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# INVESTING FOR IMPACT

HOW INSIGHT ASSESSES CORPORATE, SOVEREIGN AND SUPRANATIONAL DEBT

FEBRUARY 2026





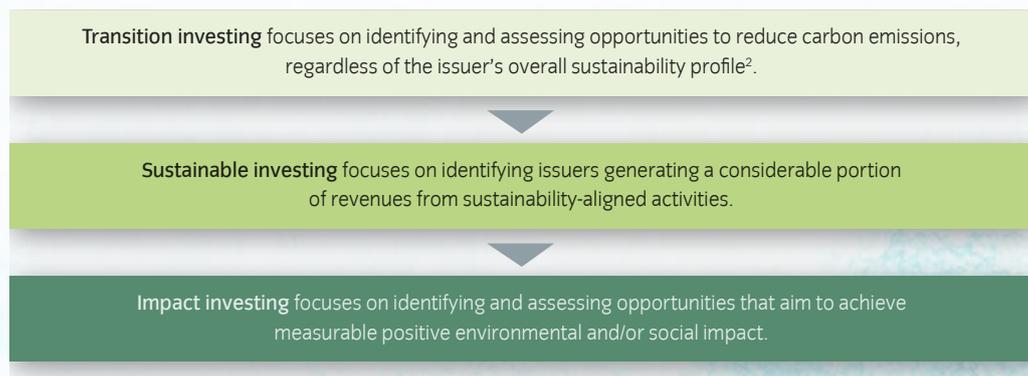
## WHY CONSIDER INVESTING FOR IMPACT IN FIXED INCOME MARKETS?

For investors seeking to tackle challenges such as climate change, loss of biodiversity and socioeconomic inequality, impact investing is an approach that deliberately aims to achieve measurable positive outcomes relevant to addressing these issues alongside financial returns. The impact investing market has grown substantially: by 2024 it stood at US\$1.6 trillion in assets under management, representing a 21% average annual growth rate since 2019<sup>1</sup>.

Although private debt and equity instruments, typically involving longer timeframes and closer involvement, make up most of this market, public market investments also play a large role. They can help impact to be scaled across a wider range of sectors and regions, often within shorter time periods than private instruments, and with greater liquidity.

Investing for impact is distinct from other forms of sustainable investment. Such approaches have evolved considerably in recent years, helped by regulators setting expectations (such as labelling rules in the UK's Sustainability Disclosure Requirements and product categorisation requirements expected in the next iteration of the EU Sustainable Finance Disclosure Regulation) as well as industry guidance from organisations (such as the Global Impact Investing Network).

These developments have created clearer distinctions between impact investing, sustainable investing and transition investing. We set out our broad definitions below.



This document describes an approach adopted by Insight Investment Management (Global) Limited. Our role is to support our clients in meeting their investment objectives. We aim to do so by overseeing our clients' capital in a responsible manner, and by creating value for our clients as specified in our agreements with them. Our activity will be consistent with regulatory requirements and with the investment mandates and terms agreed with our clients. Any exclusions applied by us are subject to our investment mandate with the client and this report will not amend any client contract or product documentation. When acting for our clients, we act in a way consistent with our fiduciary obligations. We conduct stewardship activity in the form of engagement with entities to inform our understanding of issuers, and to encourage them to manage and mitigate risks more effectively where we believe action is warranted to protect the value of our clients' investments. For further details, please refer to our Stewardship Policy.

<sup>1</sup> [State of the Market: Trends, Performance and Allocations](#) (PDF), October 2025, Global Impact Investing Network (GIIN); [Sizing the Impact Investing Market 2024](#) (PDF), October 2024, GIIN.

<sup>2</sup> [Transition investing: a new pillar in sustainable finance](#), 23 January 2025, Insight Investment.

# INSIGHT'S APPROACH TO IMPACT IN FIXED INCOME

A cornerstone of our approach to credible impact investing is a 'theory of change' that details a pathway for how an investor believes investments can make a difference, identifies the steps to achieve those results, and sets clear indicators to monitor progress.

## INSIGHT'S APPROACH TO A THEORY OF CHANGE

Investing directly in sustainable projects or activities via impact use-of-proceeds bonds or impact issuers can help reduce barriers to achieving and advance progress towards the UN Sustainable Development Goals. Channelling capital towards an issuer to invest in such projects or activities may in some cases lower the issuer's future cost of borrowing on relevant debt, which could incentivise further innovation to create positive environmental and social outcomes.

By connecting this plan to widely recognised global priorities, investors can make sure their efforts are focused, intentional and relevant. Insight uses two frameworks to inform and categorise its assessment of how debt issuers and issuance pursue a positive impact: the UN Sustainable Development Goals (SDGs) and the EU Taxonomy.

- **The 17 UN Sustainable Development Goals (SDGs)**, launched in 2017<sup>3</sup>, are global objectives and indicators covering three key dimensions of sustainable development – economic, social and environmental – to track progress towards the UN's 2030 Agenda for Sustainable Development<sup>4</sup>.
- **The six environmental objectives of the EU Taxonomy Regulation**, introduced over 2021 to 2023, set out six categories of economic activity which might be considered environmentally sustainable under the Regulation<sup>5</sup>. For activity to qualify as such under the Taxonomy, it must contribute substantially to one of the six objectives, and not significantly harm any of the other objectives.

Insight categorises most of the 17 SDGs and the EU taxonomy objectives as relevant to one of three themes: People, Planet or Prosperity (see Figure 1).

Figure 1: How Insight categorises the UN SDGs and the EU Taxonomy environmental objectives



<sup>3</sup> THE 17 GOALS, UN Department of Economic and Social Affairs.

<sup>4</sup> Transforming our world: the 2030 Agenda for Sustainable Development, UN Department of Economic and Social Affairs.

<sup>5</sup> EU Taxonomy Navigator, European Commission.

## IMPACT INVESTMENT IN PRACTICE: IMPACT BONDS AND IMPACT ISSUERS

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In fixed income markets, the majority of impact opportunities are available via use-of-proceeds bonds (also known as impact bonds or ESG-labelled bonds). These 'use of proceeds' instruments, such as green bonds, set out environmental or social projects that are eligible to be financed.

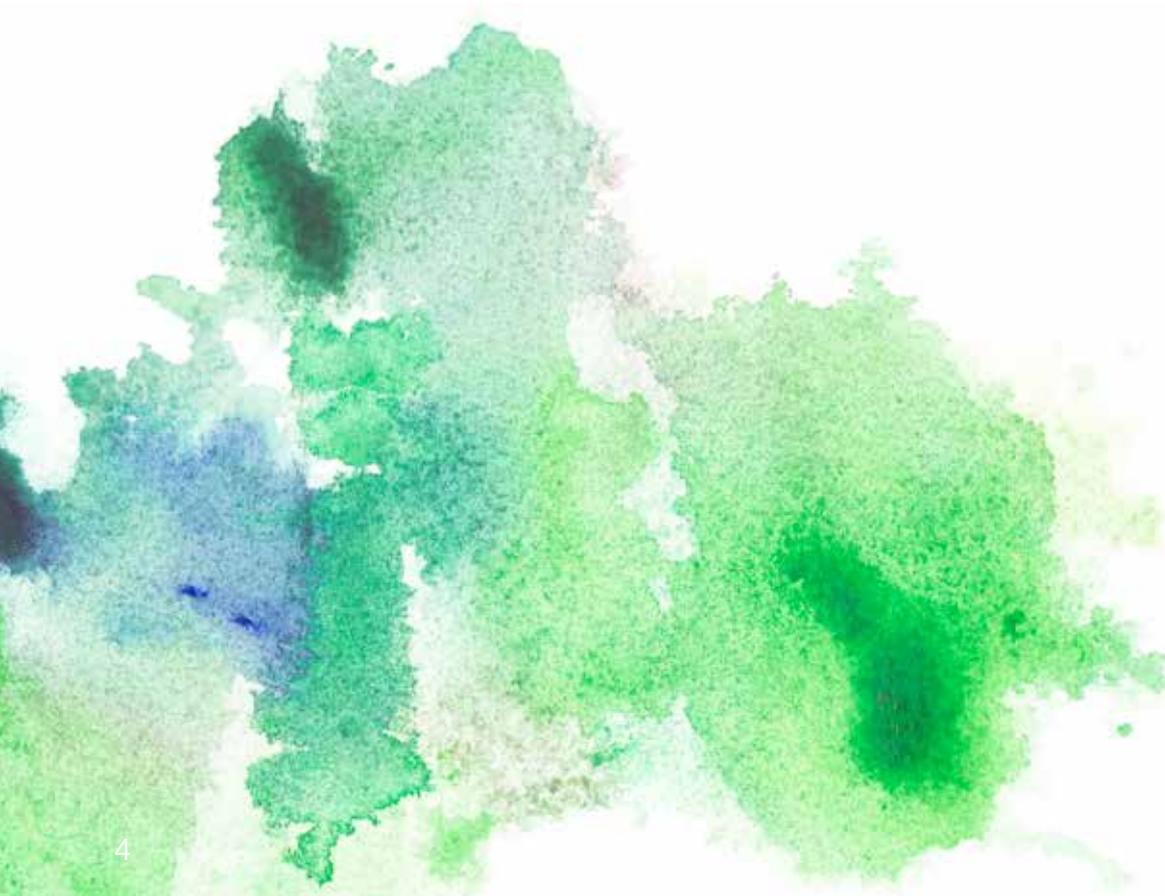
This market is evolving, driven by emerging structures such as the EU Green Bond Standard and increasing issuance from different sectors. For example, recent issuers into the market include those in industries where carbon emissions have historically been difficult to reduce, such as the cement industry. These developments offer bond investors growing opportunities to pursue positive outcomes.

It is also possible to pursue a positive impact by investing in conventional bonds of issuers that are generating a majority of revenues from activities that are assessed as sustainability-aligned.

Insight's impact assessment framework guides the assessment and classification of such investments, and we set out two categories in line with the above. We refer to these as **impact bonds** and **impact issuers**.

- **Impact bonds:** These are commonly known as 'use of proceeds' bonds, typically including green bonds, social bonds and sustainability bonds but increasingly other bond structures including blue and thematic bonds. For investment strategies managed by Insight with impact-focused objectives or guidelines, we define them as bonds that finance projects aligned to one or more UN SDGs, or the EU Taxonomy objectives for environmentally sustainable activities, that are expected to have a positive environmental or social impact.
- **Impact issuers:** These are conventional bonds from issuers whose core business activities are expected to contribute or lead to positive environmental or social impacts. For investment strategies managed by Insight with impact-focused objectives or guidelines, we define them as issuers for which a minimum of 50% of their revenue aligns to at least one of the UN SDGs, or are deemed "environmentally sustainable" under the EU Taxonomy, that are expected to support positive environmental and/or social impacts, while minimising specified adverse impacts.

This document outlines how Insight currently assesses and classifies impact bonds and impact issuers. This is relevant for investment strategies, portfolios and mandates managed by Insight with objectives or guidelines aiming for a positive environmental and/or social impact and which specify parameters around investment in such instruments and issuers. The application of this framework is subject to the specific objectives, guidelines and terms of each investment mandate and reflects Insight's current approach which may evolve over time to reflect changes in market practice, regulatory expectations, or Insight's own investment processes.



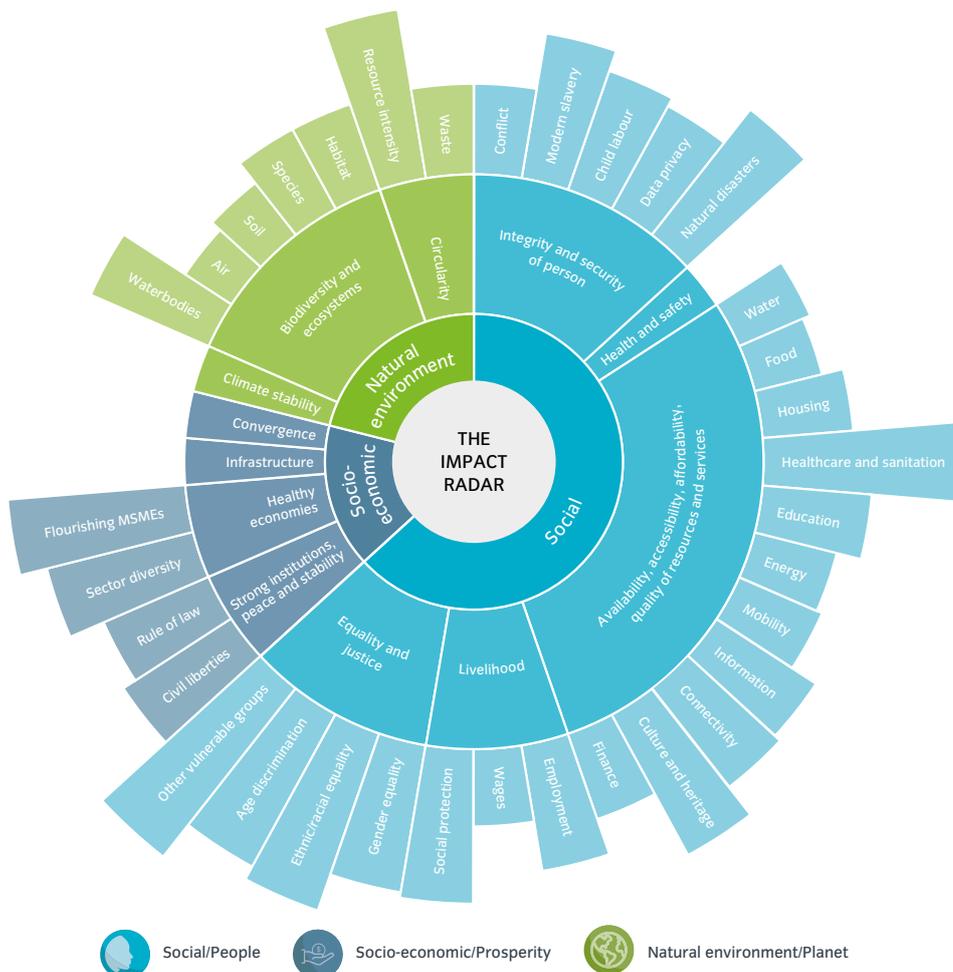
# DEFINING IMPACT AND MEASURING WHAT MATTERS: THE NEED FOR A SECTORAL APPROACH

Insight recognises the importance of considering industries and sectors when assessing the impact of a relevant investment. This is because a company or project can make a positive contribution positively in one area, while at the same time having negative effects in another. This is often due to the nature of the sector in which a company operates.

For example, a renewable energy project that uses biomass might help achieve UN SDG 13 (Climate Action). However, if the biomass feedstock is not sourced responsibly, the project could harm SDG 15 (Life on Land) by damaging ecosystems or biodiversity. Similarly, investing in packaging solutions that focus on recycling could support SDG 12 (Responsible Consumption and Production), but if the production uses a lot of fossil fuel-based energy, it may work against SDG 13 (Climate Action) due to increased emissions.

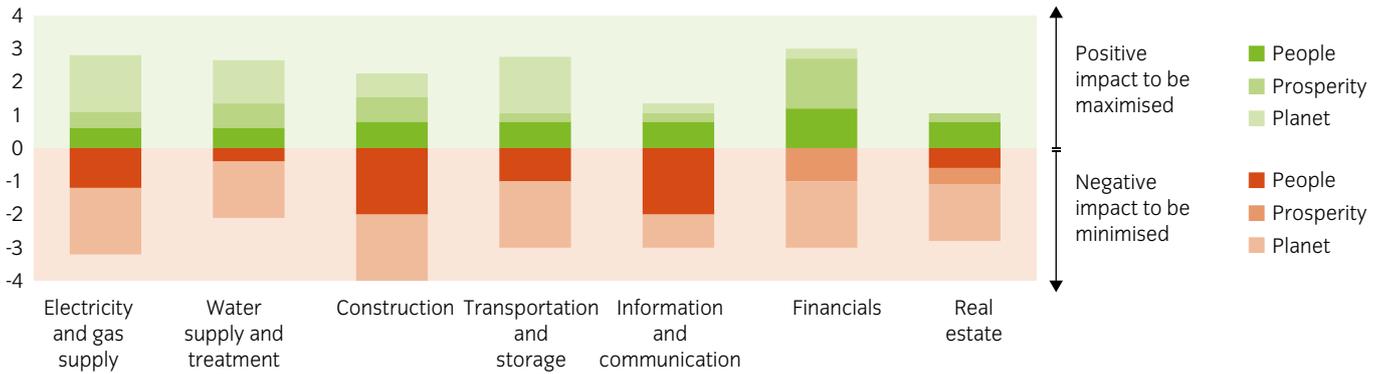
- The **UN Environment Programme Finance Initiative (UNEP FI) Impact Radar** provides a comprehensive lens for identifying how businesses affect progress against the key dimensions of SDGs (see Figure 2). The Impact Radar is our starting point for developing a sectoral approach to identifying impact opportunities, where we aim to apply relevant definitions and metrics across company and bond level assessments. This is to ensure investments are materially aligned with UN SDGs and EU Taxonomy objectives, focusing on issuers and instruments that maximise positive outcomes while mitigating adverse effects.
- The **UNEP Sector Impact Map** translates the insights of the Impact Radar into practical guidance, identifying the potential positive and negative impacts of different business activities (see Figure 3).

Figure 2: The UNEP FI Impact Radar highlights how different factors link to people, planet and prosperity themes<sup>6</sup>



<sup>6</sup> Adapted from [The Impact Radar: A resource for Holistic Impact Analysis](#) (PDF), July 2022, UNEP FI.

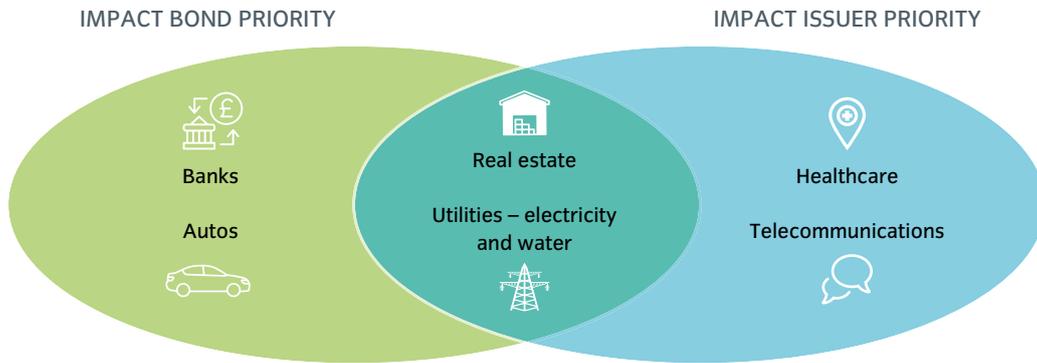
Figure 3: Sector mappings show how business activities can be both positive and negative for people, planet and prosperity<sup>7</sup>



Insight’s internally developed sector-specific guidance for impact bonds and impact issuers are applied within the assessment process. Insight’s guidance is focused on the sectors with the largest amount of outstanding issuance in the impact bond markets<sup>8</sup>, and the sectors with the most relevance to environmental and social outcomes<sup>9</sup>. Insight’s Impact Group reviews sector guidance every 18 months, and the framework may be refined over time to reflect evolving market practice and impact considerations.

Our guidance currently focuses on the following sectors.

Figure 4: Insight’s sector impact guidance



To illustrate what this looks like in practice, we provide a high level overview which sets out how we apply our guidance for the real estate and telecommunications sectors on the following pages. Real estate issuers account for a significant proportion of outstanding impact bond issuance, while investing in telecommunications issuers, we believe, is a way to have a material positive social impact in emerging markets.

<sup>7</sup> Source: [Sectors mapping](#), as at December 2024, UNEP FI.

<sup>8</sup> Source: [Labeled Bonds: Market Overview H1 2025](#), 14 October 2025, MSCI.

<sup>9</sup> Defined as sectors with the most underlying issuers with at least 50% of revenue from activities aligned with the UN SDGs. Source: MSCI Sustainable Impact Metrics.

## CASE STUDY: IMPACT OPPORTUNITIES IN REAL ESTATE



### The role of the sector

Achieving a sustainable built environment directly and indirectly contribute to achieving several of the UN Sustainable Development Goals. The real estate sector is crucial for climate action (SDG 13) given the energy consumption and carbon emissions associated with buildings and infrastructure. It also promotes human health and greater standards of living by ensuring access to adequate housing (SDG 11). In addition, greater conservation of water and resources in the sector could also contribute to other goals by alleviating pressure on ecosystems and ecosystem services (SDGs 6, 12 and 15).

The direct and indirect carbon emissions of buildings account for c.34% energy consumption and energy-related emissions globally. Emissions associated with materials and construction processes throughout a building's lifecycle, known as embodied carbon emissions, contribute to 18% of global building-related emissions<sup>10</sup>.

Around 1.6 billion people worldwide lack adequate housing, which could rise to 3 billion by 2030, attributed to both cost and shortage of supply<sup>11</sup>. Around a quarter of the global population lives in slums and informal dwellings, 85% of which live in Asia and Sub-Saharan Africa<sup>12</sup>. Outside these regions, access to safe and affordable housing remains a challenge for many.

Given the above, we believe the two key opportunities for positive impact in the real estate sector, which are aligned with the UN SDGs and the EU Taxonomy objectives, are green buildings and affordable and adequate housing. Opportunities to finance green buildings are widespread across the sector, whereas affordable housing opportunities are concentrated in the residential sub-sector.

### Applying appropriate definitions

Green buildings	Affordable housing
<ul style="list-style-type: none"> <li><b>Impact issuer:</b> &gt;50% revenues from green and net zero-ready buildings, alongside a demonstrable embodied carbon strategy (region agnostic).</li> <li><b>Impact bond:</b> Use of proceeds focused on strict energy-efficiency criteria defined by the EU Taxonomy and other relevant operational carbon certification. Certification levels and thresholds should reflect issuer performance, as well as sector/regional context.</li> </ul>	<ul style="list-style-type: none"> <li><b>Impact issuer:</b> &gt;50% revenues from the provision of affordable and adequate housing, as per national standards and guidelines.</li> <li><b>Impact bond:</b> Use of proceeds focused on relevant affordable thresholds and stock quality, which vary per region.</li> </ul>

### Measuring relevant metrics

Green buildings	Affordable housing
<p><b>Core KPIs</b></p> <ul style="list-style-type: none"> <li>Energy intensity: kWh per sqm or ft</li> <li>Carbon intensity: kgCO<sub>2</sub> per sqm or ft</li> <li>Portfolio coverage: % of assets with EPC, LEED or BREEAM certification</li> </ul>	<p><b>Core KPIs</b></p> <ul style="list-style-type: none"> <li>Affordability: percentage of stock and number of units that meet a defined affordable threshold (often a specified percentage below market rent)</li> <li>Adequacy: percentage of tenant satisfaction, stock quality indicators, number of complaints/repairs</li> </ul>
<p><b>What good looks like</b></p> <ul style="list-style-type: none"> <li>Measurement and tracking of Scope 1-3 emissions over time</li> <li>Evidence of retrofit measures (e.g., windows, fabric upgrades, heat pumps) to improve energy efficiency</li> <li>Clear breakdown of EPC bands and sustainability certifications over a three-year horizon</li> <li>Demonstrated comprehensive retrofit activity across the portfolio</li> <li>Extra credit: efforts to measure and reduce embodied carbon in building materials</li> </ul>	<p><b>What good looks like</b></p> <ul style="list-style-type: none"> <li>Full adherence to housing quality requirements</li> <li>Regular gas and fire safety checks, and remediation of structural defects</li> <li>Effective handling of repairs and complaints and evidence of high service performance</li> </ul>

<sup>10</sup> Source: [Global Status Report for Buildings and Construction 2024/25 \(PDF\)](#), 2025, Global Alliance for Buildings and Construction (PDF) and UNEP.

<sup>11</sup> Source: [UN expert urges action to end global affordable housing crisis](#), 20 October 2023, UN.

<sup>12</sup> Source: [The Sustainable Development Goals Report: Special edition](#), 2023, UN.

### The role of the sector

The telecoms sector is vital to increasing access to information and communications technology and striving for universal, affordable internet access in the least developed countries (SDG 9).

Mobile broadband (4G or higher) now reaches 93% of the world's population, but usage gaps remain. While over half the global population (4.7 billion people, or 58%) now access the internet through a mobile device, 38% live within mobile broadband coverage but do not use it<sup>13</sup>. The sector's impact is greatest in underserved regions, where connectivity is limited and digital inclusion is a priority.

We believe the two key impact opportunities within this sector are therefore **expanding connectivity infrastructure and driving meaningful digital inclusion**.

### Applying appropriate definitions

- **Impact issuers:** >50% of their revenues from providing telecommunication services in low and lower-middle income countries and regions with low connectivity scores, alongside a demonstrable access strategy.
- **Impact bond:** increasing access to, or improving the quality of, telecommunication services or infrastructure to underserved groups.

### Measuring relevant metrics

- **Core KPIs:** Given the concentration of the coverage and usage gap is within low to lower-middle-income economies, Insight targets issuers providing services in underserved regions, leveraging the GSMA Index.

### What good looks like

A clear, forward-looking strategy for improving access that identifies and targets underserved populations, sets specific measurable targets, and tracks and reports progress using defined key performance indicators (KPIs).

The [Global System for Mobile Communications Association \(GSMA\) Mobile Connectivity Index](#) assesses key enablers of mobile internet adoption<sup>14</sup>. Countries are scored on a range of 0 to 100 across several indicators and clustered into maturity ratings, with a higher score representing stronger performance in delivering mobile internet connectivity.

- Leaders (above 80): perform well across enablers and have very high mobile internet penetration.
- Advanced (above 65): perform well on three enablers and have high mobile internet penetration.
- Transitioners (above 50): perform well on two enablers.
- Emerging (above 35): perform well on one or two enablers, overall room for improvement.
- Discoverers (below 35): room for improvement across the board.

Figure 5: There is significant variance globally in mobile connectivity<sup>15</sup>



<sup>13</sup> [The state of mobile internet connectivity 2025: Overview Report \(PDF\)](#), September 2025, GSMA. <sup>14</sup> [GSMA Mobile Connectivity Index](#)

<sup>15</sup> Source: GSMA.

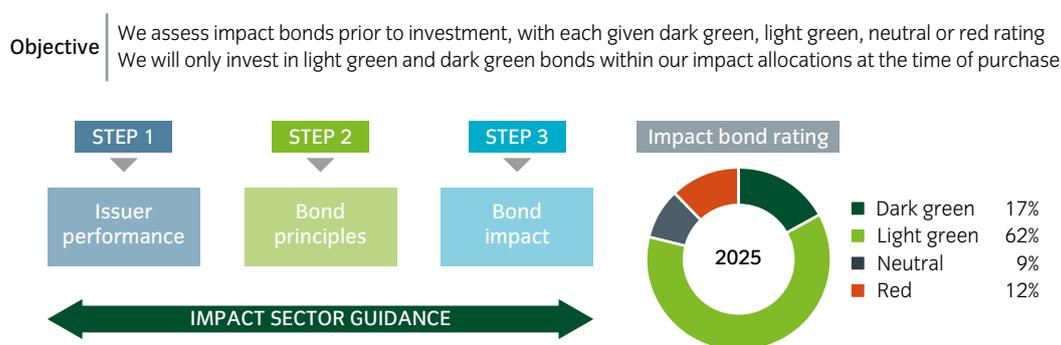
# IMPACT BONDS: INSIGHT'S ASSESSMENT APPROACH

Strong demand for impact bonds can give companies and governments an incentive to issue them instead of conventional bonds. It is therefore important to evaluate the issuer and the instrument to ensure the impact bond fulfils expectations for such issuance.

We assess impact bonds on a bond-by-bond basis, and each issue is given a red, light green or dark green, or neutral, impact rating. A bond with a red rating is not eligible for investment in Insight's Responsible Horizons strategies and may not be eligible for other sustainability-focused mandates.<sup>16</sup>

The impact bond assessment process is a blend of issuer-level and issuance-level considerations to ensure credible allocation to relevant projects and measurable impact beyond the business-as-usual activities of the issuer. We may also consider the distinct characteristics of different asset classes.

Figure 6: Insight's impact bond assessment process



## ISSUER PERFORMANCE

For corporates, we review an issuer's overall performance with regard to environmental and social issues. This could include assessing its sustainability strategy, whether and how its revenue aligns with the UN SDGs, and any further due diligence to assess potential 'significant harm' that results from its activities. Insight's proprietary Prime ESG ratings and sector-specific impact guidance are considered as part of this exercise.

Sovereigns and supranational agencies, including multilateral development banks, require a distinct issuer-level approach. These entities typically have a direct and quantifiable connection to advancing the UN SDGs as these targets are defined at the national level. Their performance is assessed through the UN SDG data portal and complemented by macro-level indicators, enabling progress tracking across key thematic areas and ensuring alignment with global sustainability objectives.

## BOND-LEVEL REVIEW

### Bond principles

We consider the overall framework associated with the bond based on the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines.

- **Core expectations:** As a baseline, issuers must provide a transparent and robust bond framework covering key areas and a second-party opinion to ensure alignment with ICMA principles and credibility.
- **What good looks like:** In Insight's view, best practice includes robust governance structures for proceed selection and management, clear allocation and lookback periods, annual reporting commitments outlining clear impact KPIs and independent verification, and a track record of robust allocation reporting.

<sup>16</sup> An impact bond may be equivalent to a conventional bond issued by the same entity, with similar risk/return characteristics, albeit with an additional impact commitment. A conventional bond portfolio may therefore decide to invest in an impact bond based on its financial characteristics alone.

## Bond impact

The use of proceeds for a bond should be relevant and impactful for the issuer's business model or sector, leveraging sector-specific impact guidance. We assess a bond's use of proceeds for alignment with the UN SDGs, using ICMA project mappings to validate categories and evaluate the quality of project definitions.<sup>17</sup>

- **Core expectations:** Issuers must provide clear definitions of green and social projects, specify thresholds and impact KPIs. For social projects, appropriate target populations must be specified.
- **What good looks like:** In Insight's view, best practice includes applying robust taxonomy standards (e.g., from the EU Taxonomy or Climate Bonds Initiative), setting transparent thresholds, and demonstrating a clear link between project categories and sector-specific impact opportunities. This looks to ensure the bond's proceeds deliver tangible, verifiable outcomes rather than simply support business-as-usual activities. The issuer will ideally detail how environmental and social risks, and negative impacts associated with the use of proceeds, are identified, managed and mitigated. This can include details of internal policies and specific due-diligence steps undertaken.

Rating	Typical characteristics
Dark green	<ul style="list-style-type: none"><li>• <b>Issuer profile:</b><ul style="list-style-type: none"><li>– Strong versus peers on sustainability practices, meets sector guidance expectations.</li></ul></li><li>• <b>Bond principles:</b><ul style="list-style-type: none"><li>– Comprehensive framework, providing detailed information on ICMA categories alongside a second-party opinion.</li><li>– Robust governance of project selection and management, with a dedicated evaluation committee including appropriate representation.</li><li>– Clear commitment to annual allocation and impact reporting with appropriate KPIs, third-party verified.</li></ul></li><li>• <b>Bond impact:</b><ul style="list-style-type: none"><li>– Use of proceeds projects are well defined with specific thresholds.</li><li>– Eligible projects are considered relevant and align with sector guidance expectations.</li><li>– Issuance may be thematic or specify expected allocation at pre-investment stage.</li></ul></li></ul>
Light green	<ul style="list-style-type: none"><li>• <b>Issuer profile:</b><ul style="list-style-type: none"><li>– Adequate versus peers on sustainability practices, working towards sector guidance expectations.</li></ul></li><li>• <b>Bond principles:</b><ul style="list-style-type: none"><li>– Comprehensive framework, providing information on ICMA categories alongside a second-party opinion.</li><li>– Baseline governance of project selection and management, with an articulated evaluation body and processes.</li><li>– Commitment to annual allocation and impact reporting, which may include third-party verification.</li></ul></li><li>• <b>Bond impact:</b><ul style="list-style-type: none"><li>– Use of proceeds projects are generally well defined with appropriate thresholds.</li><li>– Eligible projects are considered relevant overall and partially align with sector guidance expectations.</li></ul></li></ul>
Neutral	<ul style="list-style-type: none"><li>• <b>Issuer profile:</b><ul style="list-style-type: none"><li>– Adequate versus peers, working towards sector guidance expectations.</li></ul></li><li>• <b>Bond principles:</b><ul style="list-style-type: none"><li>– Comprehensive framework, providing information on ICMA categories alongside a second-party opinion.</li><li>– Baseline governance of project selection and management, with an articulated evaluation body and processes. Lags some expectations, including refinancing portion and repayment of debt.</li><li>– Commitment to annual allocation and impact reporting, which may include third-party verification.</li></ul></li><li>• <b>Bond impact:</b><ul style="list-style-type: none"><li>– Use of proceeds projects largely target operating expenditures, and include the issuer's full balance sheet (i.e. finance business as usual).</li></ul></li></ul>
Red	<ul style="list-style-type: none"><li>• <b>Issuer profile:</b><ul style="list-style-type: none"><li>– Lagging versus peers, does not meet sector guidance expectations.</li></ul></li><li>• <b>Bond principles:</b><ul style="list-style-type: none"><li>– Fails to provide sufficient information regarding the impact bond framework, may have no second-party opinion.</li><li>– Lacks clear commitment to allocation/impact reporting.</li></ul></li><li>• <b>Bond impact:</b><ul style="list-style-type: none"><li>– Use of proceeds largely target operating expenditures, are immaterial to the sector or no information has been provided.</li></ul></li></ul>

<sup>17</sup> Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals (PDF), June 2023, ICMA.

# IMPACT ISSUERS: INSIGHT'S ASSESSMENT APPROACH

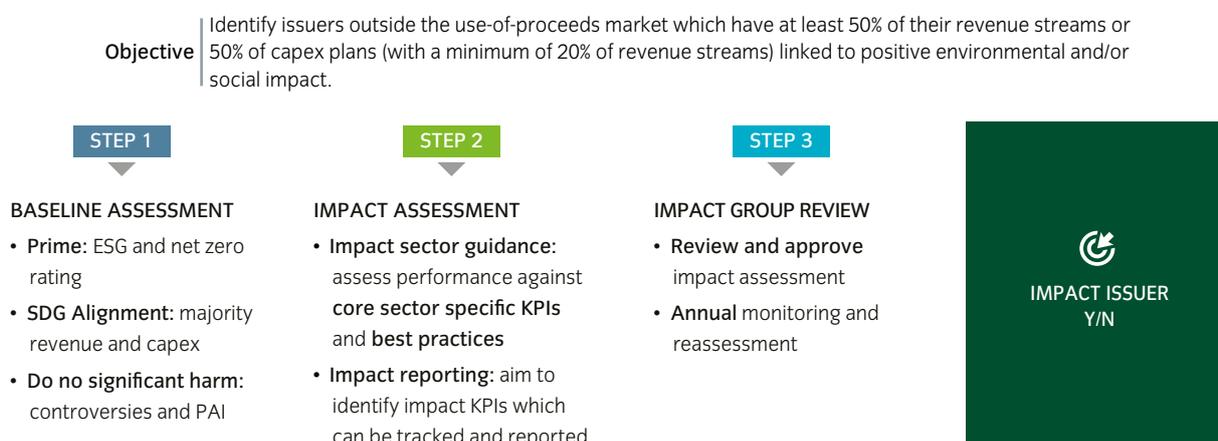
When considering whether a debt issuer might be classified an impact issuer, it is important to note that its conventional debt will support the issuer's wider business activities – it will not have specific use-of-proceeds parameters that ensure the money raised will be used to support environmental or social projects. Assessing the issuer's overall environmental and social profile is therefore crucial.

Potential impact issuers are formally assessed by Insight using a sector-based approach. This process helps identify **meaningful opportunities for positive impact while addressing any potential negative impacts**. Assessments combine both data-driven analysis and qualitative judgement.

Only issuers with at least 50% of revenue from activities aligned with the UN Sustainable Development Goals (SDGs) or the EU Taxonomy, or at least 50% capital expenditure alignment (and at least 20% revenue alignment), and which deliver a measurable positive impact, can qualify as an impact issuer.

A recommendation is formulated by the Responsible Investment Team regarding how to classify an issuer, and this is approved or rejected by Insight's Impact Group.

Figure 7: Insight's impact issuer assessment process



## STARTING WITH DATA-DRIVEN INSIGHTS

Insight combines standardised templates, ESG-integrated data sources and proprietary analytics to evaluate issuers.

- **Advanced proprietary models:** benchmark baseline performance on ESG factors and net zero maturity.
- **Positive impact scanning:** apply comprehensive metrics to measure sustainable revenues and identify key SDG (mis)alignments.
- **Negative impact scanning:** avoid issuers generating revenue from activities that significantly hinder the SDGs by applying exclusions, detect impact risks via Principal Adverse Indicators (PAI) and controversy checks.

## COMPLEMENTING DATA-DRIVEN ANALYSIS WITH QUALITATIVE DUE DILIGENCE

Insight conducts a qualitative due diligence in line with the relevant sector-specific guidance, to assess whether an issuer demonstrates intent and ongoing measures to maximise impact opportunities and reasonably mitigate potential adverse impacts. This evaluation draws on sector-relevant metrics and issuer ESG disclosures, ensuring a comprehensive and balanced view.

Issuers are classified as either impact issuers or not. There is no partial classification. This approach ensures that only companies with a strong, demonstrable commitment to sustainability and impact are recognised as impact issuers.

# OVERSIGHT AND GOVERNANCE OF INSIGHT'S IMPACT ASSESSMENTS

Insight is committed to continuously monitoring impact investments to ensure transparency, accountability, and alignment.

- The **Responsible Investment Team** conducts impact assessments of bonds and issuers. An assessment will typically be prompted by primary issuance of interest to portfolios with impact-related goals – such issuance may be identified for an assessment by a portfolio manager or a credit analyst.
- The **Impact Group** meets quarterly and ratifies assessments conducted during the previous quarter. It will also review the guidance for a specific sector, and review current ratings for impact bonds and impact issuers within that sector.
- The **Responsible Investment Group** provides oversight of the impact bond and impact issuer assessment framework, and reviews and approves any changes to the framework.

## INSIGHT'S IMPACT GROUP

- **Purpose:** Insight's Impact Group aims to ensure that bonds and issuers consistently meet our high standards for positive impact. While the Group supports Insight's firm-wide impact investing approach and all strategies with impact allocations, it is primarily geared towards dedicated impact strategies due to their exclusive focus on impact instruments.
- **Role:** The Group confirms issuer classifications and conducts regular reviews of ratings for bonds and issuers. Every 18 months, sectors are benchmarked on key impact metrics, original rationales are validated, and post-issuance reporting is assessed, leading to one of three outcomes: reaffirm classification, place on watchlist for engagement, or downgrade.
- **Representation:** Voting members include responsible investment and credit specialists, while non-voting members include portfolio managers of relevant strategies.

## FURTHER READING

### RESPONSIBLE INVESTMENT AT INSIGHT

Insight seeks to help our clients achieve their desired outcomes and to reflect their priorities. This lies at the heart of our approach to responsible investment. To find out more about how Insight invests responsibly, our responsible investment microsite is available [here](#).

### PRIME ESG RISK, CLIMATE RISK, AND NET ZERO RATINGS

Insight's portfolio managers and analysts use Prime to support their investment decisions, inform their engagement with companies, and to build portfolios with sustainability goals – in each case, as applicable to the relevant mandate. More information on the Prime ratings is available [here](#).

### INSIGHT'S RESPONSIBLE HORIZONS STRATEGIES

Insight's Responsible Horizons strategies are specifically designed for investors seeking responsible investment outcomes. The strategy range aims to help investors achieve two key goals: an investment portfolio that aligns with both future financial targets and sustainability goals. Find out more [here](#).

### ANNUAL IMPACT REPORTS

For our strategies and portfolios with impact-focused objectives and/or guidelines, we offer in-depth reports to demonstrate the positive environmental and social outcomes our investments look to support. Please contact your Insight representative for more information.

## CONTRIBUTORS

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Eleanor Austin  
Responsible Investment - Specialist  
Insight Investment

## IMPORTANT INFORMATION

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### RISK DISCLOSURES

**Investment in any strategy involves a risk of loss which may partly be due to exchange rate fluctuations.**

Any target performance aims are not a guarantee, may not be achieved and a capital loss may occur. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies over time, and/or prevailing market conditions and are not an exact indicator. They are speculative in nature and are only an estimate. What you will get will vary depending on how the market performs and how long you keep the investment/product. Strategies which have a higher performance aim generally take more risk to achieve this and so have a greater potential for the returns to be significantly different than expected.

Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialise or vary significantly from the actual results. Accordingly, the projections are only an estimate.

Portfolio holdings are subject to change, for information only and are not investment recommendations.

### ASSOCIATED INVESTMENT RISKS

#### Responsible investment

- **Investment type:** The application and overall influence of responsible investment approaches may differ, potentially materially, across asset classes, geographies, sectors, specific investments or portfolios due to the nature of the specific securities and instruments available, the wide range of ESG risk factors which may be applied and responsible investment related industry practices applicable in a particular investable universe.
- **Integration:** The integration of ESG analysis refers to the inclusion of ESG risk factors alongside financial risk factors in investment analysis and research to judge the fair value of a particular investment and may also include the monitoring and reporting of such risks within a portfolio. Integrating ESG analysis in this way will not typically restrict the potential investable universe, but rather aims to ensure that relevant and material ESG risks are taken into account by analysts and/or portfolio managers in their decision-making, alongside other relevant and material financial risks.
- **Ratings:** The use and influence of our ESG ratings in specific investment strategies will vary, potentially significantly, depending on a number of factors including the nature of the asset class and the structure of the investment mandate involved. For an investment portfolio with a financial objective, and without a specific ESG or sustainability objective, a high or low ESG rating may not automatically lead to a buy or sell decision: the rating will be one factor among others that may help a portfolio manager in evaluating potential investments consistently.



- **Engagement activity:** The applicability of Insight firm level stewardship engagement activity and the outcomes of this activity relating to buy, hold and sell decisions made within specific investment strategies will vary, potentially significantly, depending on the nature of the asset class and the structure of the investment mandate involved.
- **Reporting:** The responsible investment approach including any ESG analysis shown is indicative and there is no guarantee that the specific approach will be applied across the whole portfolio.
- **Performance/quality:** The influence of our responsible investment approach on the overall risk and return characteristics of a portfolio is likely to vary over time depending on the investment universe, investment strategy and objective and the influence of ESG risk factors and analysis directly applicable on valuations which will vary over time.
- **Costs:** The costs described will have an impact on the amount of the investment and expected returns.
- **Forward-looking commitments and related targets:** Where we are required to provide details of forward-looking targets in line with commitments to external organisations, these goals are aspirational and defined to the extent that we are able and in accordance with the third party guidance provided. As such we do not guarantee that we will meet them in whole or in part or that the guidance will not evolve over time. Assumptions will vary, but include whether the investable universe evolves to make suitable investments available to us over time and the approval of our clients to allow us to align their assets with goals in the context of the implications for their investments and issues such as their fiduciary duty to beneficiaries.

Insight applies a wide range of customised sustainability, climate or responsible investment related guidelines to mandates which can be tailored to reflect individual client requirements. Individual investor experience will vary depending on the investment strategy, investment objectives and the specific guidelines applicable to a Fund or portfolio. Please refer to the investment management agreement or offering documents such as the prospectus, Key Investor Information Document (KIID) or the latest Report and Accounts which can be found at [www.insightinvestment.com](http://www.insightinvestment.com) and where applicable information in the following link for mandates in scope of certain EU sustainability regulations <https://www.insightinvestment.com/regulatory-home/sustainability-regulations/>; alternatively, speak to your main point of contact in order to obtain details of specific ESG parameters applicable to your investment.

### Fixed income

Investments in bonds are affected by interest rates and inflation trends which may affect the value of the portfolio.

A credit default swap (CDS) provides a measure of protection against defaults of debt issuers but there is no assurance their use will be effective or will have the desired result.

The issuer of a debt security may not pay income or repay capital to the bondholder when due. The return risk to a portfolio is higher where a portfolio is highly concentrated in such an issuer.

Derivatives may be used to generate returns as well as to reduce costs and/or the overall risk of the portfolio. Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in a disproportionately large movement in the price of the derivative investment.

Investments in emerging markets can be less liquid and riskier than more developed markets and difficulties in accounting, dealing, settlement and custody may arise.

Where high yield instruments are held, their low credit rating indicates a greater risk of default, which would affect the value of the portfolio.

The investment manager may invest in instruments which can be difficult to sell when markets are stressed.

Leveraged funds: as a result of market conditions, the value of the assets held by a Fund may fall and result in a higher degree of leverage than is deemed appropriate by the Investment Manager. In order to reduce the degree of leverage, the Investment Manager may seek to reduce a Funds' total asset exposure. Investors would need to subscribe for additional Shares in order to maintain the level of sensitivity to market movements. Where such an event is unanticipated, this may result in the investors having less sensitivity to market movements than they might consider appropriate to their individual requirements until they have subscribed for additional Shares

While efforts will be made to eliminate potential inequalities between shareholders in a pooled fund through the performance fee calculation methodology, there may be occasions where a shareholder may pay a performance fee for which they have not received a commensurate benefit.

## FIND OUT MORE

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Insight does not provide tax or legal advice to its clients and all investors are strongly urged to seek professional advice regarding any potential strategy or investment.

For a full list of applicable risks, investor rights, KIID/KID risk profile, financial and non-financial investment terms and before investing, where applicable, investors should refer to the Prospectus, other offering documents, and the KIID/KID which is available in English and an official language of the jurisdictions in which the fund(s) are registered for public sale. Do not base any final investment decision on this communication alone. Please go to [www.insightinvestment.com](http://www.insightinvestment.com)

Documents such as the KIID or KID are not applicable to Australia.

Unless otherwise stated, the source of information and any views and opinions are those of Insight Investment.

Telephone conversations may be recorded in accordance with applicable laws.

**For investors in the United Kingdom (UK):** Insight's Ireland domiciled UCITS funds are authorised overseas but not in the UK. The Financial Ombudsman Service is unlikely to be able to consider complaints related to the Fund, its sub-funds, its operator or its depositary where relevant. Any claims for losses relating to the operator and the depositary of the Fund are unlikely to be covered under the Financial Services Compensation Scheme. A prospective investor should consider getting financial advice before deciding to invest and should see the Fund prospectus for more information.

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