it difficult for small business owners to build an online presence.³

In 2024, the equity portfolio invested in companies that increase access to digital services and strengthen connectivity for underserved markets. We maintained a position in a company that enables small businesses and entrepreneurs to develop an online presence, including building websites and managing online marketing campaigns. Throughout the year, the company incorporated more generative AI into its products via a virtual assistant that delivers added value to customers in the form of website creation and marketing functions. We believe the company benefits small businesses, entrepreneurs, and society. We also continued to invest in a Taiwanese specialty chipmaker that enhances the availability of low-cost handsets. We remain invested in a Brazilian provider of fixed and wireless infrastructure and services, which significantly improve digital connectivity, especially in rural areas. This provider supports the online presence of small- and medium-sized enterprises (SMEs), which are currently underpenetrated in Brazil.⁴

¹"Internet use continues to grow, but universality remains elusive, especially in low-income regions," Facts and Figures 2024, ITU. | ²"Internet access keeps getting cheaper – but for many, fixed broadband remains a luxury," Facts and Figures 2024, ITU. | ³"Digital transformation: Small businesses face obstacles, opportunities in growing their online presence," Small Business Majority, 24 May 2023. | ⁴"OECD (2020), SME and Entrepreneurship Policy in Brazil 2020," OECD Studies on SMEs and Entrepreneurship, OECD Publishing.



IMPACT THEORY OF CHANGE

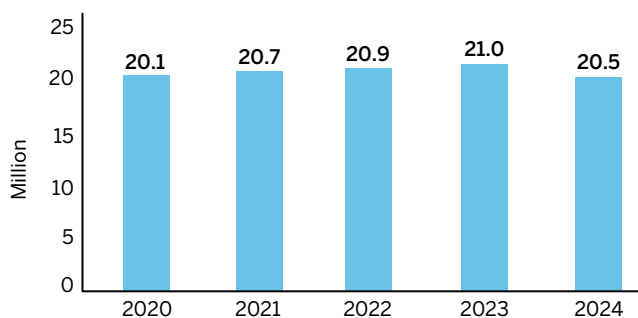
While an online presence is often crucial for small businesses to connect with customers and grow their business, many lack the resources, technical expertise, and design skills to navigate this journey independently. GoDaddy offers a variety of services, from website building to online marketing management, helping small businesses and entrepreneurs worldwide set up and maintain their e-commerce sites.

FIVE DIMENSIONS OF IMPACT

What	Helping small businesses and entrepreneurs to build an online presence
Who	Supported more than 20 million customers in 2024 ¹
How much	Managed 81 million website domains in 2024 ²
Contribution	Customizable products offered on a streamlined web experience helped drive customer retention to 84% in 2024
Risk	External: Ability to ensure customers' data security and privacy

PROGRESS OVER TIME OF CORE KPI

Number of customers supported



"2024 Annual Report," GoDaddy.

Year of initial investment: 2020

Three-year annualized change in core KPI: -0.3%

Assessment: Meets expectations



SDG ALIGNMENT

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

TARGET 8.3

Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

QUALITATIVE ASSESSMENT

SMEs account for more than 90% of businesses in many countries, contributing significantly to job creation and economic development.³ In today's digital-dominant world, having a well-run online presence is critical for SMEs' success.

GoDaddy helps small businesses and entrepreneurs build an online presence that can scale as they grow. The company provides customers with a simple platform and toolset, including website building, digital marketing, and e-commerce solutions. GoDaddy's recently launched AI tool helps customers accelerate and simplify this process. We believe GoDaddy demonstrates its impact through its strong customer-retention rate and numerous customer-success anecdotes. Legions of small business owners who admit to having scant understanding of how to build an online presence report strong satisfaction and success using GoDaddy's tools.⁴

We are encouraged by the number of customers that GoDaddy serves. We also appreciate the company's effort to drive the industry with its Venture Forward research initiative focused on microbusinesses, often with fewer than 10 employees. This initiative recently highlighted that in the US, the average microbusiness creates seven jobs, up from two in 2021; and that one in three microbusiness owners are considered the primary earner for their household.⁵

ENGAGEMENT PRIORITIES

During our engagement, the company emphasized its continued focus on micro and small businesses, the constituency that is core to our impact thesis. GoDaddy also highlighted successful uptake and positive feedback from its AI tool, which more than three million customers have used. Its conversational AI bots have improved efficiency for customers creating websites, significantly increasing the number of queries resolved and maintaining customer satisfaction scores. We are confident in GoDaddy's ability to accelerate this part of its business and provide positive customer experiences through high-quality, customer-tested offerings built on AI technology.

¹"2024 Annual Report," GoDaddy. | ²Ibid. | ³"Small and Medium Enterprises (SMEs) Finance," World Bank. | ⁴"Customer," GoDaddy.com. | ⁵"GoDaddy Venture Forward: 2024 Annual Report, U.S. Edition," GoDaddy.

THEME OVERVIEW

Education & job training

REMOTE ACCESS | IMPROVING FINANCIAL FUTURES

SCHOOL STAFFING

In 2024, 50% of public-school teachers in the US reported feeling that their school is understaffed at current levels.¹

EARNING POTENTIAL

Every extra year of schooling can increase hourly earnings by 10%.²

Education is a basic human right, yet an estimated 250 million children did not attend school in 2024, owing to conflict, poverty, inequality, climate-related disasters, and lack of accessibility.³ Uneducated and undereducated adults often struggle to attain employment sufficient to sustain them economically and may be more vulnerable to exploitation, discrimination, and ill health.

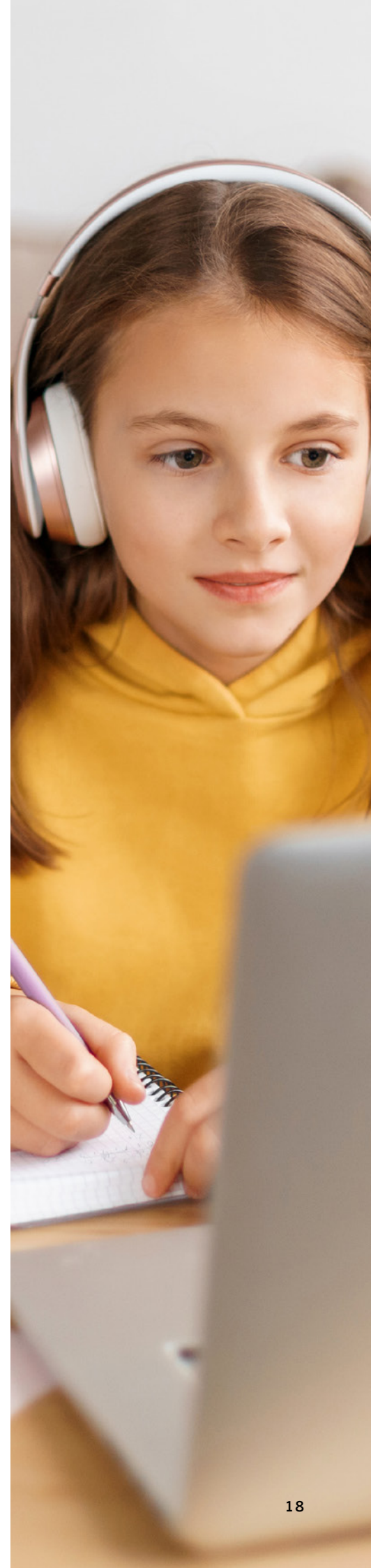
The use of technology for online education and supplementing in-person teaching is now common. We believe innovations that improve access to learning and help educators respond to students' needs will remain in high demand, especially amid widespread teacher shortages persisting in many places. Governments are often a main source of funding for critical projects that improve educational quality and job training for those most in need. Labeled bond issuance can help secure that funding. In our view, entities whose products and services support quality teaching and flexible learning could see significant growth potential. The impact they can have in narrowing the education gap and increasing access to jobs for greater economic opportunity is potentially extensive and enduring.

In 2024, the equity strategy was invested in an education technology company providing online learning programs for primary- and secondary-school students, as well as adult learners in the US. We believe the market underappreciates the structural trend of families' growing interest in broader use of nontraditional education providers. Online learning institutions and services are seen as an increasingly viable choice, especially since the COVID-19 pandemic. The incoming presidential administration could be a tailwind for the for-profit education industry, given expectations of a looser regulatory environment. We also continued to invest in a leading for-profit health care educator and a global technology company domiciled in Japan that operates job matching and hiring platforms. By simplifying the employment recruitment process, the company's technology and services are lowering barriers to employment, including for candidates from traditionally disadvantaged backgrounds.

¹"Public School Leaders Reports Suggest No Overall Change in the Number of Teaching Positions Since Last School Year," National Center for Education Statistics, 12 December 2024. |

²"Education Overview: Development news, research, data," World Bank, updated 22 April 2025. |

³"251 million children still out of school worldwide, UNESCO reports," UN News, 31 October 2024.



Stride

IMPACT THEORY OF CHANGE

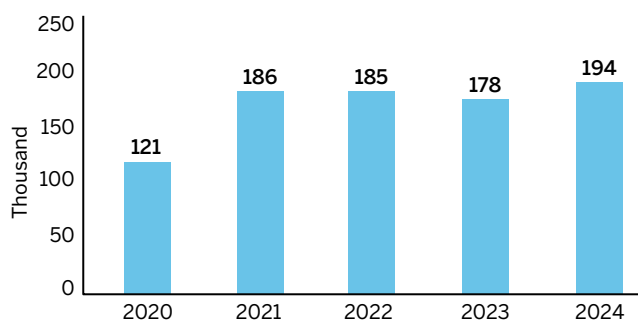
In almost every part of the world, online education is now accepted and utilized, with companies like Stride providing high-quality, customized learning experiences. Stride's platform helps US primary and secondary "K12-powered" schools use technology and leverage digital content. The company provides a range of educational solutions, including full-time online schooling, supplemental educational services, and curriculum development.

FIVE DIMENSIONS OF IMPACT

What	Improves high-quality education and the ability to respond to each learner's needs
Who	Schools and districts that require flexible learning options
How much	Provided education to 194,000 students in 2024 ¹
Contribution	High overall parent satisfaction, including with teaching quality and individual attention to children at Stride "K12-powered" schools ²
Risk	Execution: Balancing online education and in-person teaching and interaction

PROGRESS OVER TIME OF CORE KPI

Number of students supported



Source: "2024 Annual Report," Stride.

Year of initial investment: 2024

Three-year annualized change in core KPI: 1%

Assessment: Meets expectations



SDG ALIGNMENT

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

TARGET 4.4

By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

QUALITATIVE ASSESSMENT

The use of education technology in US school districts increased by more than 200% from 2019 to 2023.³ Integrating these tools into traditional, in-person curricula remains complex for students, teachers, administrators, and parents.

Stride supports primary and secondary education with virtual and blended (online and in-person) learning, offering curriculum, instruction, and support services. At least 7.5 million US students require Individualized Education Plans, and 65% of public schools are understaffed in special education.⁴ Technology has helped teachers increase efficiency and personalize instruction. A survey of families with children in Stride "K12-powered" schools showed that they serve lower-income students, are accessible in rural areas, and are rated higher for academic progress, teaching quality, and individual attention than children's prior schools.⁵

While we acknowledge that virtual teaching cannot fully replace the benefits of social-emotional learning (SEL) via in-person instruction, a recent survey showed that with a renewed emphasis on SEL since the end of the pandemic, teachers spend more time on students' well-being and use technology to personalize teaching to a greater degree.⁶

We are pleased with the growing number of students Stride supports, and we will continue to monitor Stride's offerings and integration into schools.

ENGAGEMENT PRIORITIES

During a recent engagement, Stride highlighted that parents' word-of-mouth continues to be a key marketing driver, fueling strong growth and student retention. The company highlighted that 2024 was the third consecutive year that enrollment in its learning program exceeded withdrawals, indicating parental and student satisfaction. Many families appreciate that Stride's virtual learning environment is a better fit for students' learning style and supportive of their mental health.

¹"2024 Annual Report," Stride, 2024. | ²Ibid. | ³Ben Scafidi, "Spring 2022 Survey of Stride K12 Families," Ed Choice, February 2023. |

⁴Anna Merod, "Districts used 2,591 ed tech tools on average in 2022 – 23," K12 Dive, 10 July 2023. | ⁵"Stride, Inc. Wins Tech & Learning 2024 Back to School Award for Excellence in Secondary Education," Stride, 30 September 2024. | ⁶Brian A. Jacob and Cristina Stanojevich, "Rewiring the classroom: How the COVID-19 pandemic transformed K-12 education," Brookings, 26 August 2024.

Financial inclusion

FINANCIAL TECHNOLOGY | ACCESS TO CAPITAL

DIGITAL PAYMENTS

Just 57% of adults in developing economies use digital payments, compared to 95% in developed economies.¹

EMPLOYMENT

Small- and medium-sized enterprises (SMEs) are the main source of job creation globally, accounting for over 95% of businesses and 60% – 70% of employment.²

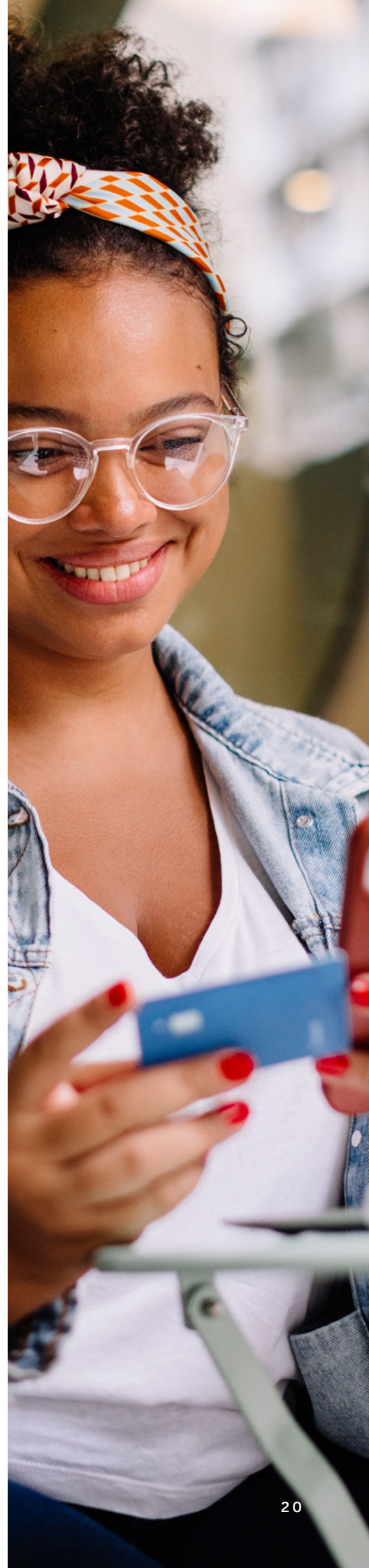
Enhancing financial inclusion can improve economic resilience for households and small businesses, promote wealth and job creation, and increase socioeconomic equality. Even in developed economies with robust financial infrastructure, consumers are not served equally by financial institutions. In the US, for example, underserved individuals, including low-income people of color, and rural residents, often benefit less from financial services, contributing to economic inequities.³

Despite the societal benefits of access to financial services, approximately 1.4 billion adults worldwide remain unbanked, most notably women. Nearly 65% of women in developing countries lack a savings account.⁴ Because women are often responsible for family budgeting and purchases, providing financial services to women is an important way to facilitate household financial decisions, encourage entrepreneurship, secure educational opportunities for children, and maintain family health.⁵ Despite persistent economic and cultural constraints, recent data has shown faster increases in mobile bank-account ownership among women than men in some places, illustrating how technology can help reduce gender-based inequalities in financial inclusion.⁶

Millions of unbanked adults still receive cash payments from governments and employers. Digitizing these payments can boost account ownership and expand financial inclusion. We believe companies that expand access to financial products and services, especially via mobile technology, have long runways for growth by expanding addressable markets globally.

In 2024, the equity portfolio held shares in a bank in Puerto Rico that provides essential financial services, including lending to small- and medium-sized local businesses and subprime consumers. We held an Indonesia-based company that offers loans to small commercial customers, the country's biggest cohort. In the US, we maintained exposure to a company that offers basic insurance to low-income families. We also held a position in a company that extends credit to lower-income borrowers for use with unexpected household expenses, medical bills, and debt consolidation. The company also has an educational program aimed at improving financial literacy and budgeting. We have also continued to invest in a South African bank that provides essential insurance products and financial products to underserved customers that risk financial devastation without them.

¹The Global Findex Database, The World Bank, 2022. | ²"Small and Medium Enterprises (SMEs)," National Action Plans on Business and Human Rights. | ³"National Strategy for Financial Inclusion in the United States," Department of the Treasury, 2024. | ⁴"Global Findex 2021: Women's World Banking Response," Women's World Banking, 29 June 2022. | ⁵"2024 Highlights: Marking 15 years of Supporting Financial Inclusion," Financial Access Survey, | ⁶"The role of SMEs in the Global Economy: 17 Key Facts," CJPi, 5 February 2025.



Globe Life

IMPACT THEORY OF CHANGE

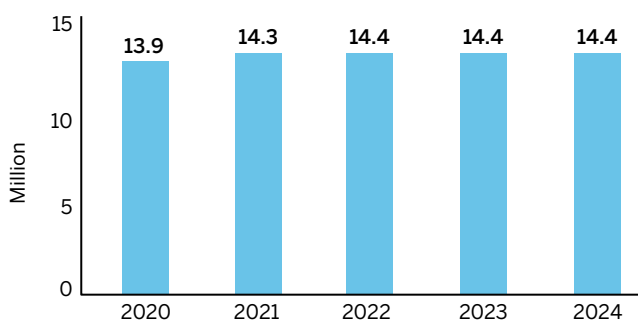
Globe Life addresses financial barriers to health and life insurance for low-income individuals in the US. The company offers affordable, accessible policies and ensures its customers are informed about the benefits of its products. In our view, investing in Globe Life can assist low-income individuals in securing their financial future and improving quality of life. Basic insurance, Globe Life's area of focus, is a key to preventing households from becoming financially unmoored in a qualifying event.

FIVE DIMENSIONS OF IMPACT

What	Reduce financial barriers for low-income individuals in the US by offering affordable, easy-to-understand insurance policies
Who	Underserved, lower- to middle-income customers
How much	In 2024, Globe Life issued 14.4 million life insurance policies ¹
Contribution	Issued more individual life insurance policies and has more policyholders than any US peer ²
Risk	Execution: Ensuring customers fully understand their insurance policies

PROGRESS OVER TIME OF CORE KPI

Number of life insurance policies in force

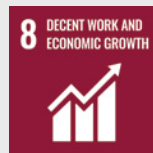


Source: "Annual report," Globe Life, 2023.

Year of initial investment: 2021

Three-year annualized change in core KPI: 0.1%

Assessment: Meets expectations



SDG ALIGNMENT

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

TARGET 8.10

Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

QUALITATIVE ASSESSMENT

Life insurance provides crucial financial protection, ensuring beneficiaries can maintain their standard of living in the event of a policyholder's death. It is estimated that nearly 60% of Americans either lack life insurance or are unaware of their coverage status, mainly because of policy cost.³ Globe Life addresses these issues by offering affordable life and supplemental health insurance to underserved, lower- to middle-income markets.

In 2024, the company reported 14.4 million life insurance policies in force⁴. Acquiring the full array of data would allow us to assess the company's overall impact. To help address policies' complexity, Globe Life designs its products to be accessible and easy to understand. It provides a diversified distribution platform and a simplified underwriting process. It also employs more than 10,000 agents who are instructed to inform customers of their coverage terms and educate them about additional product offerings, such as Medicare Supplement Insurance.⁵ We continue to believe that Globe Life's differentiated product offerings provide an important financial product to an underserved US customer base, broadening financial inclusion.

ENGAGEMENT PRIORITIES

Following a short report in early 2024 alleging damaging claims about sales practices at one of Globe Life's primary operating companies, we engaged several times to understand how it is responding. We view increased share buybacks and purchases from multiple board directors as a strong signal of the company's confidence in the quality of its practices and the falsehood of the claims. We appreciate that the company is economically incentivized to write good long-term policies, creating alignment with customers. Since the report, the company has improved its monitoring, instituted compliance program tweaks, and created greater transparency. Globe Life executed well on fundamentals in 2024, with strong life insurance underwriting driving growth.

¹"2023 Annual Report," Globe Life. | ²"2023 ESG Report," Globe Life. | ³"Many Americans know the basics of life insurance, yet nearly 60% either don't have coverage or are unsure if they do," Corebridge Financial, 14 August 2024. | ⁴Annual Report, op. cit. | ⁵ESG Report, op. cit.

THEME OVERVIEW

Alternative energy

RENEWABLE ENERGY GENERATION | STORAGE AND DISTRIBUTION

GHG EMISSIONS

Electricity accounts for 28% of annual GHG emissions.¹

LOW-CARBON ELECTRICITY

By 2030, more than 75% of the increase in global renewable energy demand is estimated to come from the transport, industry, and buildings sectors.²

At the 29th Conference of Parties (COP29) in 2024, climate finance was the primary focus. Attending nations agreed upon a “core” financing commitment of at least US\$300 billion annually by 2035, three times the previous goal set in 2009.³ Acknowledging the need for increased financial resources, countries agreed to work together toward mobilizing US\$1.3 trillion annually by 2035. The private sector will play a crucial role in assisting participating nations in mitigating climate impacts and transitioning to low-carbon economic development pathways.⁴

Amid the evolving geopolitical landscape, scrutiny on the green (low-carbon) transition has increased, leading to public discourse about the balance between rising energy costs and energy security. Despite regional differences in regulation and consumer preferences, we believe the global shift toward alternative energy presents a chance for investors to support sustainability while potentially earning competitive financial outcomes. In 2024 alone, the world invested US\$2 trillion in clean energy technologies and infrastructure, nearly double the spending on fossil fuels for the same period.⁵ These investments support job creation in renewable energy sectors, stimulate economic growth through technological innovation, and help governments advance energy independence by reducing reliance on imported fossil fuels.⁶

In 2024, our equity investments provided capital to companies and issuers generating renewable energy, mainly through solar power. We maintained exposure to a solar company that designs, manufactures, markets, and distributes photovoltaic systems and modules. We continued to own shares of a specialty lender focused on projects developed or sponsored by companies in the US energy efficiency, renewable energy, and sustainable infrastructure markets. We initiated a position in a market-leading designer and manufacturer of solar trackers. Trackers are used in utility-scale solar projects to adjust the angle of solar panels throughout the day to track the path of the sun, thus offering greater energy generation.



¹The Five Grand Challenges,” Breakthrough Energy. | ²“Renewables 2024: Analysis and forecast to 2030,” International Energy Agency. | ³Ibid. | ⁴Philip Loft and Nuala Burnett, “The UK and the US\$100 billion climate finance goal,” House of Commons, 11 July 2024. | ⁵Tim Bosch, Dr. Fanny Thornton, and Dr. Kira Vinke, “Climate change is affecting geopolitics — Not just the other way around,” German Council on Foreign Relations (DGAP), 19 February 2025. | ⁶“World Energy Investment 2024,” International Energy Agency.

Nextracker

IMPACT THEORY OF CHANGE

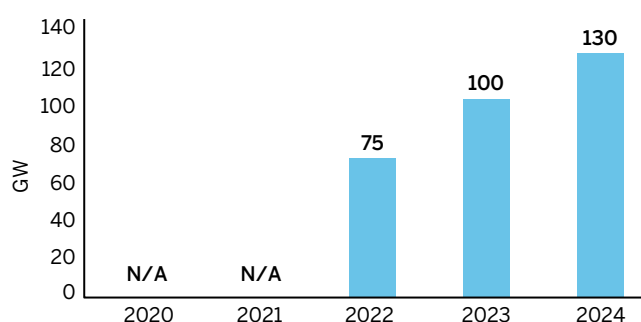
Nextracker is a leading producer of integrated solar trackers and software solutions used in utility-scale solar-generation projects globally. Its products enhance the performance of solar panels by enabling them to follow the sun during daylight hours, improving energy production and reducing the cost of energy. We believe investing in Nextracker helps address the world's growing energy requirements while reducing GHG emissions.

FIVE DIMENSIONS OF IMPACT

What	Climate mitigation through the manufacturing of integrated solar trackers and software solutions used in solar projects
Who	Serving customers in 40 countries ¹
How much	130 gigawatts (GW) of solar tracker systems shipped in 2024 ²
Contribution	Market leader in solar trackers based on GW shipped for eight consecutive years ³
Risk	External: Weather conditions may undermine the production of renewable energy and associated emissions avoided

PROGRESS OVER TIME OF CORE KPI

Solar trackers shipped



Source: 2025 Annual report, Nextracker, June 2025.

Year of initial investment: 2024

Three-year annualized change in core KPI: N/A

Assessment: Meets expectations



SDG ALIGNMENT

Affordable and clean energy

TARGET 7.3

By 2030, double the global rate of improvement in energy efficiency

QUALITATIVE ASSESSMENT

Between 2024 and 2030, solar photovoltaic (PV) technologies may generate 80% of the increase in global renewable energy capacity.⁴ Decarbonization and electrification are influencing the surge in demand for solar power, as is solar's increasing cost efficiency. Over the past decade, the cost of solar generation has decreased by 90%, with Nextracker contributing to this achievement.⁵ In 2024, Nextracker became the first US solar company to ship 130 GW of generation capability, equivalent to twice the peak load of California.⁶

Although we were unable to measure the three-year CAGR of this KPI due to lack of disclosure for the full period, Nextracker's 30% growth in tracker shipments from 2023 to 2024 retains the company's market-leading position, which it has held for the past eight years.

Innovation is key to Nextracker's continuous leadership. Its NX Navigator software provides real-time monitoring, weather-risk mitigation, and streamlined maintenance. According to the company, this intuitive technology optimizes the functionality and availability of tracking equipment. In the event of hail, for instance, the software promptly adjusts an array to a secure 60-degree "stow angle," reducing precipitation impact and enhancing panel survivability by over 99%.⁷ This feature is critical, as more than 80% of insurance claim values, including for solar panel damage, are related to weather events. As climate change increases the frequency and severity of extreme weather, products that minimize downtime and revenue losses from solar PV may become vital.

ENGAGEMENT PRIORITIES

During our recent engagement, Nextracker demonstrated its commitment to technological innovation and customer satisfaction. Its engineering capabilities and leading technology, coupled with its localized supply chain have, in our view, established a durable edge over competition from China. The discussion highlighted Nextracker's forward-thinking R&D strategy, which should further support its market leadership. Its strategy focuses on developing next-generation products designed to tackle complex issues, such as addressing shading challenges in harsher environments.

¹2025 Annual report, Nextracker, June 2025. | ²"Who are we?" Nextracker.com. | ³Annual Report, op. cit. | ⁴"Solar PV," International Energy Agency, 2024. | ⁵Hannah Ritchie, "Solar panel prices have fallen by around 20% every time global capacity doubled," Our World in Data, 13 June 2024. | ⁶Annual Report, op. cit. | ⁷Alex Roedel and Kent Whitfield, "Mitigating Extreme Weather Risk," Nextracker, 2020.

Important disclosures

ABOUT THIS REPORT

Data provided is as of 31 December 2024.

The views expressed herein are those of the author(s), are based on available information, and are subject to change without notice. Individual portfolio management teams may hold different views and may make different investment decisions for different clients. The material and/or its contents are current as of 31 December 2024. Forward-looking statements or estimates may be made. Actual results and occurrences may vary significantly. Certain data provided is that of a third party. While data is believed to be reliable, no assurance is being provided as to its accuracy or completeness. Wellington's Impact Investing Team determines the goals and targets that, in our view, each portfolio company is aligned with. Language for the goals and targets has been abbreviated, but not otherwise altered, from UN.org.

Wellington Management supports the Sustainable Development Goals. These are not to be construed as a recommendation of any of the specific securities presented or indicative of their past or future performance. Investment examples are based on holdings of the representative account from 1 January to 31 December 2024. For Global Impact, the representative account shown became effective on 1 September 2017 because it was the least restrictive account at the time of selection. Each client account is individually managed; individual holdings will vary for each account and there is no guarantee that a particular account will have the same characteristics as described. Company examples are for illustrative purposes only, are not representative of all investments made by the portfolio and should not be interpreted as a recommendation or advice.

Portfolio spotlight examples are based on nonperformance criteria. For Global Impact, the largest position in each impact theme is selected. If the largest position was highlighted within the past two years, then the second-largest position in a theme is selected. If the largest two positions in a theme have been highlighted in the past two years, then a new position within the theme is selected. If there is more than one additional company, or no new positions in the theme, the largest trade is highlighted (based on the number of shares).

- Holding was largest by size in the theme in the portfolio as of 31 December 2024: GoDaddy; Globe Life
- Largest holding had been previously highlighted in either the 2022 or 2023 report, but for 2024, we used the second-largest position in the theme: Nextracker; Independence Realty Trust.
- Largest and second-largest holdings had been previously highlighted in either the 2022 or 2023 report, but for 2024, we used the third-largest position in the theme: Stride; Veralto.

The KPIs shown for each company have been developed by Wellington. These metrics are proprietary to Wellington and are used to assess a company's progress toward its particular business objectives. Company information is from multiple sources including the following: annual and quarterly reports; industry research pieces; company websites; press releases; case studies; and company engagements. Only holdings that had applicable and available KPI data were included. In cases where the 2024 data was not available at the time of publication, we used 2023 or the nearest to 2024 data.

BlueMark verification

Wellington Management engaged BlueMark to independently verify the alignment of our impact management (IM) system with industry best practices. BlueMark's assessment findings cover both areas of strength and areas for improvement, as reflected in the Verifier Statement. Wellington Management did pay a fee for the verification.

BlueMark's full assessment methodology, based on its professional judgment, consisted of:

1. Assessment of the IM system in relation to the impact investing industry best practices, using BlueMark's proprietary rubric, and examining processes and policies against the following criteria:
 - Compliance of the IM system with a threshold level of practice
 - Quality of the IM system's design in terms of its consistency and robustness
 - Depth of subcomponents of the system, focused on completeness
2. Interviews with Wellington staff responsible for defining and implementing the IM system.
3. Testing of selected Wellington transactions to check the application of the IM system.
4. Delivery of detailed assessment findings to Wellington, outlining areas of strong alignment and recommended improvement, as well as BlueMark's proprietary benchmark ratings on the extent of alignment with impact investing industry best practices.

Important disclosures continued

INVESTMENT RISKS

All investing involves risk. If an investor is in any doubt as to the suitability of an investment, they should consult an independent financial advisor. Past results are not necessarily indicative of future results and an investment can lose value.

Capital: Investment markets are subject to economic, regulatory, market sentiment, and political risks. All investors should consider the risks that may impact their capital, before investing. The value of your investment may become worth more or less than at the time of the original investment.

Concentration: Concentration of investments in a relatively small number of securities, sectors or industries, or geographical regions, may significantly affect performance.

Currency: Investments in currencies, currency derivatives, or similar instruments, as well as in securities that are denominated in foreign currency, are subject to the risk that the value of a particular currency will change in relation to one or more other currencies.

Equity markets: Equity markets are subject to many factors, including economic conditions, government regulations, market sentiment, local and international political events, and environmental and technological issues.

Foreign and emerging markets: Investments in foreign markets may present risks not typically associated with domestic markets. These risks may include changes in currency exchange rates; less-liquid markets and less available information; less government supervision of exchanges, brokers, and issuers; increased social, economic, and political uncertainty; and greater price volatility. These risks may be greater in emerging markets, which may also entail different risks from developed markets.

Real estate securities: Risks associated with investing in the securities of companies principally engaged in the real estate industry such as REIT securities include the cyclical nature of real estate values; risk related to general and local economic conditions; overbuilding and increased competition; demographic trends; and increases in interest rates and other real estate capital market influences.

Smaller-capitalization stocks: The share prices of small- and mid-cap companies may exhibit greater volatility than the share prices of larger-capitalization companies. In addition, shares of small- and mid-cap companies are often less liquid than larger-capitalization companies.

Sustainability risk: An environmental, social, or governance event or condition that, if it occurs, could have an actual or potential material negative impact on the value of an investment.

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