



# Global Impact Bond investment spotlights

ADDENDUM TO OUR GLOBAL IMPACT BOND REPORT

December 2025



# Contents

This report, an addendum to our [Global Impact Bond report](#), showcases six 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 one sample investment spotlight in five impact themes that span our three broad categories of Life essentials, Human empowerment, and Environment, as well as one multi-theme spotlight. 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 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. Wellington determines the Sustainable Development 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.

THEME OVERVIEW

# Health

## **COST REDUCTION | IMPROVED ACCESS | INNOVATION**

Each year, 67 million people develop cardiovascular disease largely driven by lifestyle factors such as unhealthy diets and physical inactivity.<sup>1</sup>

Large out-of-pocket health care expenses, defined as exceeding 10% of a household's budget, are a challenge for more than a billion people.<sup>2</sup>

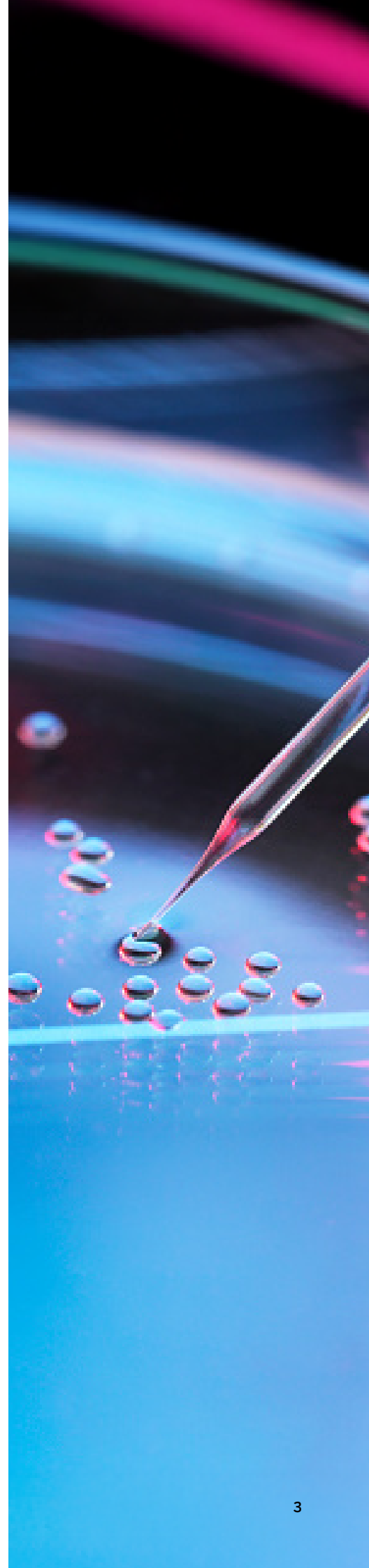
Health care systems around the world are under enormous strain, struggling to keep pace with rising demand. The combined effects of rising rates of chronic disease, persistent inequities in access, and operational or clinical inefficiencies present major challenges. At the same time, many health systems are constrained by workforce shortages, fragmented data, and misaligned incentives, which can perpetuate inefficiency and facilitate fraud.

Chronic diseases, from cardiovascular issues like coronary artery disease, stroke, and heart failure to metabolic disorders like diabetes and obesity are the foremost contributors to global morbidity and mortality. Despite their prevalence, many of these diseases are preventable through better care, early intervention, and healthier lifestyles. Scientific progress in these areas is also accelerating, from genomics and next-generation therapies to AI-enabled diagnostics and preventive care tools.

These breakthroughs are not reaching all populations equally, however. Gaps in affordability, data infrastructure, and systems design mean that people most at risk often benefit the least. In our view, impact companies can help narrow gaps in health care access and outcomes by combining new business models with technology-based solutions that take advantage of groundbreaking scientific or clinical approaches. In doing so, we believe they can also increase addressable markets and establish competitive advantages.

Over the course of 2025, the Global Impact Bond team continued to focus its health care investments on nonprofit hospitals that we believe are advancing research and/or contributing to care access, especially for underserved patient populations. The team also invested in select for-profit companies, including those in the medical device space, and certain multinational pharmaceutical companies improving health care access in emerging markets.

<sup>1</sup>“Global Cardiovascular Disease Factsheet,” British Heart Foundation, August 2025. | <sup>2</sup> “Billions left behind on the path to universal health coverage,” World Health Organization, 18 September 2023.





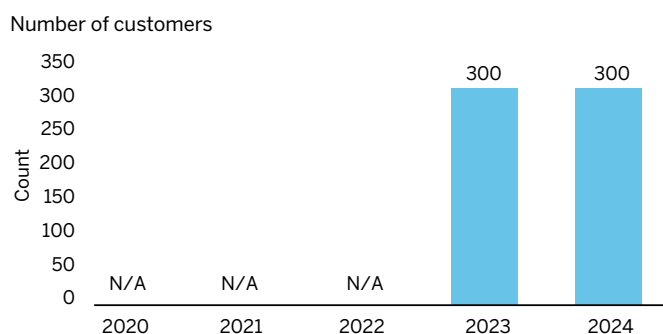
## IMPACT THEORY OF CHANGE

Cotiviti uses data analytics, AI, and clinical expertise to identify and correct errors and inefficiencies across health care payment and care delivery systems. By strengthening payment integrity and reducing unnecessary costs, Cotiviti helps health insurance plan administrators ensure accurate reimbursements and focus on delivering better, evidence-based care.

## FIVE DIMENSIONS OF IMPACT

<b>What</b>	Strengthening the integrity and efficiency of the health care system through better payment practices
<b>Who</b>	Supports more than 300 health care payers in the US <sup>1</sup>
<b>How much</b>	Processes quality and claims data for more than 168 million patients <sup>2</sup>
<b>Contribution</b>	Identifies and corrects US\$9.5 billion in billing errors annually across the US health care system <sup>3</sup>
<b>Risk</b>	Execution: Ensuring balance between product quality and product affordability

## PROGRESS OVER TIME OF CORE KPI



Source: "Lender presentation 2025," Cotiviti.

**Year of initial investment:** 2025

**Three-year annualized change in core KPI:** Not available

**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

Timely and accurate health care claims processing is critical to the US health care system. Yet the complexity of insurance structures and the vast number of participants make effective monitoring difficult, creating significant vulnerabilities to fraud. Globally, combatting medical fraud and abuse remain major challenges, accounting for an estimated up to 15% of total health care spending each year.<sup>4</sup>

Cotiviti helps health care payers manage these complexities within the claims-payment process. The company's analytics-driven solutions review claims for billing accuracy, contract compliance, payment responsibility, and clinical appropriateness before and after payments are made. For example, when auditing bills for intensive outpatient programs designed for patients with mental health or substance use disorders, Cotiviti identified coding errors and duplicate claims, prompting its customers to adapt their processes and implement continuous repayment monitoring.<sup>5</sup> Such investigations help save the US health care system an estimated US\$9.5 billion annually and ensure that resources are directed toward delivering quality care.

While our KPI lacks a time series to calculate a three-year CAGR, we believe that supporting more than 300 clients, including the 25 largest US health insurers, demonstrates the scale of Cotiviti's operations. The substantial savings Cotiviti delivers, along with its 99% claims-review accuracy, underscore the quality and reliability of its services.<sup>6</sup>

## ENGAGEMENT PRIORITIES

We appreciate Cotiviti's disclosures, particularly since the company was taken private in 2018. The various data points it discloses help us remain confident in our impact thesis. We are engaging with Cotiviti to explore potential enhancements to how savings across the health care system are measured; an effort we are excited about.

<sup>1</sup>"Lender presentation 2025," Cotiviti. | <sup>2</sup>Ibid. | <sup>3</sup>"About us," Cotiviti.com. | <sup>4</sup>Vafeeee Najar, A., et al., "A global scoping review on the patterns of medical fraud and abuse: integrating data-driven detection, prevention, and legal responses," BMC Health Services Research, 17 February 2025. | <sup>5</sup>Katie Lewis, "Appropriate billing of intensive outpatient programs," FWA Insights, Cotiviti. | <sup>6</sup>"Lender presentation 2025," Cotiviti.



THEME OVERVIEW

# Sustainable agriculture & nutrition

## QUANTITY | QUALITY | DISTRIBUTION

Each year, US\$1 trillion worth of food is wasted, contributing 10% of global greenhouse gas (GHG) emissions.<sup>1</sup>

In 2024, approximately 2.3 billion people faced moderate or severe levels of food insecurity.<sup>2</sup>

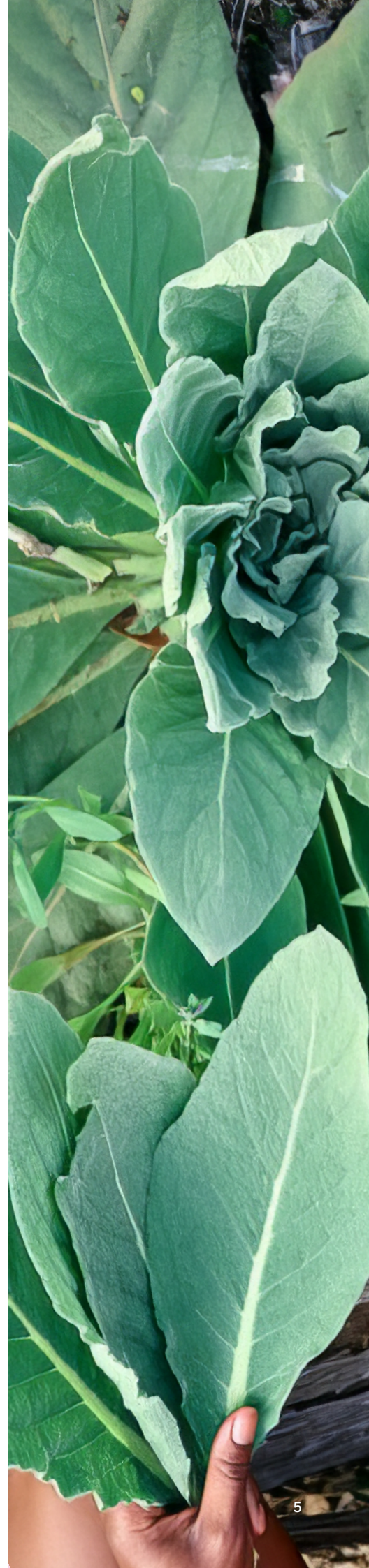
Despite a modest year-over-year decline in reported global hunger, from 8.5% in 2023 to 8.2% in 2024, food and nutrition challenges remain acute, particularly in parts of Africa and western Asia, where hunger continues to rise.<sup>3</sup> Regional conflicts and lingering effects of the COVID-19 pandemic have been key drivers of acute food insecurity, compounding vulnerabilities in already fragile systems.

These shocks have also led to persistent inflationary pressure on food prices, significantly compounding the problem. Since 2020, food price inflation has outpaced headline inflation, peaking at 30% in low-income countries in May 2023.<sup>4</sup> This surge has disproportionately impacted lower-income households and economies, eroding purchasing power and pushing healthy diets further out of reach. In many cases, families are forced to substitute fresh, nutrient-rich foods with cheaper, ultra-processed alternatives that offer limited nutritional value.

Despite their importance for human health and vulnerability to climate change, food systems currently receive less than 4% of total climate financing.<sup>5</sup> Investments in climate resilience and climate mitigation are essential for the long term. With adequate funding, food and agriculture systems have the potential to contribute a 20% reduction in global emissions by 2050 and unlock US\$4.5 trillion in annual market opportunities.<sup>6</sup> Innovations in sustainable agriculture, food technology, and climate-smart practices to improve food-production efficiency and enhance yields may be particularly attractive investment opportunities.

In 2025, investments linked to sustainable agriculture continued to represent a relatively small segment of the public fixed income market. The Global Impact Bond team maintains exposure to a frozen food retailer that prioritizes sustainability and ethical sourcing. This issuer actively promotes organic and agroecological practices, supporting farmers by mitigating the need for pesticides and improving soil health. The issue also emphasizes local sourcing, which not only lowers transport-related emissions but also strengthens regional agricultural networks.

<sup>1</sup>"Food waste index report 2024," UN Environment Programme, 27 March 2024. | <sup>2</sup>"The state of food security and nutrition in the world 2025," UNICEF, 8 August 2025. | <sup>3</sup>Ibid. | <sup>4</sup>Ibid. | <sup>5</sup>"Green returns: Unleashing the power of finance for sustainable food systems," World Economic Forum, in collaboration with Deloitte, 25 July 2023. | <sup>6</sup>Ibid.



## IMPACT THEORY OF CHANGE

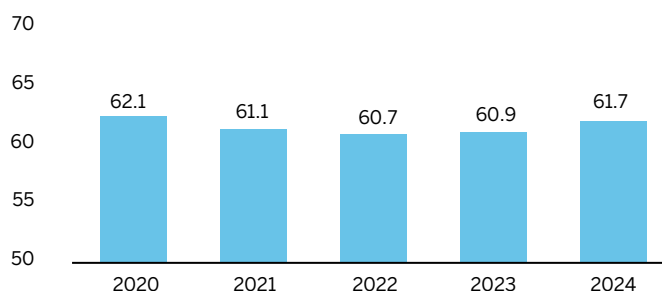
Picard provides a wide range of frozen foods that are healthy and convenient, with an extended shelf life. These products cater to consumers who are time-constrained and prioritize health. Picard accomplishes this by focusing on portion control and nutritional score labeling, which encourage healthier eating habits while minimizing household food waste.

## FIVE DIMENSIONS OF IMPACT

<b>What</b>	Provides a variety of high-quality, nutritious, and easy-to-prepare food options, perfect for time-pressed and health-conscious consumers
<b>Who</b>	Over 1,150 stores in France with additional operations across Europe and Asia <sup>1</sup>
<b>How much</b>	Approximately 1,320 frozen food products available to customers, including unprocessed meats, fish and seafood, fruit and vegetables, and ready-to-eat nutritious meals <sup>2</sup>
<b>Contribution</b>	Leading distributor of frozen food, with approximately 20% share of the French frozen food market <sup>3</sup>
<b>Risk</b>	Alignment: Health risks from unhealthy food produced

## PROGRESS OF CORE KPI

Revenue from nutritious frozen foods (%)



Sources: Picard Groupe, Wellington Management

**Year of initial investment:** 2021

**Three-year annualized change in core KPI:** 0.4%

**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

One in 11 people worldwide face hunger, yet approximately 1.3 billion tonnes of food are discarded annually.<sup>4,5</sup> Contributing to this waste is product perishability, particularly fresh foods. Picard, provides healthy, ready-to-prepare frozen-food options, including fruits, vegetables, organic meats, and fish. These products compare favorably in nutritional quality, preserve nutrients and vitamins for longer periods due to the deep-freezing process, and can be thawed and prepared as needed by the consumer, reducing waste and overconsumption.

Picard has a high success rate in providing products with good nutritional value. In 2024, over 20% of its sales come from fruits and vegetables, with a further 25% attributed to high-protein fish and meats.<sup>6</sup> To support healthier eating habits and empower consumer choice, Picard displays both a Nutri-Score and a Planet-Score for ready meals on its web site. With growing consumer awareness and a diverse range of healthy, convenient food options, we anticipate that Picard will continue to play a pivotal role in the industry.

## ENGAGEMENT PRIORITIES

We intend to engage with Picard to encourage greater transparency around nutritional KPIs, including the proportion of products with Nutri-Score A or B, Planet-Score coverage, and the share of ultra-processed items. We also seek enhanced disclosure on biodiversity impacts across the value chain, particularly in relation to sourcing practices.

<sup>1</sup>Picard Annual Report, 2025. | <sup>2</sup>Ibid. | <sup>3</sup>Ibid. | <sup>4</sup>"The state of food security and nutrition in the world," Food and Agriculture Organization of the United Nations, 2025. | <sup>5</sup>"Food waste," Carrefour Group. | <sup>6</sup>Picard Annual Report, 2024.



THEME OVERVIEW

## Safety & security

### ONLINE SAFETY | PRODUCT TESTING

The global average cost per data breach is US\$4.4 million.<sup>1</sup>

While 78% of organizations report confident in their cyber resilience, only 2% could recover data within 24 hours of a cyberattack.<sup>2</sup>

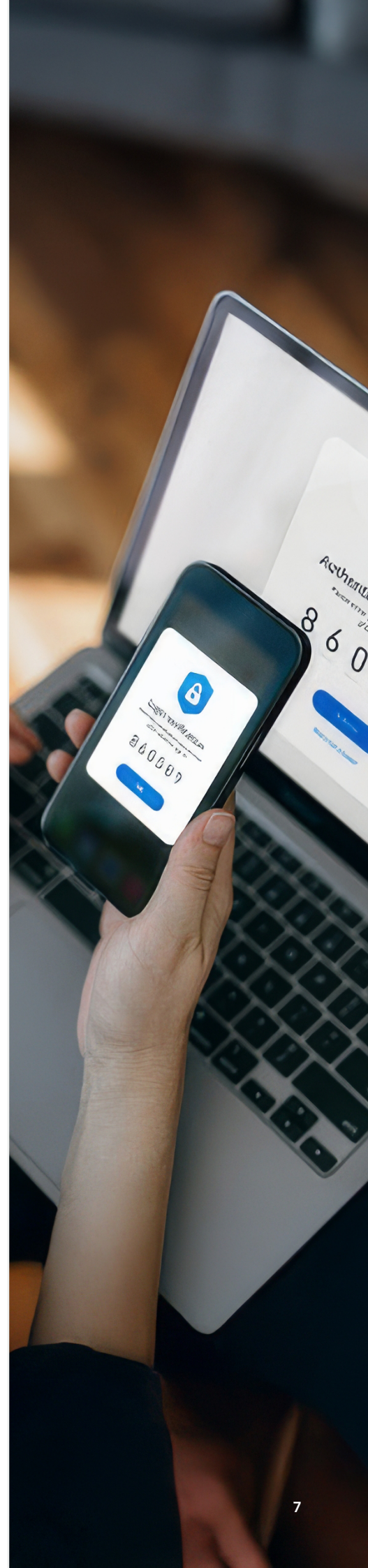
In a world defined by connectivity and interdependence, cybersecurity is critical. In 2024, the world's largest-ever information technology (IT) outage disrupted airlines, banks and ATMs, broadcasters, health care providers, and retail payment systems globally, resulting in an estimated US\$5 billion in losses.<sup>3</sup> Despite growing confidence in cyber resilience, many companies expect severe disruptions ahead, driven by increasingly sophisticated AI-enhanced threats.

In addition to cyber protection, this impact theme also encompasses investments in companies whose products and services strengthen physical infrastructure to safeguard lives and property from natural disasters. Climate- and extreme-weather-related incidents continue to result in costly property and infrastructure damage and lead to loss of life in many parts of the world, making the need for investment in climate resilience nearly universal.

The expanding scope of research into climate adaptation and online and physical safety bolsters our conviction in the relevance and growth potential of companies innovating in these areas. From cybersecurity to climate change, we believe the global focus on safety and security will only increase, benefitting companies with proven, effective solutions.

Throughout 2025, the Global Impact Bond team continued to allocate capital to issuers delivering advanced cybersecurity solutions, recognizing the critical role of digital security in today's economy. One notable issuer specializes in vulnerability management and security operations for resource-constrained businesses, helping even very small enterprises innovate securely. By reducing cyber risk, these solutions enable efficiency gains, operational resilience, and faster growth. Beyond digital security, the Global Impact Bond strategy also includes exposure to physical security providers. Among these are an issuer that installs and services smoke detectors and burglar alarms across Europe and Latin America, improving safety standards for residential and commercial properties.

<sup>1</sup>"Cost of a data breach report 2025," IBM. | <sup>2</sup>"Global cyber resilience report 2024," Cohesity, 2024. | <sup>3</sup>"Global cybersecurity outlook," World Economic Forum, January 2025.





## IMPACT THEORY OF CHANGE

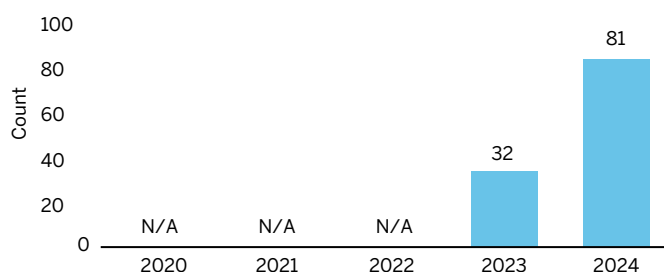
DigiCert, a US-based digital security company, helps make the internet safer by verifying digital identities and keeping data private. By confirming that a website is legitimate before issuing a trusted digital certificate, DigiCert ensures secure and reliable online connections. Its validation systems protect against interception and impersonation, allowing people and businesses to connect, share, and operate safely. In so doing, DigiCert helps build confidence in digital functioning as the use of technology grows.

## FIVE DIMENSIONS OF IMPACT

<b>What</b>	Creating trust in digital systems by building cybersecurity infrastructure
<b>Who</b>	Supports more than 80% of Fortune 500 companies in over 180 countries <sup>1</sup>
<b>How much</b>	Assists in safeguarding 28 billion digital connections daily <sup>2</sup>
<b>Contribution</b>	Near constant availability and operations reliability (99.99% uptime) and continued innovation to build digital trust, filing 81 new patents in 2024 <sup>3</sup>
<b>Risk</b>	Execution: Data privacy and security risks

## PROGRESS OF CORE KPI

Number of new patents filed



Source: "DigiCert achieves record growth in FY2025 by expanding its digital trust platform," DigiCert, 17 April 2025.

**Year of initial investment:** 2021

**Three-year annualized change in core KPI:** Not available

**Assessment:** Meets expectations



**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.

## QUALITATIVE ASSESSMENT

In today's digital-first world, almost every online interaction relies on secure, trusted connections. Yet digital certificates, the backbone of this trust, are often poorly managed or misconfigured, creating major vulnerabilities. Approximately 58% of data breaches are linked to certificate-related issues, such as expired, stolen, or misused credentials.<sup>4</sup>

DigiCert is a global leader in digital trust, helping individuals and businesses connect and exchange information with confidence that their digital footprint is secure. The company provides digital certificates that act as secure ID cards for organizations - verifying identity and encrypting data so it cannot be intercepted or altered. DigiCert's systems issue, manage, and renew these certificates automatically, while monitoring suspicious activity. Its impact spans industries: When a hotel chain suffered a cyberattack due to weak certificate management, DigiCert helped modernize its systems and restore operations within ten days.<sup>5</sup>

While complete historical data on DigiCert's patent portfolio is limited, its year-over-year growth — alongside 99.99% system uptime and protection of 23 billion of daily connections — highlights the quality, reliability, and contribution of its technology in strengthening global digital trust.

## ENGAGEMENT PRIORITIES

We appreciate the data disclosure relevant to our impact thesis, given that DigiCert has been a private company since its inception in 2003. While we do not need to engage with the company at this time, we will continue to closely monitor the progress of our selected KPI and pursue engagement opportunities when appropriate.

<sup>1</sup> "DigiCert fact sheet," DigiCert.com. | <sup>2</sup> Ibid. | <sup>3</sup> "DigiCert achieves record growth in FY2025 by expanding its digital trust platform," DigiCert, 17 April 2025. | <sup>4</sup> "Nearly 60% of all data breaches attributed to avoidable digital certificate-related management issues, according to recent independent study," Businesswire, 30 August 2023. | <sup>5</sup> "Hotel chain withstands cyberattack, modernizes KPI, using DigiCert One," DigiCert.com.

THEME OVERVIEW

# Resource efficiency

## PRESERVATION | ADVANCEMENT | SUSTAINABILITY

Global electricity consumption is expected to rise by nearly 4% per year between 2025 and 2027.<sup>1</sup>

The extraction and processing of material resources account for more than 55% of GHG emissions.<sup>2</sup>

A sustainable and equitable future depends on the efficient use of natural resources. As the global energy system shifts from fossil fuels toward renewables, new technologies and infrastructure are needed to balance changing patterns of supply and demand. Growth in industrial output and air conditioning use, accelerating electrification, and the expansion in data centers are all driving global electricity consumption. At the same time, rising consumption and the finite nature of key resources — from minerals to arable land — pose growing risks to economic stability.

The UN projects that, without significant changes, global resource use could increase by 60% between 2020 and 2060.<sup>3</sup> Resource scarcity is already visible across the energy, manufacturing, and construction sectors, driving both higher costs and widening inequality. Improving efficiency in production, product design, and energy use can lower emissions, reduce waste, and support a more inclusive and resilient global economy. Better processes require initial investments but are likely to save society money in the long run.

In 2025, the Global Impact Bond strategy continued to advance its commitment to resource efficiency by maintaining and expanding investments in green bonds. The team added several green-labelled holdings from European real estate developers actively reducing the environmental footprint of their operations and supporting the transition to low-carbon urban environments. These companies are implementing sustainable building practices and energy-efficient technologies to align with ambitious climate goals.

We also identified opportunities within the data center sector, focusing on businesses that are leading efforts to address the environmental challenges associated with high energy consumption. These companies are adopting clean, environmentally sound technologies, positioning themselves at the forefront of sustainable digital infrastructure. Beyond corporate investments, the strategy continues to hold sovereign green bonds, which play a critical role in financing national decarbonization initiatives.

<sup>1</sup>“Electricity 2025: Analysis and forecast to 2027,” International Energy Agency, 2025. | <sup>2</sup>“Global Resources Outlook 2024,” UN Environment Programme, 1 March 2024. | <sup>3</sup>Ibid.



## IMPACT THEORY OF CHANGE

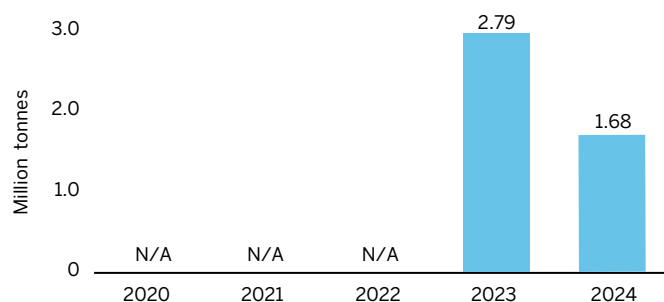
The Italian government's green bond is designed to channel public financing toward environmentally beneficial projects, supporting the country's transition to a low-carbon and climate-resilient economy. By earmarking funds for clean transport, energy efficiency, and biodiversity protection, this bond's issuance aims to embed sustainability into national development.

## FIVE DIMENSIONS OF IMPACT

<b>What</b>	Advancing Italy's climate transition by financing projects in energy efficiency, clean transport, and biodiversity
<b>Who</b>	Approximately 78% of proceeds directed toward civil engineering and specialized construction projects <sup>1</sup>
<b>How much</b>	Allocated over €11.6 billion in green projects between 2021 and 2024 <sup>2</sup>
<b>Contribution</b>	In 2024, an estimated 1.68 million tonnes of emissions were avoided, comparable to removing 392,000 cars from the road for an entire year <sup>3</sup>
<b>Risk</b>	Execution: Potential funding of projects that cannot optimize environmental outcomes

## PROGRESS OVER TIME OF CORE KPI

GHG emissions avoided



Source: "Allocation and impact report 2025," Ministry of Finance, government of Italy, 2025

**Year of initial investment:** 2021

**Three-year annualized change in core KPI:** Not available

**Assessment:** Meets expectations

## QUALITATIVE ASSESSMENT

Italy's sovereign green bond program has become a cornerstone of its sustainable finance strategy, mobilizing €11.6 billion between 2021 and 2024 to support a wide range of environmental initiatives. These investments span six categories, with the largest shares directed toward clean



**UN SDG ALIGNMENT** Make cities and human settlements inclusive, safe, resilient and sustainable

**TARGET 11.2** By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

transportation (€4.71 billion), energy efficiency (€4.06 billion), and environmental protection and biodiversity (€1.06 billion). Nearly all projects are aligned with the EU Taxonomy and the Sustainable Development Goals, and have collectively helped avoid more than 35 million tonnes of CO<sub>2</sub> emissions since 2021.<sup>4</sup>

As a standout impact area, clean transport is driving a shift from private to public mobility, especially in urban centers where travel demand is highest. Investments in high-speed and high-capacity rail networks are improving access, reducing emissions, and encouraging more sustainable travel choices. These projects are expected to avoid approximately 540,000 tonnes of CO<sub>2</sub> annually, making a measurable contribution to national and EU climate goals.<sup>5</sup>

Although a comprehensive time series of avoided emissions across all categories is not yet available, the scale and consistency of Italy's green bond investments are already delivering clear results. Beyond environmental benefits, the program has generated significant economic value, an estimated €17 billion in induced GDP, nearly 0.8% of national output in 2024, translating to €1.5 million in economic output for every €1 million invested and supporting around 262,000 jobs. These outcomes highlight the program's ability to deliver both environmental impact and inclusive economic growth.<sup>6</sup>

## ENGAGEMENT PRIORITIES

Our ESG analyst dedicated to sovereign issuers recently engaged with representatives from Italy's Ministry of Finance and found them to be leading on ESG disclosure, with advanced impact modelling and granular regional data. While Italy is making progress on renewables and energy efficiency, legacy building-stock and regulatory bottlenecks remain key challenges. Despite political constraints, the government continues to implement climate-friendly policies and maintain robust green bond issuance. We will continue monitoring alignment with the EU Green Bond Standard and the evolution of incentives for energy and transport decarbonization.

<sup>1</sup>"Allocation and impact report 2025," Ministry of Finance, government of Italy, 2025. | <sup>2</sup>Ibid. | <sup>3</sup>Ibid. | <sup>4</sup>Ibid. | <sup>5</sup>Ibid. | <sup>6</sup>Ibid.



## THEME OVERVIEW

# Resource stewardship

## RECYCLING AND REUSE | BIODIVERSITY

An estimated 2.7 billion people lack access to formal waste collection services, with coverage rates lowest in Sub-Saharan Africa.<sup>1</sup>

In 2024, countries in the Tropics lost a record-breaking 6.7 million hectares of primary rainforest, an area nearly the size of Panama.<sup>2</sup>

The world's relationship with natural resources is increasingly unsustainable. Each year, we generate more than two billion tonnes of municipal solid waste and consume materials at a pace 1.7 times faster than the Earth's capacity for regeneration.<sup>3</sup> This imbalance is accelerating environmental degradation, deforestation, water scarcity, and biodiversity loss — pushing ecosystems toward critical tipping points. Crossing these thresholds could have far-reaching consequences. Even a partial collapse of ecosystem services is projected to reduce global GDP by 2.3% annually by 2030, with the most severe impacts concentrated in low-income and lower-middle-income countries.<sup>4</sup> Reducing consumption remains the most effective long-term strategy to mitigate these risks.

Strengthening waste management systems is becoming an economic necessity. Poor waste infrastructure contributes to land contamination, air pollution, and marine plastic volume. Today, an estimated 11 million tonnes of plastic end up in the world's oceans each year, threatening marine ecosystems and imposing significant economic costs. Losses in tourism, fishery, and shipping industries are expected to reach nearly US\$100 billion annually by 2040.<sup>5</sup>

In our view, solutions that advance resource stewardship, promote biodiversity, and sustain circular economies will become increasingly vital. Transitioning to regenerative systems of production and consumption, where waste is minimized or eliminated, will require coordinated investment in infrastructure, technology, and policy. Companies and governments that lead in this space are likely to unlock long-term value while mitigating environmental and economic risks.

In 2025, the Global Impact Bond team invested in green-labelled debt from a nonprofit committed to protecting US natural and cultural heritage for future generations. Its work centers on conserving forests, wildlife habitats, and waterways to help mitigate climate change. The strategy also includes an international nonprofit focused on safeguarding critical land and marine ecosystems worldwide. This organization has set bold 2030 targets, such as avoiding billions of tonnes of GHG emissions, supporting vulnerable communities, and preserving vast land and ocean areas. Innovative solutions, such as insurance policies for coral reef restoration, underscore the growing demand for nature-based approaches to climate resilience.

<sup>1</sup>"Beyond an age of waste: Turning rubbish into a resource," Global Waste Management Outlook, UN Environment Programme, 2024. | <sup>2</sup>"Elizabett Goldman, et al, "Fires drove record-breaking tropical forest loss in 2024," World Resources Institute, 21 May 2025. | <sup>3</sup>"World ecological footprint by land type," Global Footprint Network, 2023. | <sup>4</sup>"The economic case for nature: A global Earth-economy model to assess development policy pathways," World Bank Group, 2021. |

<sup>5</sup>"Breaking the plastic wave: A comprehensive assessment of pathways towards stopping ocean plastic pollution," The Pew Charitable Trusts, 2020.



## IMPACT THEORY OF CHANGE

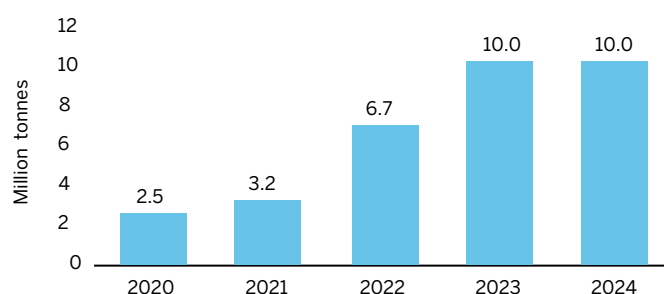
Food and agricultural byproducts contribute substantially to global food system waste. Darling Ingredients addresses this challenge by repurposing these materials into valuable resources for feed, food, and renewable fuels. Through the transformation of unavoidable waste streams into productive inputs for agriculture and transportation, the company not only reduces the sectors' environmental footprints but also advances circular-economy principles.

## FIVE DIMENSIONS OF IMPACT

<b>What</b>	Enhances agricultural efficiency by converting food and farm waste into high-value products
<b>Who</b>	Operates 260 facilities across 15 countries <sup>1</sup>
<b>How much</b>	Avoided more than 10 million tonnes of emissions in 2024, equivalent to 2.3 million fewer cars on roadways for one year <sup>2,3</sup>
<b>Contribution</b>	Processes approximately 15% of the world's animal by-products <sup>4</sup>
<b>Risk</b>	Unexpected: Suppliers may be linked to animal welfare or testing controversies

## PROGRESS OVER TIME OF CORE KPI

GHG emissions avoided



Source: "2024 Sustainability Progress Report," Darling Ingredients.

**Year of initial investment:** 2025

**Three-year annualized change in core KPI:** 46.2%

**Assessment:** Exceeds expectations

## QUALITATIVE ASSESSMENT

Transportation is a major contributor to GHG emissions, accounting for approximately 15% globally and nearly 30% in the U.S.<sup>5, 6</sup> Decarbonizing this sector is critical to achieving international climate objectives. Darling Ingredients is actively addressing this challenge. In partnership with Valero Energy, the company has established itself as a leading producer of



**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

renewable diesel and sustainable aviation fuel (SAF), both of which derive from waste fats and oils and offer up to 80% lower lifecycle GHG emissions compared to conventional fossil-fuel-based alternatives.<sup>7</sup>

In 2024, Darling Ingredients produced more than 1.25 billion gallons of renewable fuels across its facilities in Norco, Louisiana and Port Arthur, Texas, helping to avoid more than 10 million tonnes of GHG emissions. A major upgrade to the Port Arthur plant has positioned it as one of the largest producers of SAF globally. This expansion has been a key driver of Darling's three-year CAGR of 46.2%, enabling the company to scale its impact and accelerate the decarbonization of the aviation industry.<sup>8</sup>

A key input into these fuels is low-carbon feedstock, Darling's largest business segment. Through a vertically integrated supply chain, the company recycles millions of pounds of waste, helping to relieve pressure on landfills. For instance, its Ecoson brand processed approximately 870 million tonnes of organic waste in 2023, generating enough renewable electricity to power over 50,000 households in Europe.<sup>9</sup> Overall, we are impressed with Darling's multi-dimensional impact across climate, circularity, and community outcomes.

## ENGAGEMENT PRIORITIES

As the company scales its climate impact, we encourage alignment with the Taskforce on Nature-related Financial Disclosures (TNFD) to better assess and disclose biodiversity-related risks across its operations and supply chain. Additionally, we recommend expanding transparency of impact KPIs across all business segments, including feed and food, with particular emphasis on avoided emissions, land area saved, and the role of low-carbon feedstock in reducing environmental pressure.

<sup>1</sup>"2024 Sustainability Progress Report, Darling Ingredients. | <sup>2</sup>Ibid. | <sup>3</sup>Greenhouse Gas Equivalencies Calculator, U.S. Environmental Protection Agency, 2022 data. | <sup>4</sup>Darling Ingredients. | <sup>5</sup>IPCC Sixth Assessment Report, Intergovernmental Panel on Climate Change, 2020. | <sup>6</sup>"Carbon Pollution from Transportation," U.S. Environmental Protection Agency, 2025. | <sup>7</sup>"2024 Sustainability Progress Report," Darling Ingredients. | <sup>8</sup>Ibid. | <sup>9</sup>Darling Ingredients.



THEME OVERVIEW

## Multi-theme

Several of our investments meet multiple impact themes as illustrated by the investment spotlight on the following page.





IMPACT THEORY OF CHANGE

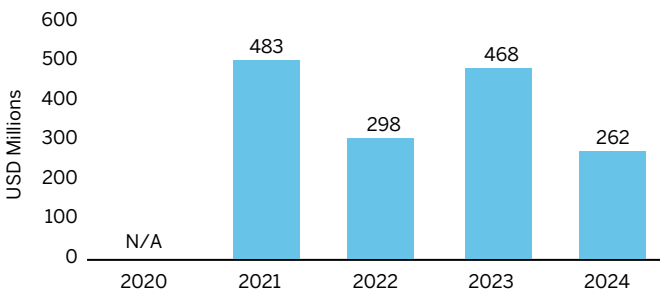
The W.K. Kellogg Foundation (WKKF) is a leading US-based philanthropic organization dedicated to ensuring that all children thrive. It supports communities by investing in early education, health care, food systems, and economic development. With a strong emphasis on racial equity and local engagement, WKKF partners with grassroots groups to empower families and build inclusive economies, especially in underserved areas in North America, Haiti, Mexico, and South Africa.

FIVE DIMENSIONS OF IMPACT

What	Provides grant funding to advance equity, education outcomes, promote health, and expand economic opportunity
Who	More than 1,500 active grantees across the US, Haiti, Mexico, and South Africa in 2024 <sup>1</sup>
How much	Committed US\$262 million in new grants in 2024 <sup>2</sup>
Contribution	One of the largest philanthropic organizations in the US, with total assets exceeding US\$9 billion <sup>3</sup>
Risk	Execution: Potential misallocation of funds to projects that do not optimize social or environmental outcomes

PROGRESS OVER TIME OF CORE KPI

Total new commitments



Source: 2024 Annual Snapshot, W.K. Kellogg Foundation..

**Year of initial investment:** 2025  
**Three-year annualized change in core KPI:** -18.4%  
**Assessment:** Does not meet expectations

QUALITATIVE ASSESSMENT

In the US, nearly one in six children grow up below the poverty line,<sup>4</sup> many without reliable access to education, health care, or economic opportunity. These challenges are particularly severe in communities that have long been underserved, where racial and economic barriers often go hand in hand. In developing countries like Haiti, Mexico, and South Africa, the numbers are significantly higher.



**UN SDG ALIGNMENT** Reduce inequality within and among countries  
**TARGET 10.2** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

WKKF is tackling these issues head-on. As one of the largest philanthropic organizations in the US, it focuses on early childhood development, equitable access to health care, and inclusive economic growth. In 2024, the foundation distributed over US\$400 million to charitable causes and committed an additional US\$262 million in new grants, all aimed at helping children and families thrive. While total new commitments have declined by nearly half since 2021, we remain confident in WKKF’s strategic direction and its enduring impact on communities across the Americas.

A standout example of WKKF’s work is the Truth, Racial Healing & Transformation (TRHT) program, a nationwide initiative focused on dismantling systemic racism and building more inclusive communities. Since its launch, WKKF has collaborated with more than 170 leaders, reaching 289 million people.<sup>5</sup> While the challenges of inequality are complex, we are impressed with WKKF’s ability to advance change through narrative transformation, racial healing, and reforms in legal and economic systems.

ENGAGEMENT PRIORITIES

While we appreciate WKKF’s disclosure of annual new commitments, we encourage more detailed annual reporting on how these funds are distributed across focus areas, including project-level data and beneficiary insights. This would enhance our ability to assess impact and track progress over time. We also seek clarity on the significant decline in new commitments compared to the previous year and encourage expanded disclosure on biodiversity-related initiatives within their food systems work.

<sup>1</sup>“2024 Annual Snapshot,” W.K. Kellogg Foundation, 10 March 2025. | <sup>2</sup>Ibid. | <sup>3</sup>Ibid. | <sup>4</sup>“Mental health effects of poverty, hunger, and homelessness on children and teens,” American Psychological Association, 2024. | <sup>5</sup>“Truth, racial healing & transformation,” W.K. Kellogg Foundation.

# Important disclosures

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Q3 2025 investment examples are based on holdings of the representative account as of 30 June 2025. For Global Impact Bond, the representative account shown became effective on 1 May 2019 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 Bond, the largest contribution to duration times spread (CTDTS) in the portfolio in each impact theme is selected. If the largest position was highlighted within the past year, then the second largest position is highlighted. If the 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.

Featured holdings Government of Italy, Darling Ingredients, and Picard Groupe were the largest by CTDTS in their respective themes as of 30 June 2025. Cotiviti and DigiCert were the second-largest holdings by CTDTS in their respective themes as of 30 June 2025. W.K. Kellogg Foundation was added as a new multi-theme position during 2025.

The key performance indicators (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 have used 2023 or the nearest to 2024 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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