

WELLINGTON
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Global Impact Bond investment spotlights

ADDENDUM TO OUR 2022 GLOBAL IMPACT BOND REPORT

January 2024



For professional and institutional investors only

Contents

This report, an addendum to our [Global Impact Bond report](#), showcases the remaining eight of our eleven impact themes and sample investment spotlights, including impact theory of change and key performance indicators (KPIs), qualitative assessment, engagement updates, and the measurable outcomes we achieved.

The purpose of this report is to highlight the impact case for sample investment spotlights across our impact themes that span our three broad categories of Life essentials, Human empowerment, and Environment. While all companies in our portfolio meet the financial criteria that we believe enable us to deliver competitive investment returns for our clients, these sample investment spotlights are solely intended to illustrate metrics regarding our impact objectives and outcomes.

For information on our overall impact commitment and approach, as well as deep dives and reporting on our both our equity and fixed income strategies, please view our [impact platform page](#).

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Portfolio spotlight examples are based on non-performance-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 (KPI) data is based on issuer or company reporting, press releases and websites, proxy data, and Wellington analysis. While data is believed to be reliable, no assurance is being provided as to its accuracy or completeness.

For all investment spotlights, Wellington's impact investment teams determine the UN SDG goals and targets that, in our view, each portfolio company or 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.

THEME OVERVIEW

Clean water & sanitation

QUANTITY | QUALITY | DISTRIBUTION

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

In 2022, nearly 3.5 billion people lacked safely managed sanitation, including 1.5 billion without basic sanitation services.²

For billions of people, securing clean water is a constant struggle that can hamper economic development and impair health outcomes. At the community level, water scarcity can contribute to social unrest, particularly in regions where economic inequality is high and governance is weak.

Increasing water demand and the growing risk of droughts and floods associated with climate change may make water insecurity worse. The Intergovernmental Panel on Climate Change (IPCC) estimates that without adequate adaptation, the water-related impacts of climate change will lower GDP in many low- and middle-income countries.³ Access to sanitation also remains a major challenge for many underserved populations. According to UNICEF, 3.5 billion people still lack safely managed sanitation.⁴

We believe that products and technologies that help alleviate water stress and secure better health outcomes could see rising investment spending and secular demand growth. The UN estimates that capital investment in water infrastructure needs to triple by 2030 in order to meet this goal.⁵ Our research with Woodwell Climate Research Center has reaffirmed the opportunity in this theme. We expect to see increased capital expenditure directed toward improving water and sanitation infrastructure, including delivery, safety, and treatment.

We remain invested in a leading private sanitation company in Brazil which provides sewage and clean water access to millions of individuals, with the goal of facilitating universal access to these essential services, as well as a U.S. municipal water department which expands drinking water, wastewater, and stormwater services to increase access for local residents. We also have maintained our investment in a global provider of water, hygiene, and infection prevention solutions, which contribute to reducing water hazards and disease. Finally, we hold a green bond of a regional government corporation whose proceeds will be used to improve that region's climate resilience with a focus on water storage, treatment, and desalination, as well as drought and flood defense.

¹"Partnerships and Cooperation for Water," UN World Water Development Report 2023, United Nations Educational, Scientific and Cultural Organization (UNESCO). | ²"Progress on household drinking water, sanitation and hygiene 2000 – 2022: Special focus on gender," New York: United Nations Children's Fund (UNICEF) and World Health Organization (WHO), 2023. | ³"Climate Change 2022: Impacts, Adaptation and Vulnerability," IPCC Sixth Assessment Report, Intergovernmental Panel on Climate Change. | ⁴Previously cited UNICEF report. | ⁵"Water Infrastructure and Investment," United Nations Department of Economic and Social Affairs.



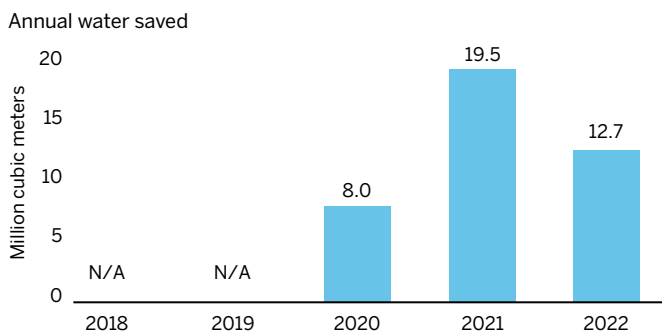
IMPACT THEORY OF CHANGE

Water scarcity is a significant concern in Australia due to the arid climate and periodic droughts. The country's repeated water shortages are largely due to a more than 50% reduction in annual inflows to its largest river system, the Murray-Darling Basin, over the past 20 years.¹ Investments financed by the Queensland Treasury Corporation's (QTC's) green bonds will help improve the region's resilience to extreme water events resulting from climate change, with a focus on both flood defense and drought resilience (including storage, treatment, and a backup desalination plant). Much of the proceeds from QTC's previously issued green bonds has funded water infrastructure, enabling the issuer to play a crucial role in mitigating water scarcity in the region.

FIVE DIMENSIONS OF IMPACT

What	Improved the region's climate water resilience through investments in pipelines, treatment facilities, and desalination plants
Who	3.6 million people and enterprises benefiting from access to clean drinking water and reduced exposure to the impact of physical climate risks, including droughts and floods ²
How much	Annual water savings of 12.7 million cubic meters, ³ equivalent to approximately 5,080 Olympic-sized swimming pools ⁴
Contribution	QTC has issued five green bonds (AU\$ 10.545 billion) focused on supporting the region's progress toward greater climate resilience
Risk	External: As the Gold Coast Desalination plant is not yet fully operational, it is possible that the potential water savings may not be realized

PROGRESS OVER TIME OF CORE KPI*



Source: Queensland Treasury Corporation

¹"Australia 'experiencing impact of climate change' but policymakers cannot agree on meaning of water security," ABC News, 2022. | ²"2023 Green Bond Annual Report," Queensland Treasury Corporation. | ³Ibid. | ⁴The calculation assumes that an Olympic-sized pool requires 2,500 cubic meters of water. | ⁵Intergovernmental Panel on Climate Change Sixth Assessment Report, 2022. | ⁶"2023 Green Bond Annual Report," Queensland Treasury Corporation.

*Our calculations assume the 2021 Green Bond Annual report reflects data for the 2019 – 2020 financial year, meaning our 2022, 2021 and 2020 KPIs correspond respectively to 2023, 2022 and 2021 report data.



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

TARGET 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

Year of initial investment: 2018

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

Assessment: Meets expectations

QUALITATIVE ASSESSMENT

With scientists predicting more severe and frequent water risks associated with climate change, we are pleased with the water-saving potential associated with QTC's green bonds.

In the first half of 2023, QTC issued five green bonds. As well as meeting our financial criteria, we believe this investment continues to support our theme of clean water & sanitation as approximately 60% of the issuance has been allocated to water infrastructure. The largest allocation (22%) is for the construction of dams and weirs, followed by 20% for pipelines. Investments in these projects have enabled the construction of more than 600 km of pipeline connecting the water treatment plants with water sources. As a result of these projects, the risk of water scarcity in southeast Queensland, which suffered significantly during the Millennium Drought, has declined.⁵

We are particularly impressed with the potential water savings associated with the region's Gold Coast Desalination Plant, which could convert 133 million liters daily when fully operational, an amount equivalent to 15% of the region's daily urban water consumption.⁶ As this plant is not yet fully operational, it is possible that these potential savings may not be realized. We are aware of this execution risk and will continue to monitor the plant's progress through our engagement.

THEME OVERVIEW

Health

COST REDUCTION | ACCESS | INNOVATION

As of 2021, about 50% of the world's population (approximately 4.5 billion people) lacks access to essential health services.¹

About 2 billion people experience financial hardship due to out-of-pocket spending on health products or services they need.²

The COVID-19 pandemic exposed the weaknesses of many health care systems, as years of underinvestment have led to persistent inefficiencies and growing inequality. In the US, although lower-income individuals have higher rates of chronic conditions than higher-income Americans, they have more difficulty accessing high-quality health care.³ And while we are seeing significant advances in disease research, genomics, and life sciences innovation, as well as a growing role for technology in preventive care, remote monitoring, and diagnostics, vulnerable populations are less likely to benefit from these advances. In our view, impact companies can help narrow those gaps by combining new business models with solutions that take advantage of groundbreaking scientific or clinical approaches. In doing so, we believe they can improve health care access and outcomes, while increasing addressable markets and competitive advantages.

This year, we added a bond from a non-profit healthcare organization serving a large population and offering a high amount of unreimbursed care and financial assistance which benefits low-income patients, allowing it to contribute to fulfilling an otherwise unmet need for affordable care at scale. We also remain invested in a producer of innovative diabetes treatment devices, which allow diabetics to live a higher quality of life through an insulin delivery system which can improve health outcomes relative to standard injection protocols. Additionally, we hold a bond issued by a developer of plasma-derived medicines and other innovative solutions to treat patients with chronic, rare, and life-threatening conditions, with the goal of expanding access to critical remedies and improving health outcomes where treatment options may be limited.

¹Tracking Universal Health Coverage: 2023 Global Monitoring Report, September 2023, World Health Organization. | ²"United Kingdom: Health System Review 2022," Health Systems in Transition, Vol. 24, No. 1, European Observatory on Health Systems and Policies, May 2022. | ³"Inequality and the health-care system in the USA", *The Lancet*, April 2017.



IMPACT THEORY OF CHANGE

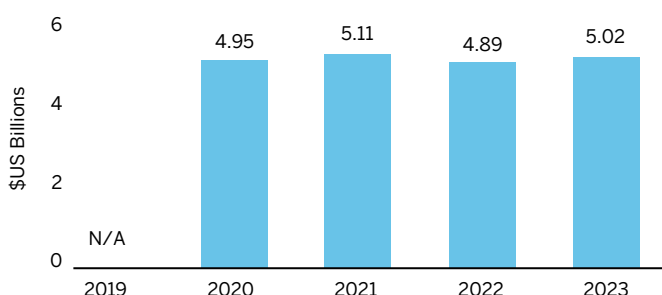
CommonSpirit Health is one of the largest nonprofit health care systems in the US. It owns and operates 2,200 care sites across 24 states,¹ which include hospitals, community health organizations, home health agencies, outpatient care facilities, and nursing colleges. CommonSpirit's mission has an explicit focus on serving vulnerable communities which is enabled through its role as a leading provider of Medicaid, the US government-funded health insurance program for low-income patients. Its research and community health initiatives seek to address underlying contributors to ill health such as affordable housing and lack of health care access.

FIVE DIMENSIONS OF IMPACT

What	Improve access to quality health care with a focus on health equity
Who	Underserved, low income, and vulnerable communities
How much	Over 20 million total patient interactions as of June 2022 ²
Contribution	Total community benefit expenditure of US\$5 billion in 2023 on programs targeting underserved communities ³
Risk	Execution risk: ensuring high standards of care across a wide network of providers. Ensuring high standards of cybersecurity (following ransomware attack in 2022)

PROGRESS OVER TIME OF CORE KPI

Community benefit contribution



Source: CommonSpirit Health

Year of initial investment: 2019

Three-year annualized change in core KPI: 0.5%

Assessment: Meets expectations



UN SDG ALIGNMENT Good Health and Well-being

TARGET 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

QUALITATIVE ASSESSMENT

CommonSpirit's scale as one of the United States' largest health care systems means that its activities can have a significant impact.

In addition to its network of 25,000 doctors and clinicians providing care, the organization has academic partnerships with institutions such as the Morehouse School of Medicine and Virginia Mason, supporting thousands of clinical trials. Its connected community networks (CCNs), launched in 2016, work to bring together community organizations and funders to address the root causes of health care inequalities. For example, a CCN in San Joaquin, California partnered with multiple stakeholders to help combat homelessness and drug use in the area, connecting those without accommodation to agencies that could help them find stable housing.

We are impressed with this holistic approach to tackling large-scale health care issues and are happy to see long-term stability in our KPI, which reflects the associated community benefit contributions. We also appreciate the level of detail on patient outcomes provided by the organization.

In 2022, a ransomware attack on CommonSpirit's IT systems caused widespread disruption to operations and patient care. The use of technology to gather and analyze broad patient characteristics and outcomes is part of how they innovate to increase health equity. However, this does pose a risk to patient care if data is vulnerable to hacking.

ENGAGEMENT PRIORITIES

Our analysts have engaged with CommonSpirit on improvements made to its cybersecurity standards following the ransomware attack. We spoke to our own internal security experts about their approach and remedy, and they are satisfied that the organization can demonstrate that it has best-practice systems in place.

¹Annual Statement, September 2023, CommonSpirit. | ²CommonSpirit Investor Presentation, January 2023, CommonSpirit. | ³Annual Statement, September 2023, CommonSpirit.

THEME OVERVIEW

Sustainable agriculture & nutrition

QUANTITY | QUALITY | DISTRIBUTION

Approximately 1 billion tonnes of food — representing 17% of global food production — is wasted every year in households, food services, and the retail sector.¹

An estimated 2.4 billion people lack regular access to sufficient safe, nutritious food, leading to malnutrition and other health issues.²

An estimated 600 million people are expected to suffer from chronic undernourishment by 2030.³ Key impediments to eradicating malnutrition include the availability of cheap, processed fast foods with low nutritional value; insufficient availability of fresh fruits and vegetables; the exclusion of small farmers from large corporate value chains; and the loss of agricultural lands and other natural capital. Overall, given rapid population growth in many parts of the world, solving for chronic hunger and promoting sustainable agriculture are complex geopolitical challenges.

The world also faces a pressing need to bolster the resilience and sustainability of current food production and distribution mechanisms. The Intergovernmental Panel on Climate Change's Sixth Assessment Report warns that climate change has started to hamper food production in the world's more vulnerable regions, generally in emerging markets.⁴ The development of resilient livestock, seeds, and crops can help improve nutrition; reduce input costs; and minimize carbon footprints. In our view, companies that focus on sustainable solutions, help mitigate the negative environmental impacts of large-scale industrial agriculture, and improve production yields can provide attractive financial opportunities alongside positive impact.

During this period we had one holding in this theme which is detailed in the portfolio investment spotlight below.



¹ UNEP Food Waste Index Report, 2021, UN Environment Programme. | ² The State of Food Security and Nutrition in the World, 2023, UNICEF. | ³ Ibid. | ⁴ Climate Change 2022: Impacts, Adaptation and Vulnerability, 2022, Intergovernmental Panel on Climate Change (IPCC).

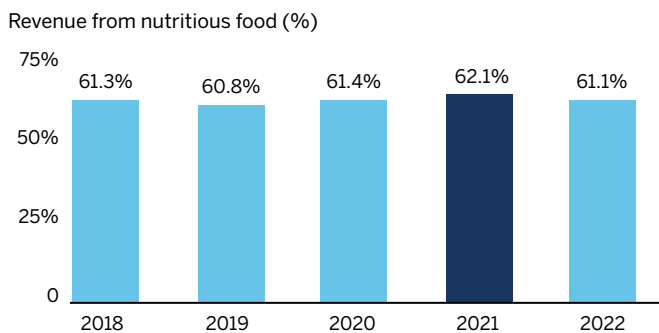
IMPACT THEORY OF CHANGE

Picard provides a wide range of frozen foods that aim to be both healthy and convenient, catering to the needs of time-constrained and health-conscious consumers. The company focuses on providing healthier meals and uses portion control and nutritional score labeling to promote better eating habits without compromising on quality.

FIVE DIMENSIONS OF IMPACT

What	Offers a comprehensive range of high-quality food options that aim to be both nutritious and easy to prepare, catering to time- and health-conscious consumers
Who	Over 1,120 stores in France with additional operations across Europe and Asia ¹
How much	Around 1,280 frozen food products available to customers, which include unprocessed meats, fish, and seafood; fruit and vegetables; and ready-to-eat nutritious meals ²
Contribution	Leading distributor of frozen food with over 20% share of the French frozen food market ³
Risk	Alignment: health risks from unhealthy food produced

PROGRESS OVER TIME OF CORE KPI



■ Year of initial investment

Source: Picard Groupe Annual Reports, Wellington Research

Three-year annualized change in core KPI: 0.2%

Assessment: Meets expectations



UN SDG ALIGNMENT Zero hunger

TARGET 2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round

QUALITATIVE ASSESSMENT

As the number of working-parent, smaller, and single-parent households has increased in France, there has been a greater demand for convenient and easy-to-prepare food options. Picard, a leading frozen food company in the country, has responded to this demand by providing customers with a wide range of healthy and ready-to-prepare food options, including fruits, vegetables, organic meats, and fish. In 2021, 20% of Picard's products were certified as MSC, ASC, organic, or Pesticide Residue Free, attesting to its commitment to sustainability and quality.⁴

Alongside its certifications, Picard has a high success rate in providing products with good nutritional value. Specifically, 80% of its ready meals are rated A or B by France's Nutri-Score system which assigns products a letter grade from A (most healthy) to E (least healthy). These scores are approximately 20% higher than comparable products sold in supermarkets and retail outlets in France.⁵

While the company has made significant strides in providing healthy and convenient food options to consumers, a further increase in the percentage of products rated as A on the Nutri-Score scale would be a welcome development.

Picard has also made progress in improving the sustainability of its own operations and is on track to meet its 2025 target of a 10% reduction in energy consumption in its stores.

ENGAGEMENT PRIORITIES

As part of our future engagements, we would like to gain further insight into the integration of nutrition into Picard's long-term strategy as processed foods are associated with health risks. In addition, we'd like to learn more about Picard's current progress in minimizing emissions across its value chain given the outsized role Scope 3 emissions play in the food and drinks industry.⁶

¹ Picard Annual Report, 2023. | ² Ibid. | ³ Ibid. | ⁴ Corporate Social Responsibility Report, Picard, 2021. | ⁵ Assessment Report after Three-year of Nutri-Score Implementation, Public Health France, 2021. | ⁶ Olivia Bertham, "Towards consistent measurement of Scope 3 emissions in the food and drink sector," Consumer Business Blog, Deloitte, March 2023.

THEME OVERVIEW

Education & job training

REMOTE ACCESS | IMPROVING FINANCIAL FUTURES

In 2022, US adults with a high-school diploma earned 25% more than those who did not finish high school.¹

An estimated 773 million adults worldwide are illiterate, most of whom are women.²

Education is a basic human right, yet an estimated 78 million children do not attend school, owing to social conflict, climate-related disasters, or other reasons for displacement.³ Children who do not receive an education may face significant obstacles as adults in finding employment opportunities that can sustain them economically. They are also likely to be more vulnerable to ill health, discrimination, and exploitation.

The COVID-19 pandemic and associated lockdowns have highlighted how crucial access to education is for children around the world. At the same time, the pandemic has turbocharged the use of technology in providing remote education. While COVID-related restrictions are no longer in place, we believe innovations that improve distance learning will remain in high demand, especially among low-income countries and communities. For adults, job training and skills development can help to lower the likelihood of unemployment and lead to higher-quality and better-paid work.

In our view, companies and issuers whose products and services provide affordable online learning and vocational training could enjoy significant growth potential. The impact they can have in narrowing the education gap and increasing access to economic opportunity is potentially widespread and enduring.

This year, we increased exposure to a local authority with a mission to support growth and boost employment in Italy by deploying capital to small businesses, schools, and city developments in underserved areas, thereby facilitating innovation, business competitiveness, infrastructure, and local development. We also hold bonds from a European unemployment insurance agency which helps unemployed people reintegrate into the workforce through the provision of financial support and educational programs aimed at developing skills and qualifications. Further, we remain invested in a community service organization which serves a diverse population of over 500,000 individuals by providing a range of programs, such as free afterschool programs, temporary housing, and group fitness classes, intended to improve health and educational outcomes.

¹“Education pays, 2022,” US Bureau of Labor Statistics, May 2023. | ²“What you need to know about literacy,” United Nations Educational, Scientific and Cultural Organization (UNESCO) Institute for Statistics (UIS), June 2023 update. | ³“78 million children don’t go to school at all, warns UN chief in call for action,” UN News, February 2023.



IMPACT THEORY OF CHANGE

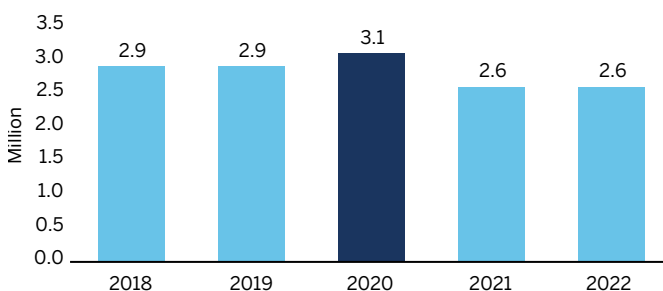
Unemployment insurance is an important social safety net. Unédic, France's unemployment insurance agency, helps unemployed people reintegrate into the workforce by providing financial support and job training programs. Investments in Unédic's social bonds help the agency fulfill its role as a social safety net and support the reintegration of job seekers into the labor market. These efforts reduce the risk of more negative economic and social outcomes.

FIVE DIMENSIONS OF IMPACT

What	Mitigating the negative impact of job loss through a social safety net
Who	Contributed to the support of 2.6 million recipients of unemployment insurance in 2022 ¹
How much	Specifically, through its social bonds, Unédic allocated €27 billion to support the unemployed in 2020 and 2021 ²
Contribution	Unédic's furloughing scheme protected eight million jobs, mostly at small- and medium-sized enterprises (SMEs) during the COVID-19 pandemic ³
Risk	External: Factors outside Unédic's control that limit job seekers' ability to regain work

PROGRESS OVER TIME OF CORE KPI

Number of people who received unemployment assistance



■ Year of initial investment

Source: Unédic ASSEO

Three-year annualized change in core KPI: -3.3%

Assessment: Meets expectations

QUALITATIVE ASSESSMENT

The COVID-19 pandemic highlighted the importance of unemployment insurance as a tool to manage the impact of economic volatility and mitigate the negative consequences of job loss for individuals and communities.



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

TARGET 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

We believe Unédic's bonds support both our financial and impact goals. From an impact perspective, we see a close alignment with our Education & job training theme given the agency's social mission, which is to provide protection against the socio-economic uncertainties of the labor market and to assist qualifying individuals in finding or returning to work. In 2022, Unédic supported 2.6 million job seekers.⁴ At the height of the pandemic in 2020, Unédic adapted quickly to support those in need, issuing what was then the largest social bond worldwide to deal with the adverse impact of COVID-19 on employment.⁵

While the KPI we have chosen is a good measure of Unédic's impact, the broader context must be considered. Factors such as France's unemployment rate and the number of job seekers registered with Unédic help us interpret our KPI each year. Considering the macroeconomic challenges of the past few years, we see Unédic's positive impact as meeting expectations.

Moreover, a sizable portion of the agency's social bonds is allocated to furloughing, which allows companies to temporarily suspend workers from their jobs if needed and provide them with a percentage of their gross hourly pay. In this way, eight million jobs have been protected in the last two years, 70% of which were in SMEs with fewer than 50 employees.⁶ The agency also provides training to help the unemployed acquire new skills. In 2022, 86% of the French population believed that job seekers would be "unable to live with dignity" without unemployment benefits.⁷

ENGAGEMENT PRIORITIES

We are impressed with Unédic's detailed and transparent reporting, including breakdowns by gender, age, qualifications, and industry of former employment. We would like to use future engagements to obtain more information on the long-term impact of Unédic's services, such as the percentage of individuals returning to work per year, and how Unédic continues to adapt to changes in the labor market characterized by more frequent job changes and new occupations.

¹ Indicateurs de suivi de l'Assurance chômage — les données ouvertes de l'Assurance chômage, Unédic. | ² "Unédic — Allocation and Impact Reporting - Social Bonds 2021," February 2023. | ³ "Unédic — Activity Report 2021," Unédic. | ⁴ Indicateurs de suivi de l'Assurance chômage — les données ouvertes de l'Assurance chômage, Unédic. | ⁵ "Unédic issued the two largest social bonds ever in the midst of the COVID-19 crisis," June 2020, Our Center of Expertise, Natixis. | ⁶ "Unédic — Activity Report 2021," Unédic. | ⁷ "Unédic — Activity Report 2022," Unédic.

THEME OVERVIEW

Financial inclusion

FINANCIAL TECHNOLOGY | ACCESS TO CAPITAL

Approximately 24% of people worldwide lack an account at a bank or regulated financial institution.¹

Small- and medium-sized enterprises (SMEs) represent approximately 90% of businesses and employ more than 50% of workers worldwide.²

The UN calls financial inclusion “an enabler and accelerator of broad-based economic growth and resilience, improved financial health, job creation, and development,” adding that “an inclusive financial system is essential infrastructure in every country.”³ Although bank account ownership in developing economies rose by eight percentage points between 2017 and 2021,⁴ significant gaps in financial access persist for small businesses and underserved adults, particularly women, whose lower rates of account ownership can limit independence and economic empowerment.

Technology can help close the financial inclusion gap by reducing the use of high-cost or unreliable mechanisms to manage money.⁵ For instance, millions of unbanked adults still receive payments in cash from governments and employers. Digitalizing these cash payments can increase account ownership and financial inclusion.⁶ We believe companies that expand access to financial products and services, especially via digital mobile technology, have long runways for growth through expanding addressable markets around the world. We also think these solutions can help foster financial stability and economic development, and, in doing so, improve the lives of underserved individuals, companies, and communities.

We continue to find opportunities globally, and across both corporates and non-corporates, to provide capital to institutions doing innovative work that can advance financial inclusion. In 2023, we participated in “Social Bond” asset backed securities collateralized by loans from two different U.S. lenders. Impact ABS is a growing field that has significant potential for connecting larger pools of institutional capital to underserved SMEs and individual borrowers who need capital. One is focused on making credit available to consumers in poor and rural areas, while the other is specifically focused on enabling auto loan origination in underserved minority communities, for whom having access to a car could be critical for their employment prospects. We also remained invested in bonds from a U.S. local government agency that funds a temporary unemployment insurance program, which disproportionately aids women and minority communities.

¹The Global Findex Database, The World Bank, 2022. | ²“Small and Medium Enterprises (SMEs) Finance,” The World Bank, 2020. | ³“The Imperative of Financial Inclusion,” United Nations Secretary-General’s Special Advocate for Inclusive Finance for Development, 2023. | ⁴The Global Findex Database, The World Bank, 2021. | ⁵Ibid. | ⁶Ibid.



IMPACT THEORY OF CHANGE

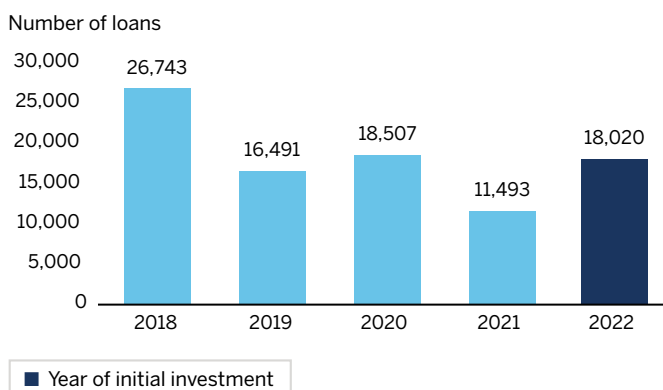
Prestige Auto (Prestige) offers car loans to borrowers in the US who have previously experienced bankruptcy but currently demonstrate an ability to repay. As a result of bankruptcy, these individuals have typically reduced their debt burden, as their debt includes only that which a bankruptcy court has approved. Nevertheless, these borrowers may still struggle to access financing.

In 2022, roughly 374,000 US consumers filed for bankruptcy, an event that can affect an individual's credit score for a decade, making it harder to secure credit.¹ Prestige undertakes extensive due diligence on individuals' long-term credit history to gain comfort on their ability to pay. Prestige provides financing at a lower rate than comparable lenders and by helping customers rebuild their credit histories, we believe the company facilitates financial (re)inclusion.

FIVE DIMENSIONS OF IMPACT

What	Car loans to consumers struggling to access credit
Who	Extends loans to recently bankrupt customers with low credit scores and/or low incomes
How much	Provided 18,020 car loans in 2022 ²
Contribution	Prestige's annual interest rate is nearly 400 basis points (bps) lower than rates offered by its competitors to borrowers with similar credit scores ³
Risk	Execution: Ensuring low-income borrowers can repay loans

PROGRESS OF CORE KPI



Source: S&P Global Presale Report

Three-year annualized change in core KPI: 3%
Assessment: Meets expectations



UN 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

Overall, we are pleased with our investment in Prestige from both a return and impact perspective. Prestige has grown its loan portfolio by 3% annually over the past three years, helping more than 18,000 people improve their credit scores.⁴

Prestige loans help increase financial access for low-income Americans. The company requires no minimum credit score or minimum down payment. Prestige's annual interest rate is nearly 400 bps lower than the rate associated with other asset-backed securities comprised of borrowers with similar credit scores. Prestige may lower the interest rate if a borrower makes payments on time and maintains full insurance coverage.⁵ We see this flexibility as particularly important for low-income borrowers.

Our core KPI cannot capture the full benefits for Prestige customers, including the ability to build a history of loan repayments that could, over time, help them avoid subprime lending options and access mainstream credit at a much lower cost. Despite the more advantageous loan conditions that Prestige provides, its low-income customers may still encounter economic challenges. Our research suggests that Prestige is adopting measures to alleviate these risks, based on customer feedback and engagement with management.

ENGAGEMENT PRIORITIES

Given the rising US interest-rate environment, we'd like to speak to management about the repayment trends they are seeing in the loan portfolio and how they think about balancing flexibility with adequate assessment of credit risk. A more detailed breakdown of the socioeconomic characteristics of their portfolio (beyond income levels) would be a useful disclosure to support our impact case. As the risks and opportunities of the use of AI in credit underwriting become more apparent, we'd like to discuss how Prestige is using AI to manage risk and potentially increase its customer base.

¹ Bankruptcy Statistics, American Bankruptcy Institute. | ² S&P Global Presale Report, 2022. | ³ Figure based on data provided in the most recent Prestige Auto offering memorandum and Wellington research on comparable peers. | ⁴ Prestige Offering Memorandum 2023. | ⁵ Ibid.

THEME OVERVIEW

Safety & security

CLIMATE ADAPTATION | ONLINE SAFETY | PRODUCT TESTING

Climate disasters are causing losses to infrastructure and buildings of up to US\$845 billion on average each year, equal to 14% of 2022 global GDP growth.¹

43% of business leaders anticipate that their organization is likely to be materially impacted by a cyberattack within the coming two years.²

In a world driven by connectivity, cybersecurity is critical. Unfortunately, the cost of cybercrime is rising, costing the global economy US\$7 trillion in 2022.³ Companies in our safety and security theme focus on solutions for both businesses and individuals to counter this threat. We also consider physical infrastructure that helps protect human life and property from natural disasters. Many regions continue to be impacted by climate-related incidents, leading to infrastructure damage and loss of life. These instances underscore the importance of building resilient infrastructure to safeguard lives and properties against natural disasters.

We are excited about the expansion in this theme's research scope since adding it as an impact theme in 2019. We believe the impact relevance and growth potential of companies dedicated to enhancing safety and security will increase over time, especially for those that have demonstrated effective solutions in this theme.

We remain invested in one of the largest providers of cybersecurity solutions, whose mission is to provide cybersecurity services at low cost and serves over 500 million customers globally. We are also invested in a leading provider of professionally-monitored smart alarms for residential households, which is an established provider in Europe and has a growing presence in Latin America, where the company's services can make a difference in the physical security of a large number of residential customers.

¹Bhasker Tripathi, "Climate Change Damage to Infrastructure Poses 'Huge' Financial Risks," Context, October 2023. | ²Global Cybersecurity Outlook 2023, 2023, World Economic Forum. | ³"The latest 2023 Cyber Crime Statistics," AAG, October 2023.



IMPACT THEORY OF CHANGE

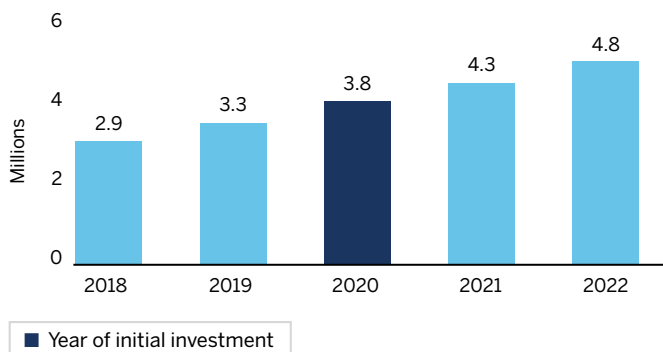
Verisure is a leading provider of security solutions in Europe and Latin America. It provides monitored alarms such as burglar alarms and smoke detectors, supported by 24/7 monitoring that enables rapid responses to emergency situations. Its business focuses on preventing and detecting danger, as well as providing rapid support to customers in need, including vulnerable members of society.

FIVE DIMENSIONS OF IMPACT

What	Providing security equipment to customers in Europe and Latin America
Who	4.8 million customers served in 2022 including residential homes and small businesses ¹
How much	1.3 trillion alarm signals generated in 2022 by protection devices managed by Verisure ²
Contribution	350,000 incidents in 2022 where on-site assistance was needed ³
Risk	Endurance risk: continuously expanding capabilities to match evolving threats

PROGRESS OF CORE KPI

Number of customers protected



Source: Verisure

Three-year annualized change in core KPI: 12%

Assessment: Meets expectations

QUALITATIVE ASSESSMENT

According to the European Union’s (EU’s) law enforcement cooperation agency, Europol, a burglary happens in the EU every 1.5 minutes, with over 1,000 burglaries a day recorded in some member states.⁴ While the financial implications are generally the most obvious harm caused by these crimes,



UN SDG ALIGNMENT Peace, Justice and Strong Institutions

TARGET 16.4 By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.

they can also have an impact on the longer-term emotional well-being of victims. Tools to help protect households and businesses against this risk are therefore valuable from both a personal and societal perspective.

In 2022, Verisure invested in innovative technologies such as “Presence” — an approach that helps to forecast potential risks and analyze them in real time. In addition, the company has increased its capacity to collaborate with national police forces in some countries by sharing information that can help to protect the public as well as inform decisions around resource allocation in the emergency services.

Verisure has also developed products aimed specifically at protecting more vulnerable members of society with features such as SOS/panic buttons and voice-activated assistance. In 2022, it protected over 135,000 senior citizens with its dedicated senior citizens emergency centers.⁵

We are happy with the 12% three-year compound annual growth rate in Verisure’s customer base and view this as a satisfactory proxy for the impact the company is having on the safety and security of people across multiple countries. We appreciate the useful case studies provided by Verisure, detailing how its product set and capabilities have provided critical support to customers in danger.

ENGAGEMENT PRIORITIES

We would like to engage with Verisure in relation to its data privacy policy, which was updated in 2022. This is particularly important given a 2022 investigation by the Swedish Authority for Privacy Protection, which found failings in its handling of personal data.⁶ We would also like to get an update on progress with Verisure’s environmental commitments which include a 40% reduction in GHG revenue intensity and an 80% increase in its own usage of renewable energy by 2030.

¹Q4 2022 report, 2022, Verisure. | ²Sustainability report, 2022, Verisure. | ³Ibid. | ⁴“Organized property crime,” 2022, Europol. | ⁵Sustainability report, 2022, Verisure. | ⁶“Swedish Authority for Privacy Protection Audits the Alarm Company Verisure,” IMY, 2022.

THEME OVERVIEW

Resource efficiency

PRESERVATION | ADVANCEMENT | SUSTAINABILITY

Global electricity demand is expected to reach 50,000 terawatt hours (TWh) in 2050, almost double the 2021 level.¹

To ensure a sustainable and equitable future and promote long-term economic growth potential, we believe society must use its natural resources more efficiently. The UN estimates that more efficient production and consumption of materials in G7 countries could help cut estimated CO2 emissions between 2016 and 2060 by approximately 25 gigatons (Gt).² The twin trends of rising consumption and dwindling supply of nonrenewable and mostly finite resources including fossil fuels, minerals, and arable land pose a substantial risk to economic activity worldwide. We are already seeing signs of growing resource scarcity in areas as diverse as power generation and transmission, manufacturing, and construction.

The natural resource challenge is not just environmental. For many people, the more difficult resources are to obtain, the harder it is to maintain living standards and economic stability. Recent difficulties ensuring reliable access to energy supplies and the associated rise in energy prices have underscored the importance of efficient production and consumption. Prudent use of finite resources is also essential for a successful transition to a sustainable and more inclusive economic model. Innovating and modernizing existing resource extraction, production, and distribution methods can help reduce waste and pollution, contribute to climate-change mitigation, and safeguard human health. While requiring significant up-front investment, better processes could also save money over time.

We see a growing number of attractive investment opportunities within this theme across a variety of structures, including labelled bonds and securitized issuances, as companies seek to decarbonize their manufacturing and production. Solutions include sourcing renewable energy, investing in carbon capture and storage technology, and developing more efficient systems for water and energy use. Our research indicates that these solutions will not only be increasingly economically viable, but they could also help companies establish competitive and reputational advantages.

We are invested in bonds from a net zero aligned real estate investment trust (REIT) that issues bonds to finance development of buildings that meet Leadership in Energy and Environmental Design (LEED) standards. We have participated in inaugural sovereign green bond issuances where we have high conviction in the sovereign's green bond framework and the role of the bonds' uses of proceeds in advancing energy efficiency and an equitable energy transition. More recently, we have invested in commercial mortgage backed securities (CMBS) deals that help finance more energy-efficient data centers. The advent of an artificial intelligence-led economy has enormous positive potential for economic growth, but also comes with data and computing needs that could be highly energy intensive. Financing the development of more energy-efficient data centers may help mitigate that risk.

¹ Raimi, Daniel et al. "Global Energy Outlook 2023: Sowing the Seeds of an Energy Transition," Resources for the Future, March 2023. | ² "Resource efficiency and climate change," UN Environment Programme, International Resource Panel, 2020.



IMPACT THEORY OF CHANGE

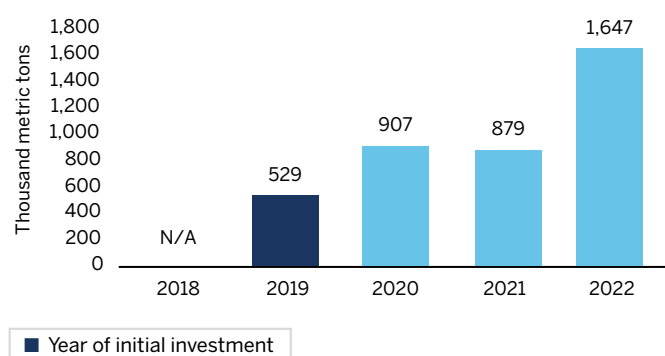
The transition to a low-carbon, resilient, environmentally sustainable economy will require vast amounts of capital. Investments in Danske Bank’s green bonds support Nordic societies in achieving their ambitious environmental goals. The intended use of proceeds covers a wide range of categories that address the challenge from multiple angles: clean transport, alternative energy, and emissions-efficient products and buildings, for example.

FIVE DIMENSIONS OF IMPACT

What	Supporting the transition to a low-carbon, resource-efficient economy
Who	Predominantly supporting Nordic countries’ environmental goals, including becoming fossil-fuel free by 2050 ¹
How much	Projects supported by Danske Bank’s green bonds avoided 1.65 million greenhouse gas (GHG) emissions in 2022 ²
Contribution	Systematically supporting the low-carbon energy transition by directing proceeds toward various categories that align with the EU taxonomy and the ambitious goals set by the Nordic countries
Risk	Efficiency: Allocating proceeds to projects best suited to achieve the greatest impact most effectively

PROGRESS OVER TIME OF CORE KPI

GHG emissions avoided



Source: Danske Bank

Three-year annualized change in core KPI: 46%

Assessment: Meets expectations

QUALITATIVE ASSESSMENT

Nordic countries have pledged to omit fossil fuels from their energy supply by 2050 through ambitious environmental initiatives. Most of these fossil-fuel-free policies rely on



UN SDG ALIGNMENT Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

TARGET 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

the promotion of renewable energy and energy-efficient technologies.³ Per capita energy consumption and GHG emissions in the Nordic region are relatively high by global standards, due in part to long, cold winters; transportation distances in sparsely populated regions; high material consumption; and the prevalence of energy-intensive industries. These factors have long made energy efficiency an important social and political issue in the region.⁴

Danske Bank’s green bonds focus on eight environmental categories that closely align with the EU taxonomy regulation and primarily aim to achieve the ambitious Nordic targets.⁴ In line with policy priorities, the bank’s 2022 allocations mainly centered on renewable energy and energy-efficiency improvements. For example, it allocated proceeds to the NEAS Group, an electric utility for municipalities in western Norway. This investment helped to refurbish NEAS’s hydropower facilities and parts of the transmission grid. Consisting of approximately 800 km of cable lines and 500 transformer stations, the grid ensures a reliable power supply for more than 26,000 customers.⁵

We are pleased that our investment in Danske Bank’s green bonds is achieving both our financial return targets and a significant reduction in GHG emissions. We also appreciate the transparency and level of detail in the bank’s annual allocation report, which includes information on each supported project, including impact achieved — from energy transferred or saved, to aggregated GHG emissions avoided.

ENGAGEMENT PRIORITIES

We would like to engage with Danske Bank about how its approach ensures the selection of highly impactful yet efficient projects. Specifically, as green buildings remained one of the largest categories (57%) in Danske Bank’s green bond portfolio in 2022, while accounting for less than 1% of total avoided GHG emissions, we would like to learn more about the projects supported in this category.

¹“Sustainalytics Evaluation Summary” (of Danske Bank’s green bonds), November 2022. | ²“Green Bond Report 2022,” Danske Bank, 2023. | ³“Nordic action on climate change,” Nordic Council of Ministers, 2017. | ⁴Ibid. | ⁵“Green Finance Framework,” Danske Bank Group, November 2022.

THEME OVERVIEW

Resource stewardship

RECYCLING AND REUSE | BIODIVERSITY

Across its life cycle, the production of plastic generates 1.8 billion tonnes of GHG emissions a year, more than the annual emissions from aviation and shipping combined.¹

By 2050, an estimated 257 million more hectares of native forests and grasslands will be lost — the equivalent of 10 times the area of Colorado, a large US state.²

We believe that better stewardship of the earth's finite resources helps ensure long-term social and economic stability. These goals are challenging, as urbanization and population growth are projected to add 2.5 billion people to cities by 2050, with nearly 90% of this growth in Asia and Africa.³ As these trends continue, the draw on natural resources will increase. Water scarcity may affect as many as 2.4 billion people by 2050.⁴ Similarly, land scarcity can pose significant financial risks for businesses, from supply chain disruptions, to rising land development costs, to more physical climate risks.⁵

In our view, solutions that improve resource stewardship and promote circular economies will be widely adopted as the harmful effects of linear, disposable economies become more apparent. Self-sustaining, regenerative systems of production and consumption, where waste is minimized or avoided altogether, could become an economic necessity. Companies, industries, and governments will likely need to upgrade infrastructure and implement technologies necessary for safe, effective resource management.

During this period we had one holding in this theme which is detailed in the portfolio investment spotlight below.

¹Global Plastics Outlook: Economic Drivers, Environmental Impacts and Policy Options, 2022, OECD. | ²Tallis, Heather, "A More Sustainable Path to 2050," The Nature Conservancy, 2019. | ³World Urbanization Prospects, 2019, United Nations Department of Economic and Social Affairs. | ⁴"Future Global Urban Water Scarcity and Potential Solutions," *Nature Communications Journal*, 2021. | ⁵"Cost of Water Risks to Business Five Times Higher than Cost of Taking Action," CDP, 2021.



IMPACT THEORY OF CHANGE

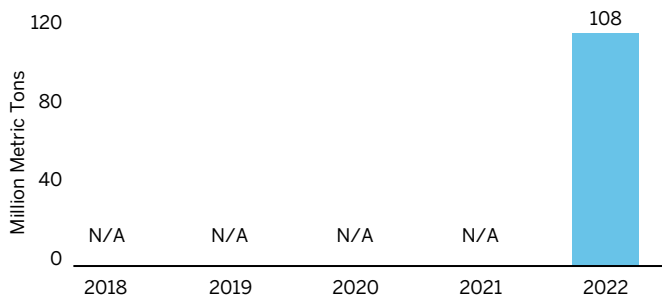
The Conservation Fund is a nonprofit organization that supports the protection of the United States' natural resources such as forests, wildlife habitats, and waterways. Its green bond proceeds will accelerate its mission through the Working Forest Fund, creating permanent conservation outcomes and support for local communities.

FIVE DIMENSIONS OF IMPACT

What	Protect critical lands and waters while providing greater access to nature, strengthening local economies, and enhancing climate resilience
Who	The Conservation Fund has helped to preserve nearly 9 million acres of land in all 50 US states ¹
How much	The proceeds of the green bonds have supported conservation solutions for over 420,000 acres of at-risk forests (about half the area of Rhode Island) ²
Contribution	108 metric tons of carbon dioxide equivalent stored. ³ Created or maintained more than 2,800 jobs ⁴
Risk	Potential misallocation of funds to projects that don't optimize environmental outcomes

PROGRESS OVER TIME OF CORE KPI

Cumulative CO2e stored



Source: The Conservation Fund Green Impact Report.

Year of initial investment: 2019

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

Assessment: Meets expectations

QUALITATIVE ASSESSMENT

The work of the Conservation Fund is important as it supports coordinated and collaborative efforts to conserve natural landscapes. Deforestation is a major issue in the US, where 4.2 million acres (nearly 170,000 hectares) of forest were lost in 2021 alone.⁵ Conservation is vital for preserving biodiversity, promoting job creation, and invigorating rural communities.



UN SDG ALIGNMENT Responsible Consumption and Production

TARGET 12.2 By 2030, achieve the sustainable management and efficient use of natural resources

The Conservation Fund has developed a unique and financially sustainable approach to safeguard at-risk forests through its Working Forest Fund. Its mission is to prevent the degradation and fragmentation of these forests and protect their multiple benefits. It seeks to achieve this goal by acquiring the most important private forests that are at risk and creating a sustainable harvest program as well as wildlife and habitat restoration plans. We are impressed with the positive conservation outcomes of the Conservation Fund's green bonds, positively impacting 420,000 acres of land (about half the area of the US state of Rhode Island) and resulting in the storage of an estimated 108 million tonnes of CO2.⁶

Working forests are also fundamental economic drivers for several communities that support 2.9 million jobs⁷ in forestry and wood product manufacturing in the US alone. The Conservation Fund seeks to integrate economic objectives into its Working Forest Fund projects, thus strengthening communities dependent on forestry jobs. The Fund's projects are innovative and have a positive impact on local communities more broadly. Its urban food forest at Browns Mill, Atlanta, for instance, is the largest public food forest in the country. The Fund helped to transform an abandoned farm into a community-driven concept that can serve as a model for how best to integrate food resources into equitable park development plans and provide long-term benefits for local communities.⁸

ENGAGEMENT PRIORITIES

While we are impressed with the Working Forest Fund's environmental and social impact, we would like to use future engagements to obtain more consistent impact datapoints, primarily the annual estimated CO2 stored, and the number of jobs supported. This will enable us to measure progress over time. Additionally, we would like to understand how the organization identifies the most at-risk forests and how to allocate capital most efficiently.

¹2022 Green Bond Impact Report, The Conservation Fund. | ²Ibid. | ³Ibid. | ⁴"Greenhouse Gas Equivalencies Calculator," July 2023, United States Environmental Protection Agency. | ⁵"Atlanta Harvest," The Conservation Fund. | ⁶2022 Green Bond Impact Report, The Conservation Fund. | ⁷Ibid. | ⁸"Atlanta Harvest," The Conservation Fund.

THEME OVERVIEW

Multi theme

**SUSTAINABLE AGRICULTURE & NUTRITION |
RESOURCE EFFICIENCY**

Several of our investments meet multiple impact themes as illustrated by the investment spotlight below, which is the largest holding in this theme.



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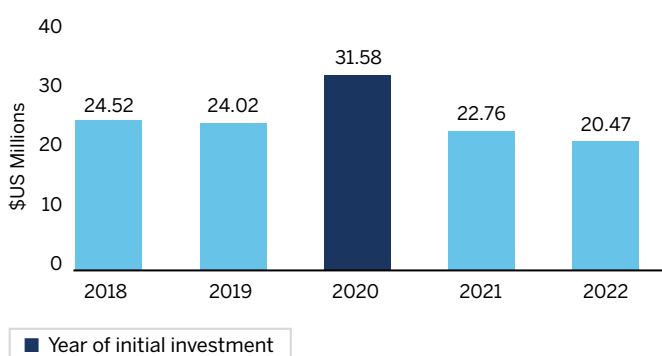
The Asian Development Bank (ADB) provides financial resources to its members and partners in Asia and the Pacific region with the primary objective of promoting social and economic development for underserved communities. Regions in which it operates are home to many of the world's poor, including 1.1 billion people living on less than US\$3.20 a day.¹ The ADB provides loans, grants, technical assistance, and investments to promote sustainable economic development.

FIVE DIMENSIONS OF IMPACT

What	Provides financial support in developing member countries that creates economic and development impact
Who	Supports 68 developing countries across the Asia and Pacific region ²
How much	Committed US\$20.5 billion in loans, grants, equity investments, guarantees, and technical assistance in 2022 ³
Contribution	Helps underserved communities, where over 263 million people are struggling to survive on less than US\$1.90 a day ⁴
Risk	Efficiency risk: potential misallocation of funds to projects that don't optimize social or environmental outcomes

PROGRESS OVER TIME OF CORE KPI

Total ADB Commitments



Source: Asian Development Bank Annual Report

Three-year annualized change in core KPI: -5%

Assessment: Meets expectations



UN SDG ALIGNMENT Good Health and Well-being

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

The ADB aims to provide financial access to underserved communities in the Asia and Pacific region. These communities have been facing increased economic challenges due to supply chain disruptions, inflation, and tighter financing conditions. In 2022, the bank committed US\$20.5 billion in loans, grants, equity investments, guarantees, and technical assistance, with over 32% earmarked for climate initiatives.⁵ This financing has helped strengthen the climate and disaster resilience of 270,000 people, reduced emissions by an estimated 29.6 million tonnes of CO₂, and decreased the flood risk for 13,000 hectares of land.⁶

The ADB also committed US\$14 billion between 2022 and 2025 to provide immediate food relief and long-term food security in Asia and the Pacific.⁷ With this funding, the bank was able to support initiatives aimed at building resilience to future food supply shocks and strengthening food systems, such as the development of climate-resilient coastal and marine fishing in Cambodia, which benefited 20,000 households, and the provision of loans to bolster food production for about 7,000 farmers and agribusinesses in the Kyrgyz Republic.⁸

Our KPI that tracks the ADB's financial commitments has fallen in recent years. However, this is partly due to a spike in activity we saw in 2020 in response to the health and economic consequences of the COVID-19 pandemic. We continue to believe that the ADB plays a crucial role in supporting underserved communities in the Asia and Pacific region.

ENGAGEMENT PRIORITIES

In our future engagements, we would like to gain deeper insight into the ADB's cofinancing activities and how it can most effectively use its capital to catalyze additional private-sector investments.

¹"Who We Are," Asian Development Bank, adb.org. | ²Annual Report 2022, Asian Development Bank, 2022. | ³Ibid. | ⁴"Who We Are," Asian Development Bank, adb.org. | ⁵Annual Report 2022, Asian Development Bank, 2022. | ⁶2022 Development Effectiveness Review, Asian Development Bank, 2023. | ⁷Annual Report 2022, Asian Development Bank, 2022. | ⁸Ibid.

Important disclosures

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Q3 2023 investment examples are based on holdings of the representative account as of 30 June 2023, and Q4 2023 examples are based on holdings as of 30 September 2023. We publish spotlights on a rolling quarterly basis. For Global Impact Bond, the representative account shown became effective on 1 May 2019 because it was the only 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.

Issuer 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 Bond the largest position in each impact theme is selected. If the largest position was highlighted within the past year, then the second largest position is highlighted. If largest two positions were highlighted within the past two years, then a new position within the theme for the year is highlighted. If no new positions in the theme, the largest addition (based on transaction value in USD) is highlighted.

Q3 2023 investment spotlights: The featured holding was largest by size in a theme as of 30 June 2023 for: Xylem, PowerSchool, Bank Rakyat, Hubbell Incorporated (Hubbell is tied for largest position, but the other holding was highlighted last year).

Q4 2023 investment spotlights: The featured holding was largest by size in a theme as of 30 September 2023 for CommonSpirit Health, Picard Groupe, Verisure, Asian Development Bank, and second largest for The Conservation Fund.

The key performance indicators (KPIs) shown for each issuer have been developed by Wellington. These metrics are proprietary to

Wellington and are used to assess an issuer's progress toward its particular business objectives. Information is from multiple sources including the following: annual and quarterly reports; industry research pieces; websites; press releases; case studies; and issuer engagements. Only holdings that had applicable and available KPI data were included. In cases where the 2021 data was not available at the time of publication, we have used 2020 or the nearest to 2021 data.

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 adviser. 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.

Derivatives: Derivatives can be volatile and involve various degrees of risk. The value of derivative instruments may be affected by changes in overall market movements, the business or financial condition of specific companies, index volatility, changes in interest rates, or factors affecting a particular industry or region. Derivative instruments may provide more market exposure than the money paid or deposited when the transaction is entered into. As a result, a relatively small adverse market movement can not only result in the loss of the entire investment but may also expose a portfolio to the possibility of a loss exceeding the original amount invested. Derivatives may also be imperfectly correlated with the underlying securities or indices it represents and may be subject to additional liquidity and counterparty risk.

Asset/mortgage-backed securities: Mortgage-related and asset-backed securities are subject to prepayment risk, which is the possibility that the principal of the loans underlying the securities may prepay differently than anticipated at purchase. Because of prepayment risk, the duration of mortgage-related and asset-backed securities may be difficult to predict.

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

Credit: The value of fixed income securities may decline, or the issuer or guarantor of that security may fail to pay interest or principal when due, as a result of adverse changes to its financial status and/or business. In general, lower-rated securities carry a greater degree of credit risk than higher-rated securities.

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.

Fixed income securities markets: Fixed income securities markets are subject to many factors, including economic conditions, government regulations, market sentiment, and local and international political events. In addition, the market value of fixed income securities will fluctuate in response to changes in interest rates, currency values, and the creditworthiness of the issuer.

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.

Interest rate: Generally, the value of fixed income securities will change inversely with changes in interest rates. The risk that

changes in interest rates will adversely affect investments will be greater for longer-term fixed income securities than for shorter term fixed income securities.

Leverage: The use of leverage can provide more market exposure than the money paid or deposited when the transaction is entered into. Losses may therefore exceed the original amount invested.

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

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