

Global Impact Bond report

AIMING TO GENERATE COMPETITIVE RETURNS AND POSITIVE
IMPACT THROUGH PUBLIC FIXED INCOME MARKETS

July 2025



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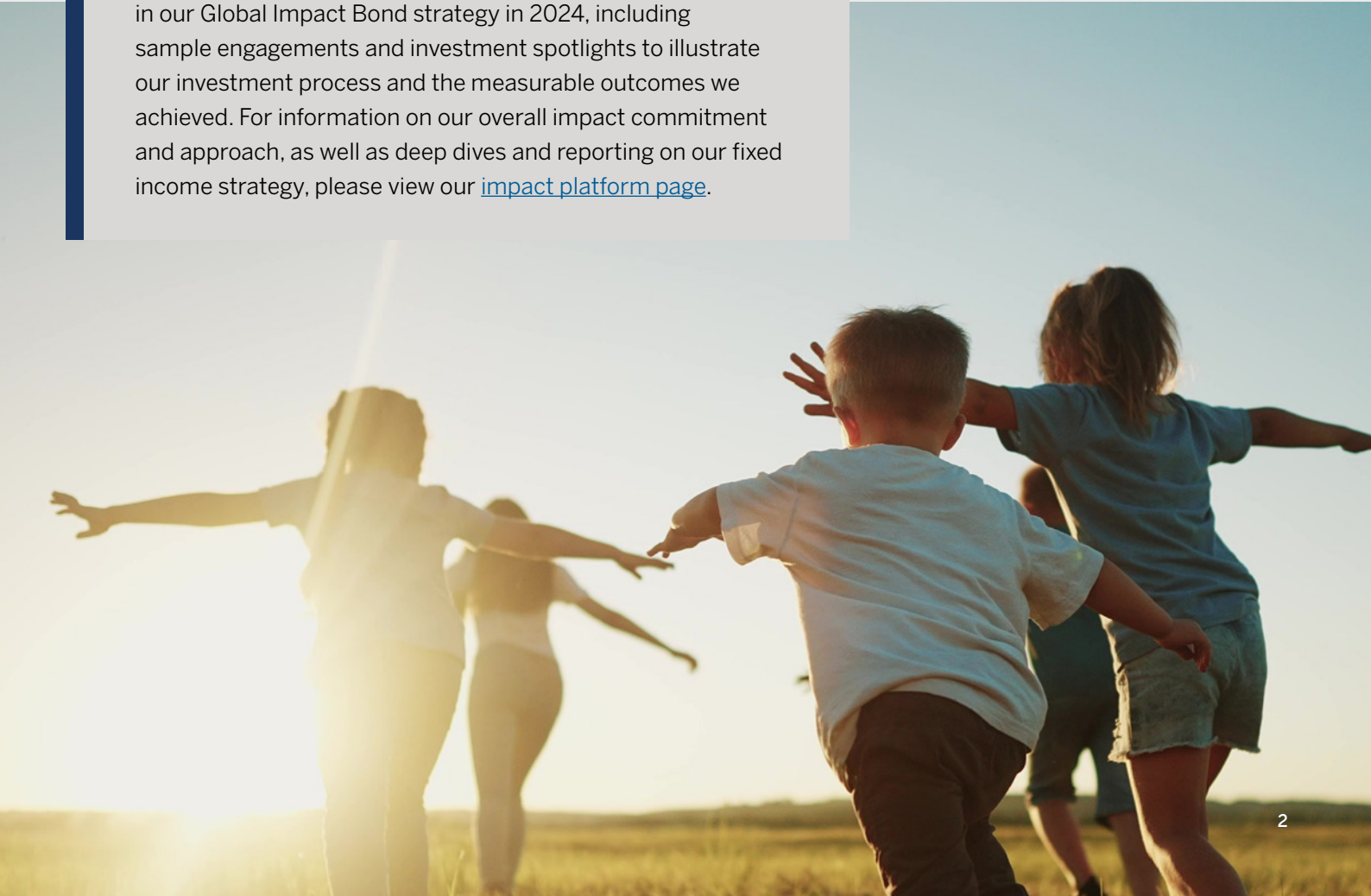
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EVOLUTION OF OUR IMPACT REPORTING

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



Message of commitment

We are pleased to share our seventh report for Wellington's Global Impact Bond strategy. During the past year, despite heightened geopolitical volatility, including escalating regional tensions in Europe, the Middle East, and Asia and a shift in rhetoric and policy in the US, we continued to see remarkable resilience across the impact investment landscape. The number of companies and other issuers focused on generating positive social and environmental impact expanded in 2024, proving, in most cases, the ability to withstand market turbulence and shifting political winds.

The Global Impact Bond strategy has also grown in terms of our assets under management and the size of our specific investable universe. In addition, we are pleased to report that the strategy has remained steadfast in meeting its dual objectives of delivering strong financial returns while making a meaningful contribution to solving some of the world's most pressing social and environmental challenges.

Throughout the year, investments in the strategy have helped further the objectives of issuers and securities aligned with our 11 impact themes. The examples highlighted below underscore the tangible difference your investments can make in tackling critical issues across the globe.

In 2024, addressing the risks of climate change was a top priority. We saw opportunity in our resource efficiency theme, with prominent additions in data center issuers. We were able to carefully select industry leaders that are paving the way for the adoption of clean, environmentally sound technologies and processes. We made new allocations to issuers within our alternative energy theme as well. Here, we continued to find opportunities to invest in solutions that are accelerating the climate transition via renewable energy sources.

Within the theme of digital divide, impact opportunities were particularly apparent in bond issuances from emerging market corporates across the telecommunications industry. We see telecoms as critical for the facilitation of internet access to underserved populations. These services provide a multitude of benefits, from supporting economic growth for small businesses to expanding the reach of educational institutions to underserved individuals.

In our financial inclusion theme, we have added bond issuances aimed at increasing access to credit and other financial products and services for marginalized communities and businesses — many of which are navigating a period of economic hardship and struggling to grow. Finally, we added new municipal bonds issued by US higher education institutions focused on supporting low-income students, reinforcing our commitment to social equity.

At the intersection of impact and the search for profit, managing the Global Impact Bond strategy is exciting and fulfilling. My team and I have full confidence that our investment approach and philosophy continue to enable us to deliver on our investment and impact objectives. We appreciate your trust in Wellington and the Global Impact Bond team. As we look forward to 2025, we remain committed to doing our utmost to support the wider impact ecosystem, while striving to fulfill our dual objectives on behalf of you, our clients.



CAMPE GOODMAN, CFA

Portfolio Manager, Global Impact Bond



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

Impact highlights

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



3.7 million

Supplied or financed 3.7 million units of affordable housing

Equivalent to more than seven times the housing supply of Stockholm¹



614 million

Provided or treated more than 614 million cubic meters of water

Equivalent to nearly 250,000 Olympic-sized swimming pools²



145 million

Provided health care products or services to more than 145 million patients and customers

Or 12 times the average number of patients admitted annually to hospitals in Australia³



800 million

Provided digital access to more than 800 million people in developing countries

Equivalent to more than half of Africa's population⁴



5 million

Provided education, training, and career support to 5 million people

Or 1.7 times the number of students enrolled in higher education in the UK⁵



3.6 million

Supplied access to financial services to more than 3.6 million underserved individuals and businesses

Compared to 1.4 billion unbanked individuals globally⁶



44.7 million

Protected nearly 44.7 million businesses and individuals with cybersecurity tools and technologies

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



65.7 million

Avoided 65.7 million tonnes* of greenhouse gas (GHG) emissions through renewable energy generation

Equivalent to a full year's average output of over 20,000 US wind turbines⁸



183 million

Avoided 183 million tonnes of GHG emissions through improved resource efficiency and resource stewardship

Equivalent to 43 million fewer internal-combustion-engine cars on roadways for one year⁹

Note: 46% of our holdings (as a percentage of market value) leverage a common KPI that can be aggregated. If a company or issuer does not report a figure that we believe aligns with one of our aggregated KPIs, we still monitor and report the individualized KPI over time, but do not include it in the above aggregated statistics, which we believe provide a conservative estimate of the impact our funds enable. All reported impact KPIs are obtained from publicly available information. We do not account for fund ownership stakes in the above calculations, which represent 100% of the impact of the companies or issuers in which we invest. For each aggregated KPI, we provide what we believe to be a relevant reference point. These are for context only and do not imply any equivalence for our KPIs regarding benefits delivered for society and the environment. | If 2024 data is not yet available, 2023 data has been used. Aggregated KPIs reflect the impact of the portfolio as of 31 December 2024. These data points do not constitute a data series and should not be compared to aggregated data points published in previous years due to changes in the portfolio holdings between each publication date. | All investing involves risk. Investors should consider the risk to their capital, before investing. These impact highlights relate to the representative accounts for our fixed income strategies, and are for informational purposes only, are subject to change, and are not indicative of future portfolio characteristics or returns. The value of your investment may become worth more or less than at the time of original investment. Please refer to the Important disclosures on our website or at the end of this document for more information.

¹"Number of dwellings by region and type of building (including special housing). Years 2013 – 2024," Statistical Database, Official Statistics of Sweden. |

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

A decade of impact: Verifying our impact investing funds

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

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

Specifically, BlueMark:

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

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

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

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



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

– Oyin Oduya, Impact Measurement & Management Practice Leader

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

– Jason Goins, Equity Portfolio Manager

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

– Campe Goodman, Fixed Income Portfolio Manager

2024 Industry participation and accolades

Phenix Capital Impact
Summit Europe

MARCH

Responsible
Investor Japan

MAY

Launch of Japan Impact
Consortium

MAY

GIIN Impact Forum

OCTOBER

Square Mile Investment
Conference

OCTOBER

Impact Investing Institute
Listed Markets Community
of Practice

DECEMBER

Engagement examples

We believe that partnership and engagement with issuers in our portfolio can enhance the long-term financial returns of our investments and potentially contribute to their positive impact.

In 2024, we collaborated with our ESG Research Team to discuss ongoing sustainability strategy and objectives. Focus areas for engagement included automobile electrification, physical climate risk, corporate culture, and labor relations. Throughout the year, we used our engagements to better understand the issuers we hold and validate the underwriting of our investments' financial return potential, along with their social and environmental impact.

Below we share examples of our engagements that focused on material ESG issues and many of the 11 impact themes across our Life essentials, Human empowerment, and Environment categories.

Learn more about our impact platform

[Approach to engagement](#)

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

SAMPLE ENGAGEMENTS FROM 2024

ENVIRONMENT (E)

We engaged with the Ministries of Finance and Climate of a Caribbean nation on its inaugural green bond issuance, the proceeds of which will support low-carbon transport, renewable energy incentives, and improved water and wastewater management. The government's climate ambition, international collaboration, and high-quality issuance are expected to drive renewable energy investment in a country that relies on imported fossil fuels. We raised concerns about inadequate funding for climate adaptation; our physical climate-risk assessments indicate hazards that could make the country uninvestable without sufficient efforts. We expressed our view that to maintain access to external capital, the government must prioritize adaptation projects, and we recommended allocating a greater share of future green bonds to this crucial area. We will continue to monitor the government's management of evolving physical climate risks, and we hope to discuss its adaptation agenda in more detail.

SOCIAL (S)

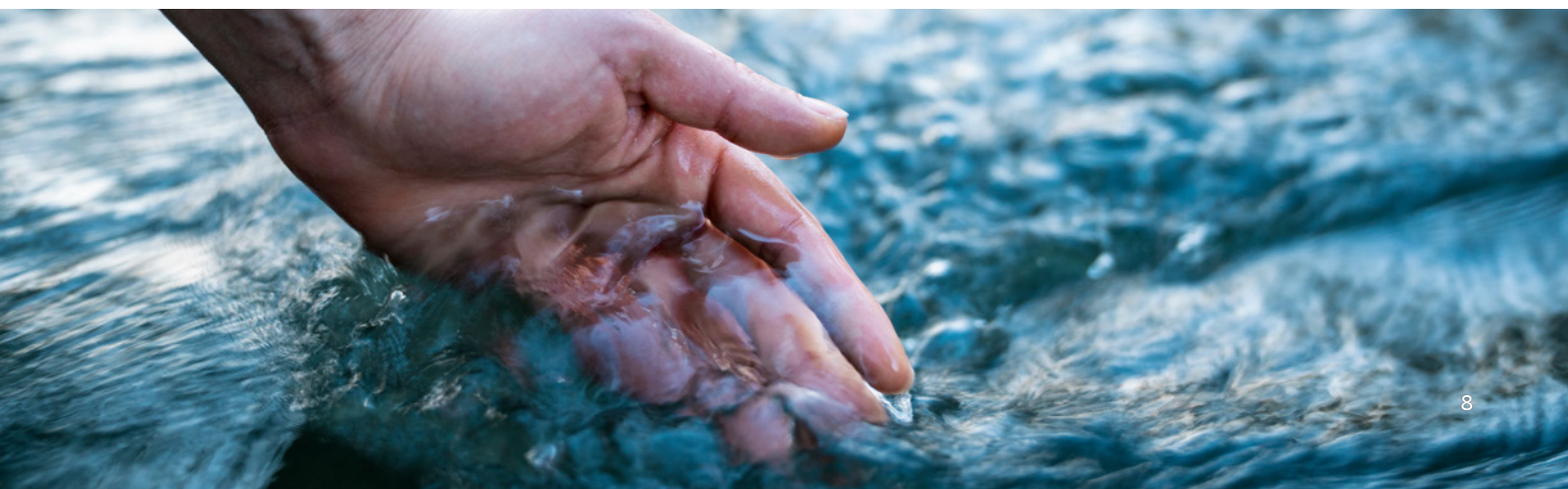
Late last year, we engaged with an automobile financing-solutions company to explore the impact of rising US interest rates on repayment trends and balancing flexibility with credit-risk assessment; the socioeconomic breakdown of its portfolio; and the use of AI technology for risk management and growth. The issuer noted that prepayment activity in subprime auto loans remained sluggish throughout 2024 due to higher interest rates, declining used car prices, and economic headwinds like inflation. On the second point, the issuer provided the information it was permitted to make available. While this detail was limited because of compliance/fair-lending reasons, we found it satisfactory. On the third point, the issuer noted that although it does not use AI per se, it has adopted machine learning tools to build credit models, as these are faster to build, test, and refresh than regression models. These new tools help determine the probability of default and the expected cumulative net loss if an account defaults. The issuer then uses these outputs to consider risk strategy and pricing decisions. Overall, this engagement was valuable and deepened our understanding of critical areas.

GOVERNANCE (G)

We engaged with the CFO and treasurer of a not-for-profit health care system with hospitals and medical clinics across the US. During our meeting, we sought an update on the management of labor shortages, an issue that has affected health care operators and their patients. Stress and burnout among providers have stretched facilities and presented risks to quality of care. Although the situation is improving, we remain engaged to ensure that management is taking the necessary steps to resolve shortages, invest in their workforce, and improve employee satisfaction. The issuer has improved relations with unions, implementing a rolling contract negotiation and renewal process. It has also reduced reliance on high-cost contract labor. We are pleased with efforts to improve labor relations and ensure quality patient care. The engagement facilitated a deeper understanding of systemic and idiosyncratic challenges facing health care providers and cemented our view of the issuer as a positive investment.

IMPACT (I)

In early 2024, we engaged with a development finance institution (DFI) to understand its approach to project financing, impact measurement and reporting, and the evolution of development loans. We discussed a report analyzing the implementation of its long-term strategic framework and questioned whether this format best assesses impact. We learned that the DFI uses the report to inform project design, identifying weaknesses with a specific project, for instance. This furthered our understanding of the issuer's project-assessment criteria, and exemplified how it aims to sustain impact over time. The DFI acknowledged that it would like to improve its harmonized impact reporting, as aggregated metrics to date only include GHG emissions avoided. We shared experiences with this process and offered to continue the dialogue. This engagement confirmed that the issuer demonstrates positive additionality in tackling environmental and social challenges. We also ascertained future investment and impact opportunities, offering further reassurance for project selection.

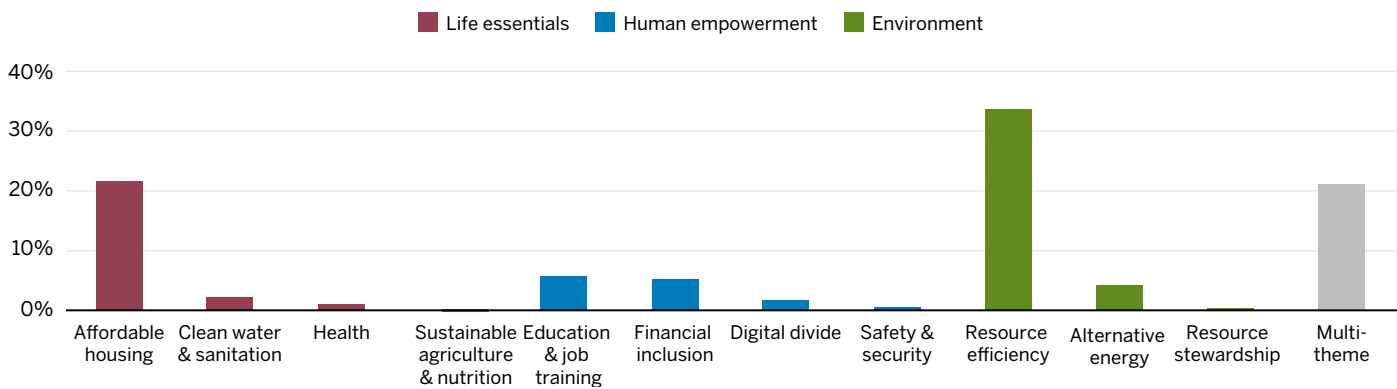


Thematic allocation and SDG alignment

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

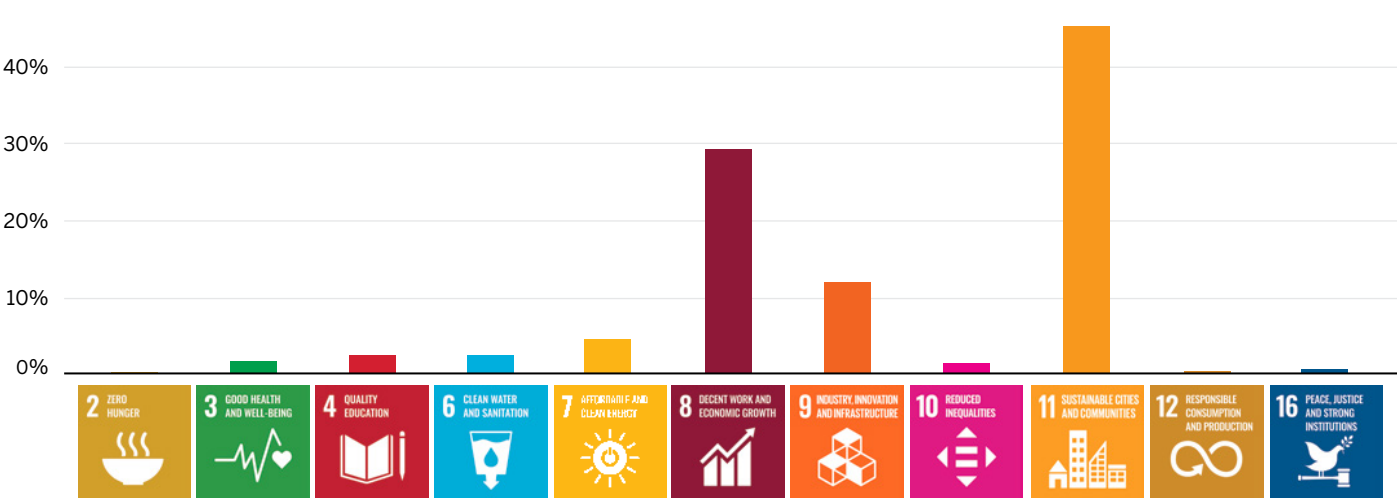
We invest in companies and issuers aligned directly with our proprietary impact themes and denote the relevant SDG and specific target(s) to which they contribute. We do this to better contextualize their activities alongside the efforts of other financial, government, and nongovernment organizations.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

2024 REPRESENTATIVE ACCOUNT EXPOSURES BY THEME (WEIGHT, %)



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

2024 PRIMARY SDG DISTRIBUTION (WEIGHT, %)



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

Labeled bonds: Insights and update

In 2024, labeled bond issuance surpassed US\$1 trillion for the fourth consecutive year, supported in large part by US\$625 billion in green bonds, this category's most successful year to date. Transition bond volumes also grew significantly, reaching a record US\$20.6 billion in issuance for the year.¹ A notable event in this category was the issuance of the world's first sovereign transition bond by the Japanese government. In all, we are encouraged by the expansion of the labeled bond market, which we believe plays a crucial role in channeling investment toward environmentally and socially responsible initiatives.

As of 31 December 2024, approximately half of the Global Impact Bond portfolio comprised labeled bonds, with the majority allocated to green projects (**Figure 1**). We anticipate that labeled bond issuance will continue to fund environmental projects, particularly in Europe. Europe's national net zero targets, in particular, will require significant funding over many years. These bonds fund projects that not only have a positive environmental impact, but we believe they can also meaningfully stimulate economic growth. For instance, the UK government's green bond allocation exceeded £11 billion in 2024, with more than one-third of the funding designated to eco-friendly transportation and the remainder to renewable energy, climate adaptation, and other environmental initiatives.² Most of these projects offer social benefits as well, including support for small- and medium-sized enterprises (SMEs) and green job creation throughout the UK.

To ensure that the labeled bonds we hold align with our materiality, additionality, and measurability impact criteria, we use a robust framework to assess their suitability. Wellington's proprietary labeled bond model enables us to evaluate published impact reports and map the use of proceeds (UoP) to International Capital Market Association (ICMA) categories (**Figure 2**). As in the prior year, in 2024, issuers primarily funded clean transportation, renewable energy, and green buildings. We anticipate that issuers will continue allocating funds to these projects as well as to energy-efficiency initiatives, given the increasing importance of net zero targets.

THE EVOLUTION OF THE EUROPEAN GREEN BOND STANDARD

Effective as of December 2024, the European Green Bond Standard (EuGB) aims to enhance the transparency and credibility of green bonds issued within the EU. The EuGB provides a voluntary label for bonds in which at least 85% of the UoP supports activities eligible under the EU Taxonomy, contribute substantially to one or more of the environmental objectives, and do no significant harm to any of the environmental objectives.³

While both the ICMA Green Bond Principles and the EuGB share fundamental aspects in UoP and reporting transparency, the EuGB is more stringent in terms of disclosure and impact assessment. Issuers adopting this label must adhere to comprehensive pre-issuance and post-issuance transparency standards, including the publication of a pre-issuance green bond factsheet and a third-party verified post-allocation impact report.⁴ We consider this enhancement to be a positive development for the asset class, as it promotes increased transparency and improves the comparability of impact performance among peers.⁵ However, the heightened disclosure requirements may pose challenges for some issuers, particularly those outside the EU. This hurdle could potentially deter them from issuing EU green bonds as a result.

FIGURE 1: BREAKDOWN OF LABELED BONDS HELD IN GLOBAL IMPACT BOND PORTFOLIO BY MARKET VALUE (%)

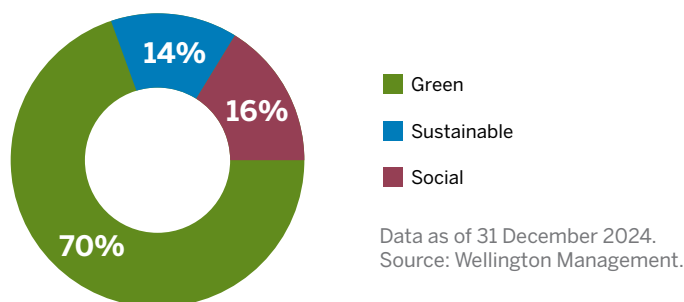


FIGURE 2: GLOBAL IMPACT BOND PORTFOLIO EXPOSURE TO ICMA CATEGORIES

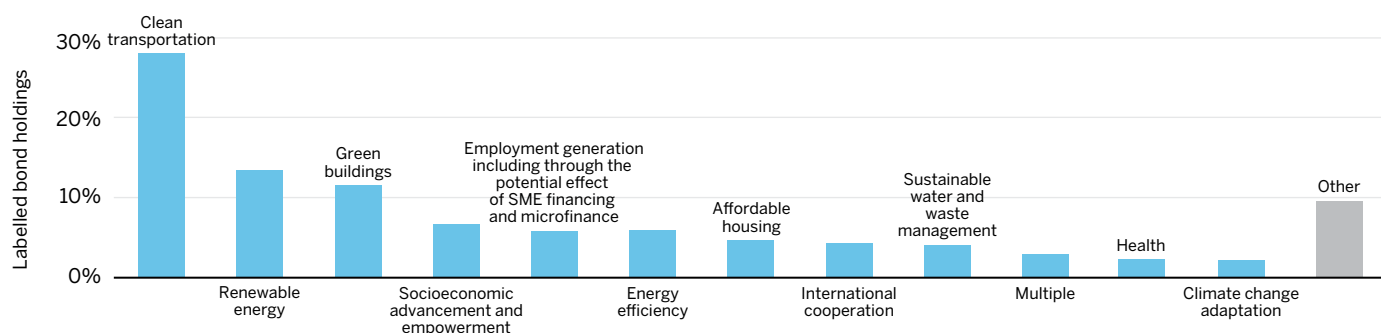


Chart data as of 31 December 2024. | Source: Wellington Management

¹"Sustainable Bonds Insight 2025," Environmental Finance, 2025. | ²"UK Government Green Financing: Allocation Report," gov.uk, 2024. |

³The EU taxonomy is a classification system that defines criteria for economic activities considered environmentally sustainable, helping direct investments toward projects that align with the EU's climate and environmental objectives. | ⁴"Here at last – the EU's gold standard in green bonds," Linklaters, 2023. | ⁵Sustainable Bonds Insight, op. cit.

Impact themes and investment spotlights



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

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

Learn more about our impact platform

[Impact themes](#)

[Impact measurement and management](#)

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

OUR IMPACT THEMES



LIFE ESSENTIALS

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



HUMAN EMPOWERMENT

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



ENVIRONMENT

- Alternative energy
- Resource efficiency
- Resource stewardship

IMPORTANT NOTE

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


Supporting impact worldwide

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

3
GOOD HEALTH AND WELL-BEING



Health
DexCom, Inc.

Produces continuous glucose monitors that can lower A1C and reduce hyper- and hypoglycemia in diabetic patients.

8
DECENT WORK AND ECONOMIC GROWTH


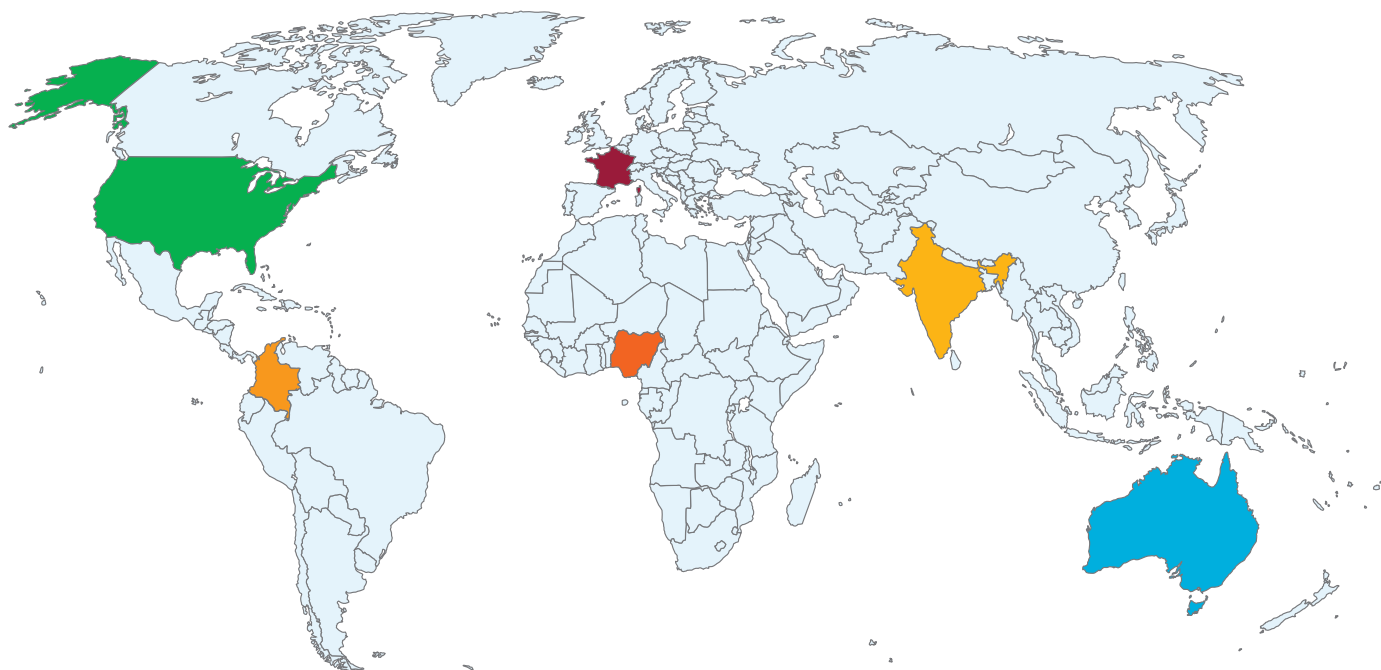
Financial inclusion
UNEDIC

Helps the unemployed in France reintegrate into the workforce with financial support and skill-development programs.

7
AFFORDABLE AND CLEAN ENERGY


Alternative energy
Greenko


Generates electricity from wind, solar, hydropower, and biomass, diversifying India's renewable energy mix.



11
SUSTAINABLE CITIES AND COMMUNITIES


Affordable housing
Sovereign social bond
Colombia Republic

Funds affordable housing for low- and moderate-income Colombians, enhancing their socioeconomic mobility.

9
INDUSTRY, INNOVATION AND INFRASTRUCTURE


Digital divide
IHS Holdings

Offers mobile telecom infrastructure across Africa, providing digital access to underserved consumers.

6
CLEAN WATER AND SANITATION


Clean water & sanitation
Sovereign green bond
Queensland Treasury

Strengthens regional drought defense; flood defense; and water storage, treatment, and desalination efforts.

Companies highlighted were selected based on representation of the provided impact theme as well as the country of risk associated with the company. Country of risk is based on factors including management location, country of primary listing, country of revenue, and reporting currency of the issuer. Country-of-risk information is provided by Bloomberg. Companies selected are for illustrative purposes only and reflect portfolio holdings as of 2024 year end.

THEME OVERVIEW

Affordable housing

SCALE | ACCESSIBILITY | RESOURCES

LIVING CONDITIONS

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

POVERTY REDUCTION

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

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

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

During 2024, the fixed income portfolio maintained substantial holdings in mortgage-backed securities issued by US government-sponsored enterprises, which support over 70% of the residential mortgage market in the US. We also allocated investments to debt issuances from leading financial institutions in Europe. In our view, these institutions excel in assisting customers throughout various life stages and in promoting the creation of affordable mortgage options.

¹"Housing," UN-Habitat. | ²Crystal Chen, "Annual Rent Report," Zumper, 2 March 2025. | ³"Family Food FYE 2023," UK government, 17 October 2024.



NatWest Group

IMPACT THEORY OF CHANGE

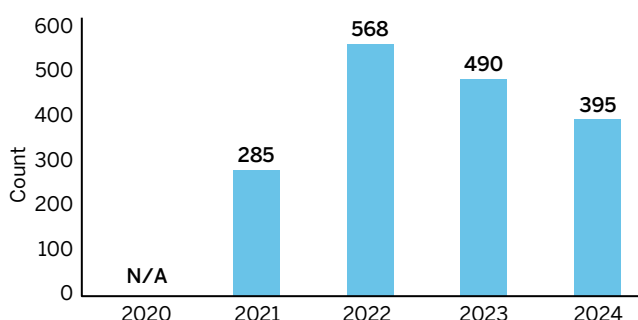
While demand for reasonably priced residential accommodation continues to grow in the UK, home prices and mortgage rates remain high, making it difficult for many citizens to afford or rent a home. The social bonds of NatWest, a leading UK-focused bank, provide loans to UK-registered housing associations, not-for-profit organizations that support the provision of affordable housing across the country. These associations play a critical role in enhancing access for low-income residents and marginalized communities.

FIVE DIMENSIONS OF IMPACT

What	Improving lives and communities by providing access to affordable housing
Who	Supporting 41 registered housing associations in the UK ¹
How much	Enabled housing associations to build or acquire 395 new housing units in 2024 ²
Contribution	More than 70% of housing associations' provisions focuses on homes that rent for about half the market rate and that are limited to rent increases by government ³
Risk	Execution: Maintaining a balance between quality and affordability of homes

PROGRESS OVER TIME OF CORE KPI

Affordable housing units provided



Source: "2024 Green, Social and Sustainability Bonds: Allocation and Impact Report," NatWest Group.

Year of initial investment: 2020

Three-year annualized change in core KPI: 11%

Assessment: Meets expectations



SDG ALIGNMENT

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

TARGET 11.1

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

QUALITATIVE ASSESSMENT

The dearth of affordable housing is a challenge across the UK. In England alone, almost 1.3 million households — an estimated 3 million people — were on the waiting list for social housing in 2023, the highest number since 2014.⁴ Yet between 2023 and 2024, England saw a net increase of social housing units of just 43,000, far below the number needed.⁵

Most of the proceeds from NatWest's social bond loans are for not-for-profit, UK-registered housing associations. These loans aim to reduce socioeconomic inequality through the provision of affordable housing, including social housing. In Scotland, the Scottish Borders Housing Association (SBHA) attracted 445 bids from prospective tenants for only 12 new homes it built in 2023. NatWest's funding supported SBHA's expansion plans to develop 300 affordable homes in southern Scotland by 2028.⁶

While increasing the number of available homes may not directly demonstrate the positive social outcomes from affordable housing, we believe that by supporting registered housing associations, the proceeds of NatWest's bonds support people with the greatest need. We appreciate the transparency and level of detail in NatWest's impact methodology in its allocation report.

ENGAGEMENT PRIORITIES

We recently engaged with NatWest to understand if it anticipates any internal policy changes in response to the evolving political environment. NatWest confirmed that it does not plan to alter its stance, as it continues to see value in expanding the affordable housing sector. We are eager to see how NatWest responds to the growing demands for affordable housing, particularly given the UK government's pledges to increase the supply of social housing.

¹"2024 Green, Social and Sustainability Bonds: Allocation and Impact Report," NatWest Group. | ²Ibid | ³Ibid. | ⁴"Social housing lettings in England, tenants: April 2022 – March 2023," UK government, updated 6 March 2024. | ⁵"Social landlords continue to build new homes, according to RSH statistics," Regulator of Social Housing, UK government, 29 October 2024. | ⁶"2023 Green, Social and Sustainability Bonds: Allocation and Impact Report," NatWest Group.

THEME OVERVIEW

Clean water & sanitation

QUANTITY | QUALITY | DISTRIBUTION

WATER SCARCITY

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

WATER SAFETY

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

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

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

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

In 2024, the fixed income portfolio added a municipal bond issuance from San Francisco, California, that will finance green bond projects initiated by the city's water and sewer authority. The authority has a history of supporting environmental initiatives, with the goal of collecting, treating, and discarding sewage and stormwater. These projects support the city's environmental goals and help enhance quality of life for residents, in our view. The portfolio also maintained a position in a Brazilian water utility, as well as green bond holdings in Canadian and Australian local authorities. These issuers have allocated the bond's proceeds to enhance water infrastructure, resulting in improved water quality and reduced water consumption.

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



IMPACT THEORY OF CHANGE

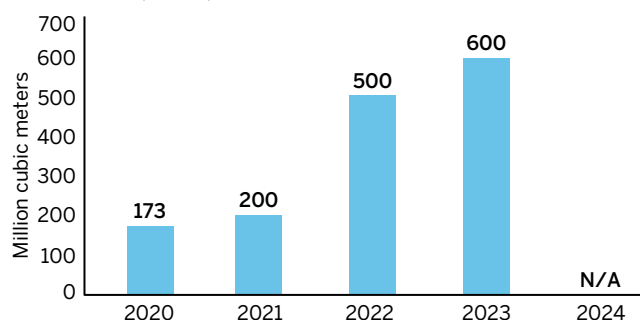
Aegea is the largest private sanitation company in Brazil. It manages the entire water cycle through concessions and public-private partnerships (PPPs), from intake and supply to sewage collection and treatment across the country. Aegea addresses water pollution and mitigates the risk of waterborne diseases caused by sewage and unsafe drinking water. Investing in Aegea can lead to environmental and social improvements, including ecosystem and public health enhancement for local communities.

FIVE DIMENSIONS OF IMPACT

What	Enhanced water quality and access via water and sewage sanitation services
Who	Served over 31 million people across 15 states of Brazil, representing around 15% of the country's population ¹
How much	In 2023, Aegea treated approximately 600 million cubic meters of sewage, equal to over 200,000 Olympic-sized swimming pools ²
Contribution	Aegea is Brazil's leading private provider of basic sanitation services, with a 56% market share ³
Risk	External: Climate-related issues may still occur

PROGRESS OVER TIME OF CORE KPI

Water treated, saved, or reused



Source: "2023 Sustainability Report," Aegea.

Year of initial investment: 2022

Three-year annualized change in core KPI: 51%

Assessment: Exceeds expectations



SDG ALIGNMENT

Ensure availability and sustainable management of water and sanitation for all

TARGET 6.3

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

QUALITATIVE ASSESSMENT

Approximately 44% of Brazil's population lacks access to basic sanitation, leading to widespread water pollution and increased prevalence of waterborne diseases. This situation exacerbates social inequalities and impedes sustainable development. Aegea is addressing these issues by expanding sewage infrastructure and services. As of 2023, Aegea served more than 31 million individuals, up nearly 180% from 2020, with growth due to acquisitions and tenders totaling US\$750 million.⁴ One significant acquisition is Corsan, a company that has served nearly six million historically underserved people. Aegea anticipates substantial growth in clean water access through its services.⁵

In April 2022, Aegea became the first Brazilian sanitation company to issue sustainability-linked bonds (SLBs). The SLB we hold includes three KPIs, including reducing energy consumption from water and sewage treatment between 2021 and 2030 by 15%.⁶ Reducing electricity consumption can lead to lower GHG emissions. We also recognize Aegea's ambitious commitments to increase access to drinking water to 99% of Brazil's population and provide adequate sanitation to 90% of people within its operational area.⁷

ENGAGEMENT PRIORITIES

In late 2023, we engaged with Aegea to focus on water management and capital expenditures. We were reassured that Aegea prioritizes water management through investments in water-loss-reduction initiatives and ambitious targets to bring water losses below the national average. We learned that the bulk of the company's capex is allocated toward expanding sewage networks. While we are pleased with Aegea's impact, we want to understand how it calculates the water volume treated and the number of people served.

¹"2023 Sustainability Report," Aegea. | ²Ibid. | ³Ibid. | ⁴"2023 Socio-Environmental Report," Aegea. | ⁵Sustainability Report, op. cit. | ⁶Ibid. | ⁷Ibid.

THEME OVERVIEW

Digital divide

INFORMATION ACCESS | COMMUNICATIONS INFRASTRUCTURE

ONLINE ACCESS

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

AFFORDABILITY

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

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

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

In 2024, the fixed income portfolio pursued investment opportunities in telecommunication issuers across Africa, Europe, and Latin America, focusing on those with significant footprints in underserved rural areas. By providing telecommunications infrastructure and technological upgrades, these issuers help bridge the digital divide within their regions, fostering social inclusion, reducing structural inequality, and creating pathways for economic empowerment. Additionally, we continued our investment in a US internet-domain registrar that generates a substantial portion of its revenue by helping small businesses establish an online presence. This investment underscores our commitment to supporting enterprises that drive digital accessibility and economic growth.

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



Africell

IMPACT THEORY OF CHANGE

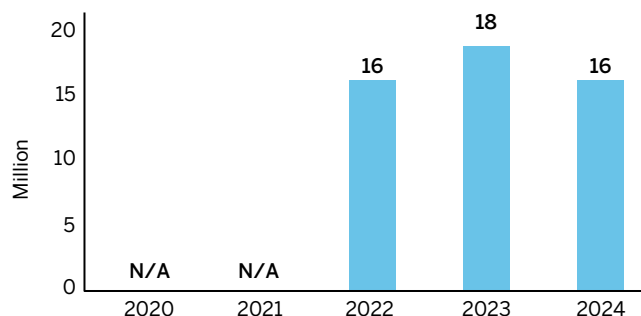
Africell offers a range of telecommunication services in Sub-Saharan Africa, including retail mobile, broadband internet, and mobile financial services. As a dominant player in the countries where it operates, Africell helps regions that still grapple with insufficient digital coverage and accessibility by expanding access to mobile telecommunications services, which can ultimately improve education and financial opportunities.

FIVE DIMENSIONS OF IMPACT

What	Connecting the unconnected and underserved to digital services
Who	Providing telecommunication services to four countries in Africa ¹
How much	Connected 16 million customers in 2024 ²
Contribution	Leading telecommunication provider, fostering digital inclusion for many underserved customers
Risk	Execution: Overcoming awareness and affordability challenges to provide high-quality network services to those who can access it

PROGRESS OVER TIME OF CORE KPI

Number of emerging markets customers provided with digital access



Source: "2024 Impact Report," Africell.

Year of initial investment: 2024

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

Assessment: Meets expectations



SDG ALIGNMENT

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

TARGET 9.C

Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020

QUALITATIVE ASSESSMENT

While high-quality, affordable mobile telecommunications networks are crucial for socioeconomic development and empowerment, gaps in internet speed and data availability persist. In 2023, median fixed and mobile broadband speeds were 10 and 5 times faster, respectively, in high-income countries than in low-income countries.³

Africell provides fast, reliable mobile network coverage and related technology services in The Gambia and Sierra Leone, where its market share is above 50%, and in the growth markets of Angola and the Democratic Republic of Congo.⁴ On average, only 78% of the population in Africell's operating countries is covered by at least a 3G mobile network, significantly below peer countries.⁵ With its leading position in these underserved regions, Africell plays a crucial role in closing the digital divide. The company has identified country-specific actions, including increasing the number of live and 4G tower sites and expanding into more provinces.

We are encouraged by the number of Africell's customers, which the company aims to increase to between 20 and 22 million by 2026.⁶ The slight decrease in 2024 is likely due to an industry-wide reporting correction in Sierra Leone. We appreciate the transparency of Africell's reporting, particularly on specific projects to close the digital divide and actions taken to ensure both high quality and affordability. By keeping data bundles affordable, the company can help ensure customer retention during periods of high inflation.⁷

ENGAGEMENT PRIORITIES

During the third quarter of 2024, we engaged with Africell to gain more insight into its consideration of certain ESG topics, including biodiversity, hazardous waste, gender pay gaps, and gender diversity on its board. Overall, we were satisfied with Africell's stated progress on these issues. As a new addition to the portfolio, we look forward to seeing this issuer increase our core KPI and progress on the topics highlighted above.

¹"2024 Impact Report," Africell. | ²Ibid. | ³"Digital Progress and Trends Report 2023," World Bank. | ⁴"Development Assessment Report 2024," Africell. | ⁵"Mobile network coverage," Facts and Figures 2024, ITU. | ⁶Development Assessment, op. cit. | ⁷"Africell slashes data prices by 60%," The Standard, 22 April 2025.

THEME OVERVIEW

Education & job training

REMOTE ACCESS | IMPROVING FINANCIAL FUTURES

SCHOOL STAFFING

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

EARNING POTENTIAL

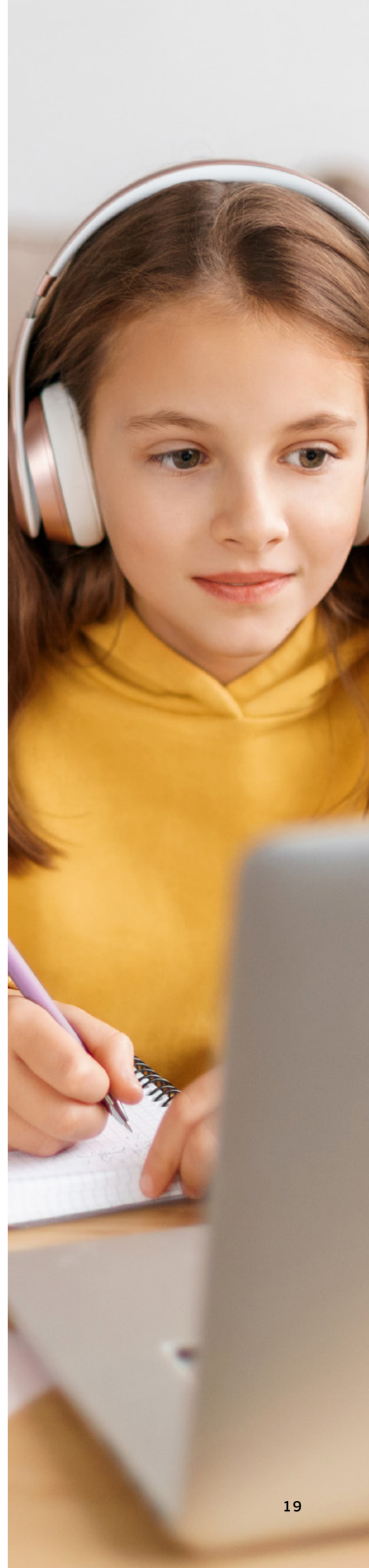
Every extra year of schooling can increase hourly earnings by 10%.²

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

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

In 2024, the fixed income portfolio identified opportunities to add labeled bonds from US higher education institutions. We carefully evaluated these institutions using our university framework and recognized them for their ability to create meaningful opportunities for low-income students, support their successful course completion, and generate economic benefits as they enter the workforce. Investing in these institutions not only directly enhances the lives of enrolled students but also contributes to the improvement of educational facilities and the development of essential campus infrastructure. We also continued to invest in a leading for-profit health care educator and a global technology company domiciled in Japan that operates job matching and hiring platforms. By simplifying the employment recruitment process, the company's technology and services are lowering barriers to employment, including for candidates from traditionally disadvantaged backgrounds.

¹"Public School Leaders Reports Suggest No Overall Change in the Number of Teaching Positions Since Last School Year," National Center for Education Statistics, 12 December 2024. | ²"Education Overview: Development news, research, data," World Bank, updated 22 April 2025. | ³"251 million children still out of school worldwide, UNESCO reports," UN News, 31 October 2024.



Government of Mexico

IMPACT THEORY OF CHANGE

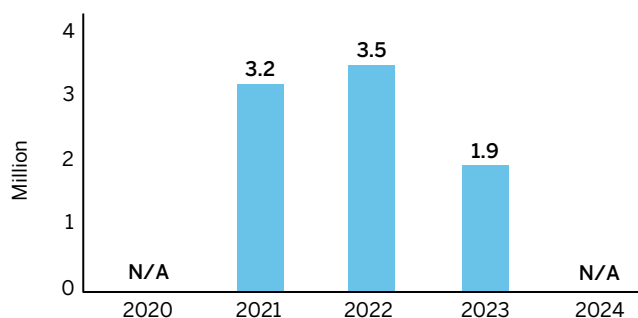
The Government of Mexico created sustainable bonds to identify national opportunities to support the SDGs. While these bonds' proceeds are mainly allocated to improving educational access and quality, Mexico recognizes that achieving the SDGs requires a comprehensive approach, encompassing many environmental and social dimensions.

FIVE DIMENSIONS OF IMPACT

What	Identify and support opportunities in Mexico that align with and drive progress toward SDGs
Who	Funds allocated to 44 national programs that aim to close socioeconomic gaps, with a focus on access to education and addressing the effects of climate change ¹
How much	Almost 2 million students and teaching staff benefited from scholarships or grants in 2023 ²
Contribution	In 2023, more than 90% of proceeds for social impact were allocated to regions of Mexico categorized as having high or very high levels of social inequality ³
Risk	Efficiency: Ensuring efficient allocation of funds to projects that optimize social or environmental outcomes

PROGRESS OVER TIME OF CORE KPI

Number of students and teaching staff benefitted from scholarships or grants



Source: "Allocation & Impact Report 2024: Mexico's SDG Bonds," Secretaría de Hacienda y Crédito Público, 2024. | ²Ibid. | ³"SDG Sovereign Bond Framework," Secretaría de Hacienda y Crédito Público. |

Year of initial investment: 2020

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

Assessment: Meets expectations

¹"Allocation & Impact Report 2024: Mexico's SDG Bonds," Secretaría de Hacienda y Crédito Público, 2024. | ²Ibid. | ³"SDG Sovereign Bond Framework," Secretaría de Hacienda y Crédito Público. |

⁴"Sustainable Development Report: Mexico," sdgindex.org. |

⁵Allocation & Impact report, op. cit..



SDG ALIGNMENT

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

TARGET 4.4

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

QUALITATIVE ASSESSMENT

Given insufficient public investment in SDG achievement, thematic bonds linked to sustainable development increase resources allocated to addressing the goals by 2030. Successful execution requires transparent project-selection mechanisms, as well as transparency to monitor and validate results.

Mexico partnered with the United Nations Development Programme (UNDP) to develop the framework for its SDG bonds, ensuring alignment with best practices. The bonds enhance national budget transparency and accountability by linking expenditures to specific SDGs, allowing the Mexican government to pinpoint eligible projects that support its fulfillment of the most pressing SDGs.⁴ Since the first issuance in 2020, Mexico has allocated the most funding to SDG 4, Quality Education, an area in which it struggles.

A unique feature of Mexico's SDG bond framework is the Social Gap Index, a geographic layer intended to prioritize vulnerable populations in landlocked and/or disadvantaged areas. For progress on SDG 4, this tool helps reduce educational disparities and ensure that all students receive quality education regardless of their background or geographic location.

While our core KPI decreased in 2023, other KPIs, including educational materials distributed and financial support to educational centers, increased. We appreciate the transparency in the government's impact report, especially regarding regional allocation and social index categories. We believe the fact that as of 2023, approximately 33% of sustainable instruments in Mexico were sovereign SDG bonds underscores their increasing effectiveness since the first issuance in 2020.⁵

ENGAGEMENT PRIORITIES

As part of future engagements, we would like to gain further insights into the different educational outcomes achieved from the bond proceeds allocated to the education theme. Additionally, we would like to understand the government's process for selection of individual projects and its framework that supports this process.

THEME OVERVIEW

Financial inclusion

FINANCIAL TECHNOLOGY | ACCESS TO CAPITAL

DIGITAL PAYMENTS

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

EMPLOYMENT

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

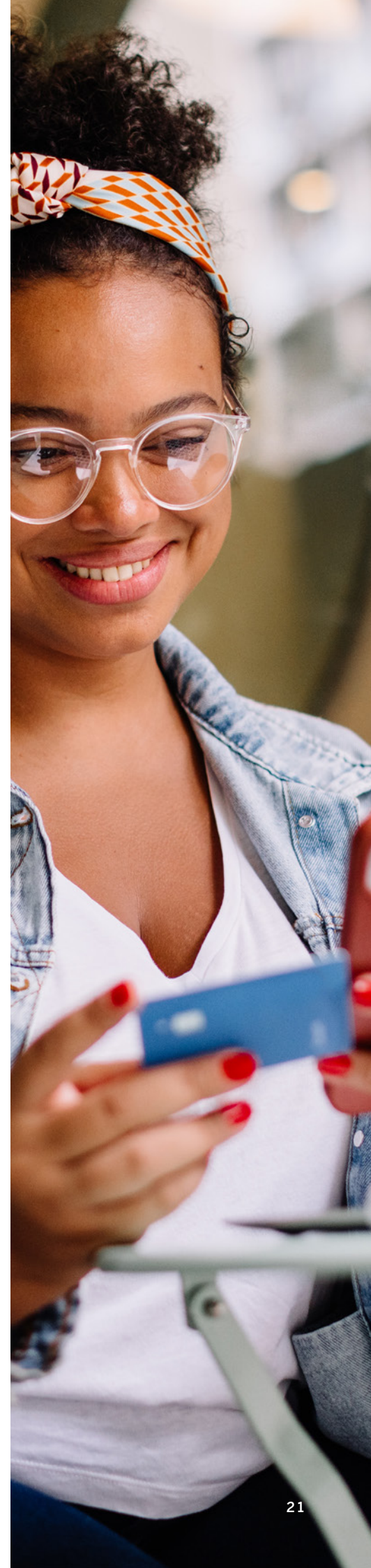
Enhancing financial inclusion can improve economic resilience for households and small businesses, promote wealth and job creation, and increase socioeconomic equality. Even in developed economies with robust financial infrastructure, consumers are not served equally by financial institutions. In the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

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

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

In 2024, the fixed income portfolio added a new issuance from a company committed to providing financial opportunities for individuals often overlooked by traditional lenders. Focused on automobile loans, this issuer supports customers in improving their credit scores, enabling them to secure lower borrowing rates in the future. Additionally, the portfolio initiated a position in an issuer operating across five US states, specializing in financial services for the agricultural sector. Farmers and ranchers have historically struggled to access traditional financial services and credit, and this issuer enhances the well-being of rural communities while strengthening the agricultural industry. The portfolio also maintains holdings in issuances from various national, commercial, and multilateral development banks.

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



CoBank

IMPACT THEORY OF CHANGE

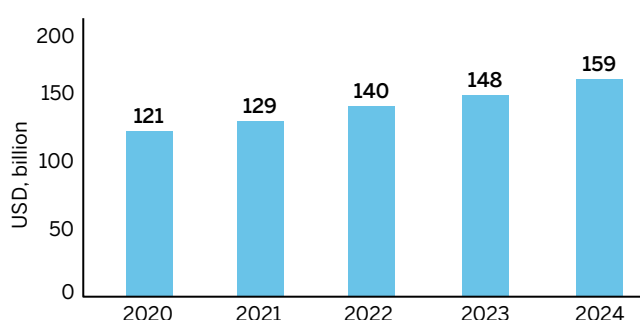
CoBank is a leading provider of debt capital to the US rural economy.¹ By addressing the borrowing needs of consumers in US agricultural and rural areas, the company promotes economic growth and financial inclusion. Beyond serving its direct retail borrowers, CoBank operates as a wholesale financing provider to Farm Credit associations, which in turn extend credit to farmers and ranchers. We believe investing in banks that promote financial inclusion can have a lasting impact on wealth creation and socioeconomic mobility for individuals and communities.

FIVE DIMENSIONS OF IMPACT

What	Provides financial access to underserved rural communities, contributing to economic empowerment
Who	Serves over 77,000 farmers throughout US mainland and Puerto Rico ²
How much	In 2024, the total outstanding loans exceeded US\$158 billion ³
Contribution	Largest provider of debt capital to rural US customers ⁴
Risk	Execution: Providing customers with transparent, comprehensible products to prevent unfair treatment

PROGRESS OVER TIME OF CORE KPI

Volume of lending



Source: "Annual report," CoBank, February 2025.

Year of initial investment: 2024

Three-year annualized change in core KPI: 7%

Assessment: Meets expectations

¹"Farm Credit System," CoBank. | ²Ibid. | ³"CoBank Report 2024 Year-end Financial Results," CoBank, 2024. | ⁴Farm Credit System, op. cit. | ⁵"Ag and Food Sectors and the Economy," U.S. Department of Agriculture, 2023. | ⁶"2024 Kansas Farm Facts," Kansas Department of Agriculture, 2024. | ⁷"2024 Annual Report," CoBank. | ⁸CoBank Report 2024, op. cit.



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

QUALITATIVE ASSESSMENT

Although more than 10% of US workers work in the agricultural and food sectors, rural economies are often excluded from traditional banking services, leaving many communities in "banking deserts."⁵ As a member of the Farm Credit System, a national network of cooperatively owned financial service providers, CoBank can help narrow this gap, improve financial well-being, and expand economic opportunities for millions of low-income customers. CoBank's mission is to support rural communities and agriculture throughout the US mainland and Puerto Rico.

The bank serves underserved rural communities through three primary segments: agribusiness, farm credit banking, and rural infrastructure. Over half of its total loan portfolio is dedicated to its banking segment, which provides funding to 16 affiliated farm credit associations nationwide. Its collaborative relationship is crucial for the local community of High Plains, Kansas, for example, where more than 55,000 farms operate with a total market value of livestock and crops of approximately US\$24 billion.⁶ Through associations like this one, CoBank indirectly supports more than 77,000 farmers and other rural borrowers across 23 states.⁷

We are impressed with CoBank's overall impact performance. In 2024, it had US\$158.9 billion in total loans outstanding, with average loan amounts reaching historically high levels.⁸ Despite the uncertainty of fluctuating commodity prices, we remain confident that CoBank will continue to play a crucial role in fostering economic growth and stability in rural communities across the US.

ENGAGEMENT PRIORITIES

We intend to use future engagements to evaluate the bank's risk profile amid global economic volatility and recession risks. We are keen to understand the issuer's perspective on the effects of tariff policies on the US agriculture and rural infrastructure sectors. To fully appreciate the bank's positive contributions to rural communities, we seek additional insights into how it has facilitated financial inclusion and social mobility within these areas, including KPIs to measure these impacts.

THEME OVERVIEW

Alternative energy

RENEWABLE ENERGY GENERATION | STORAGE AND DISTRIBUTION

GHG EMISSIONS

Electricity accounts for 28% of annual GHG emissions.¹

LOW-CARBON ELECTRICITY

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

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

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

Throughout 2024, green bond issuances by renewable energy companies were a significant addition to our fixed income impact portfolio, particularly those financing solar projects. We have observed issuers dedicated to promoting sustainable energy solutions and supporting global efforts to combat climate change, which aligns with our impact thesis for alternative energy. Additionally, labeled bonds issued by financial institutions remain a crucial component of our portfolio within the alternative energy theme, as we believe that financing renewable energy projects will play a pivotal role in advancing the energy transition.

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



FS Agrisolutions

IMPACT THEORY OF CHANGE

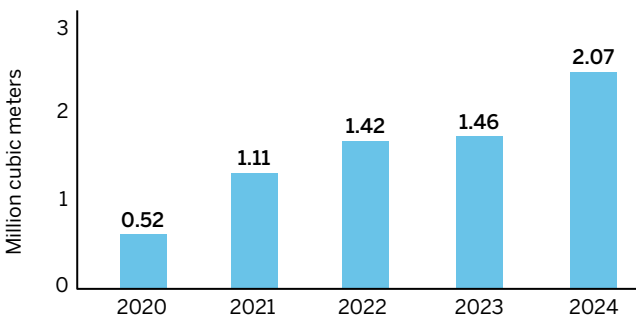
FS Agrisolutions (FS), a leading ethanol producer in Brazil, contributes to the country's clean energy transition. Its corn-based biofuel has lower life-cycle emissions than fossil fuels and reduces the negative economic effects of fluctuating fossil fuel prices in Brazil.¹ Since 2020, FS has issued green bonds for biofuel production and is implementing carbon-capture technology to further reduce emissions across its value chain.²

FIVE DIMENSIONS OF IMPACT

What	Climate mitigation and resilience through investments in biofuel
Who	People and the planet through the decarbonization of global energy supply, particularly in Brazil
How much	Sold more than 2 million cubic meters of ethanol in 2024 ³
Contribution	A leading Brazilian ethanol producer, responsible for almost 6% of the nation's total output ⁴
Risk	Evidence: Complex value chain may lead to buying crops from suppliers contributing to deforestation and biodiversity loss

PROGRESS OVER TIME OF CORE KPI

Volume of ethanol sold



Source: "Earnings Release," FS Agrisolutions, July 2024.

Year of initial investment: 2020

Three-year annualized change in core KPI: 23%

Assessment: Exceeds expectations



SDG ALIGNMENT

Affordable and clean energy

TARGET 7.2

By 2030, increase substantially the share of renewable energy in the global energy mix

QUALITATIVE ASSESSMENT

The transportation sector accounts for 24% of global GHG emissions, with road vehicles responsible for nearly three-quarters of this.⁵ Biofuels play a crucial role in reducing emissions. Brazil has mandated a minimum of 27% ethanol in gasoline under its National Alcohol Program (Proálcool).⁶

FS is a leading producer of anhydrous and hydrated ethanol in Brazil. In the 2023/24 crop year, FS produced 2.1 billion liters of ethanol, nearly 6% of the nation's output. The company aims to avoid 31.7 million tons of CO₂ by 2030 through initiatives like Bio-Energy with Carbon Capture and Storage (BECCS) technology. Its Lucas do Rio Verde plant has the potential to store 12 million tons of CO₂ over 30 years. Upon the project's completion in 2026, the ethanol produced will potentially have a negative carbon footprint.⁷

The issuance of 11 green bonds that have raised US\$500 million support FS's growth in ethanol production and BECCS technology. According to its 2023/24 impact bond review, FS's ethanol emitted 77% fewer emissions than fossil fuels.⁸ We recognize the negative externalities of biofuel production, including land-use changes. The conversion of natural ecosystems to agricultural land can negatively impact biodiversity through habitat loss. We will continue to monitor the company's efforts to mitigate these risks as well as food security concerns and other social impacts.

ENGAGEMENT PRIORITIES

Following our engagement in 2024, we were encouraged by FS's expansion strategy, particularly the implementation of BECCS technology at the Lucas do Rio Verde facility. Our focus is to quantify emissions avoided through the issuer's green bonds. Because we held one of these bonds as of 31 December 2024, we are seeking data on the annual emissions avoided achieved through biofuel production since 2020, highlighting ethanol's role in climate-change mitigation.

¹Sustainability Report 2023/24,"FS Agrisolutions Indústria de Biocombustíveis, Ltda. | ²"Annual Review," FS Agrisolutions, 31 August 2024. |

³Sustainability Report 2023/24, op. cit. | ⁴Erin Veogele, "Brazil produces record 9.73 billion gallons of ethanol in 2024," Ethanol Produce Magazine, 6 February 2025. | ⁵"FS Green Bond Framework," FS, July 2021. | ⁶"Status of biofuels policies and market deployment in Brazil, Canada, Germany, Sweden and the United States," IEA Bioenergy, 2023. | ⁷Sustainability Report 2023/24, op. cit. | ⁸Ibid.

Important disclosures

ABOUT THIS REPORT

Data provided is as of 31 December 2024. The views expressed herein are those of the author(s), are based on available information, and are subject to change without notice. Individual portfolio management teams may hold different views and may make different investment decisions for different clients. The material and/or its contents are current as of 31 December 2024. Forward-looking statements or estimates may be made. Actual results and occurrences may vary significantly. Certain data provided is that of a third party. While data is believed to be reliable, no assurance is being provided as to its accuracy or completeness.

Wellington's Impact Investing Team determines the goals and targets that, in our view, each portfolio company is aligned with. Language for the goals and targets has been abbreviated, but not otherwise altered, from UN.org. Wellington Management supports the Sustainable Development Goals. These are not to be construed as a recommendation of any of the specific securities presented or indicative of their past or future performance. Investment examples are based on holdings of the representative account from 1 January to 31 December 2024. For Global Impact, the representative account shown became effective on 1 September 2017 because it was the least restrictive account at the time of selection. Each client account is individually managed; individual holdings will vary for each account and there is no guarantee that a particular account will have the same characteristics as described.

Company examples are for illustrative purposes only, are not representative of all investments made by the portfolio and should not be interpreted as a recommendation or advice. Portfolio spotlight examples are based on nonperformance criteria.

- Holding was largest by contribution to duration times spread (CTDTS) in the theme in the portfolio as of 31 December 2024: FS Agrisolutions; Aegea; Africell Holding; Government of Mexico; CoBank
- For the affordable housing theme, the top contributors to CTDTS in the theme in the portfolio as of 31 December 2024 have either been highlighted in previous reports or closely resemble past spotlights.

Among the remaining top 10 contributors, NatWest was selected as the most suitable given the availability of data and ease of understanding.

The KPIs shown for each company have been developed by Wellington. These metrics are proprietary to Wellington and are used to assess a company's progress toward its particular business objectives. Company information is from multiple sources including the following: annual and quarterly reports;

industry research pieces; company websites; press releases; case studies; and company engagements. Only holdings that had applicable and available KPI data were included. In cases where the 2024 data was not available at the time of publication, we used 2023 or the nearest to 2024 data.

BlueMark verification

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

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

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

The verification was made on 7 March 2025. Wellington provided BlueMark with the relevant supporting documentation for the policies, processes, and tools related to the IM system. The scope of BlueMark's work was limited to processes in place between February and March 2025.

BlueMark's verification does not constitute either an endorsement of the client's practices or a verification of the resulting impacts achieved.

The verification may not be representative of any one client's experience. The verification is not indicative of Wellington Management's future performance. Past performance is no guarantee of future results.

Important disclosures

continued

INVESTMENT RISKS

All investing involves risk. If an investor is in any doubt as to the suitability of an investment, they should consult an independent financial 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 risk: An environmental, social, or governance event or condition that, if it occurs, could have an actual or potential material negative impact on the value of an investment.

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