From Engagement to Outcomes: Impact through Corporate Bonds

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CCM COMMUNITY CAPITAL MANAGEMENT

From Engagement to Outcomes: Impact through Corporate Bonds

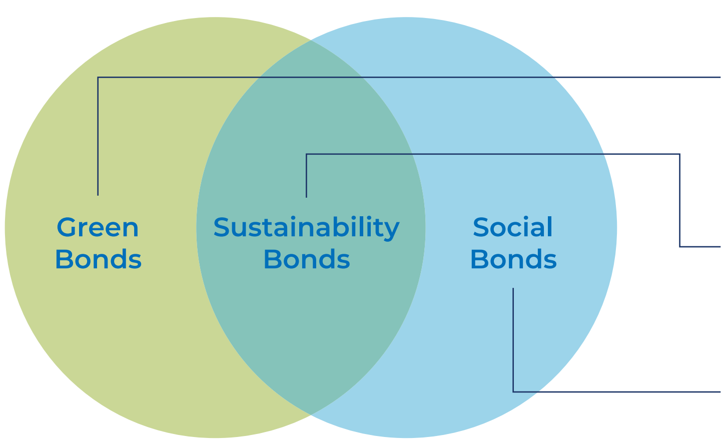
This report explores:

- Evolving impact debt market
- Key categories of measurable outcomes
- Role of bondholder stewardship
- Case studies of CCM's impact corporate bonds

The rise of impact corporate bonds can foster deeper engagement and greater transparency from both asset allocators and asset managers, all with the shared goal of driving meaningful real-world change. Beyond financial returns, these bonds are increasingly evaluated for how proceeds are deployed—whether advancing climate solutions, supporting affordable housing, or promoting economic inclusion. This evolution has encouraged more reporting, measurable outcomes, and ongoing dialogue between issuers and investors, seeking to strengthen accountability and align capital with societal or sustainable goals. This report explores the evolving impact debt market, highlights key categories of measurable outcomes, examines the role of bondholder stewardship, and shares case studies of CCM's impact corporate bonds.

Impact Corporate Bonds

The number of issuers coming to market with labeled corporate debt impact offerings has increased over the last few years notwithstanding a recent slowdown in 2025 amid the political climate and investor demand. Impact corporate debt generally refers to companies raising capital through bonds to finance projects with positive environmental or societal outcomes. Much of the data available in this space focuses on labeled bonds—Green, Sustainability, and Social—and does not typically include non-labeled corporate debt that has positive societal impacts.



Green Bonds
Use of proceed bonds where funds are allocated exclusively for activities with a clear environmental benefit

Sustainability Bonds
Use of proceed bonds with a mix of environmental and social projects

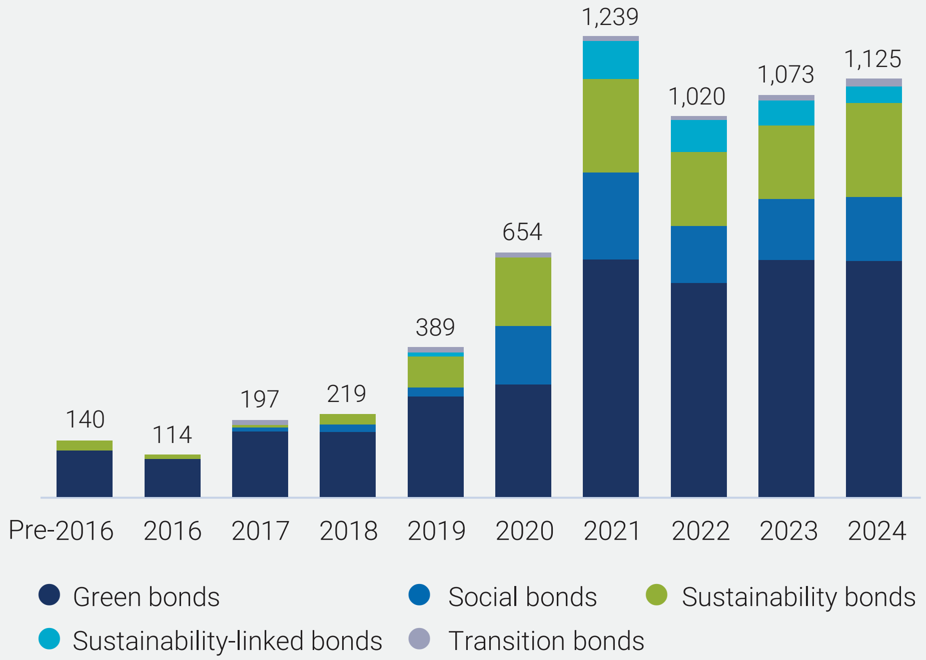
Social Bonds
Use of proceed bonds where funds are allocated exclusively for projects with positive social impacts

Source: Sustainalytics

Global Labeled Sustainable Bond Annual Issuance

USD bn

Sustainability-linked bonds (SLBs) are financial instruments where the bond's terms are linked to an issuer's achievement of pre-determined sustainability performance targets (SPTs) related to key performance indicators (KPIs). SLBs do not require the bond's proceeds to be used for specific projects. Transition bonds are where proceeds are used to fund an issuer's transition towards a reduced environmental impact or to reduce their carbon emissions.



Source: World Bank based on data from Bloomberg Terminal

The types of companies and organizations raising impact debt have expanded over the years to include financial institutions, Community Development Financial Institutions (CDFIs), foundations, and banks, to name a few. There are a variety of reasons for this that can include but are not limited to matching investor demand, meeting regulatory requirements, demonstrating commitment to sustainability, and funding projects that fit an environmental and/or social need. There are also financial aspects for issuing impact debt that can include market conditions, cost of capital, and economic cycles.

Benefits Sought to Issuers of Impact Corporate Debt	• Investor diversification across regions and types • Investor engagement and "stickiness" • Strong oversubscription, tighter yields • Strengthened reputation • Alignment of Corporate Social Responsibility (CSR) (or core business "pure play") funding scheme
Benefits Sought to Investors of Impact Corporate Debt	• Well-understood projects reduce risk exposure • Well-managed projects reduce risk exposure • Potential trading at a premium in secondary markets • Potential strengthened reputation • Deeper engagement with company management on green outcomes

Source: https://www.unpri.org/fixed-income/mapping-the-role-sustainable-bonds-play-in-the-fixed-income-market/11570.article

Please note: the items above are sourced from the UNPRI and are all possible benefits; outcomes cannot be guaranteed.

The mission of the ICMA is to promote resilient well-functioning internationally and globally coherent debt securities markets, which are essential to fund sustainable economic growth and development. The CBI is an international organization working to mobilize global capital for climate action and resilience, ensuring investments support a sustainable, adaptive, and low-carbon future. The EUGBS is an EU-wide standard to open up opportunities for issuers and investors and to tackle greenwashing. The ASEAN Green Initiative (AGI) emphasizes the importance of living out our shared responsibility to maintain the balance between biodiversity conservation and sustainable development.[1]

Key Categories of Measurable Outcomes

Issuers: For companies/organizations issuing debt, there are various ways to measure and monitor impact outcomes. Labeled sustainable bonds typically adhere to recognized standards and have gone through a certification process. The International Capital Markets Association (ICMA), the Climate Bonds Initiatives (CBI), the European Green Bond Standards (EUGBS) and the ASEAN green, social and sustainability bond standards are among those providing guidance. Some companies will measure and monitor impact outcomes against their own internal impact and/or sustainability policies and report on their outcomes quarterly or annually. This can be in the form of impact reports, sustainability reports, or specific updates as needed on the bonds' use of proceeds and the company's progress toward meeting its goals.[2] It is also common for issuers to include details on how an investment aims to align with the United Nations Sustainable Development Goals (SDGs), noting specifically how many and which goals. Finally, some issuers may choose to have their bond framework verified with a second-party opinion (SPO) from an independent external sustainability expert.

The SDGs aim to end all forms of poverty, fight inequalities, and tackle climate change, while ensuring that no one is left behind. They are the blueprint to achieve a better and more sustainable future for all.[3]

Over the years, we have seen a proliferation of U.S. and global standards, goals, and principles that seek to unite likeminded investment managers and their clients around various desirable and needed objectives. While all guidelines have been helpful to the industry, the one that seems to have the greatest usage and traction are the SDGs. More information on how CCM's impact themes align with the SDGs is available here.

View ▶

Asset Managers: Asset managers are continually looking to strengthen transparency and the reporting of impact corporate bonds. Just as due diligence is essential when assessing any security, it is equally important when evaluating impact corporate debt. Thorough research and analysis can distinguish impactful corporate debt and help determine whether it genuinely aligns with an investor's financial goals and impact objectives. Much of this work is typically tied to use-of-proceeds and issuer due diligence to evaluate how the bond looks to finance activities having positive societal and/or sustainable outcomes.

The Principles for Responsible Investment (PRI) has created a guide for **labeled** use of proceeds bonds and bonds linked to performance/target/outcomes (see the guide below). The PRI were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social, and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General. The Principles are voluntary and aspirational. In signing the Principles, investors publicly commit to adopt and implement them, where consistent with fiduciary responsibilities. They also commit to evaluate the effectiveness and improve the content of the Principles over time.[4]

	Use-of-Proceeds Bonds			Bonds Linked to Performance/Target/Income	
	Green Bonds	**Transition Bonds**	**Sustainability (SDG) Bonds**	**Sustainability-linked Bonds (SLBs)**	**Transition Bonds**
Scope of ESG Focus	Narrow Environmental, often related to climate and mitigation actions	Narrow Climate related	Broad Can be any combination of environmental/climate and social sustainability objectives		Narrow Climate related
Area of Focus	Project/asset focused			Issuer/entity-level focused	
Ringfencing of Funds	Yes The green purpose specified			No General purpose	
Coupon Payment Tied to Performance	No			**Potentially.** Typically the coupon rate steps up if climate metric is not met.	
Nature of Framework	Focus on project eligibility criteria			Focus on outcome/performance	
Framework Documentation	In a standalone document; not in prospectus			Contained in prospectus	
Reporting	Yes Voluntary (annually or less frequently)				
Independent Opinion	Not Mandatory Voluntary Second Party Opinions sought				
Standards Available	ICMA Green Bond Principles	ICMA Transition Bond Principles	ICMA Sustainability Bond Guidelines	ICMA Sustainability-linked Bond Principles	ICMA Transition Bond Principles

Source: https://www.unpri.org/fixed-income/mapping-the-role-sustainable-bonds-play-in-the-fixed-income-market/11570.article

This engagement highlights CCM's role as an active steward—asking questions and seeking answers, securing meaningful impact data that goes beyond emissions to include borrower equity, and ensuring that investments are accelerating the clean energy transition and broadening access to sustainable transportation for underserved communities.

Role of Bondholder Stewardship

Bondholders play a critical role in the corporate bond ecosystem, providing capital that shapes issuers' financial strategies and activities in the real economy. Stewardship in this context extends beyond the act of financing to encompass the responsibility of ensuring resources are managed prudently and risks are transparently addressed. By setting expectations around governance, disclosure, and financial discipline, bondholders create accountability for their investments and the broader market. Stewardship reflects the unique position of bondholders as both providers of capital and guardians of market integrity.

The role of stewardship also rests in the long-term relationship between issuers and investors. Because most issuers return to the bond market repeatedly, their access to favorable terms depends in part on the reputation they build with creditors. When issuers demonstrate transparency, responsiveness, and foresight, they look to cultivate trust that extends beyond a single transaction. Investors, in turn, can benefit from greater confidence that their capital is supporting resilient, forward-looking enterprises positioned to weather evolving risks. This cycle reinforces the idea that stewardship is not sporadic but continuous, shaping the foundation of issuer–investor relationships over time.

The cumulative effect of stewardship is both subtle and significant. Each engagement, whether it involves clarifying disclosure, signaling expectations, or rewarding responsible practices, looks to contribute to a healthier and more transparent market ecosystem. Over time, these actions encourage issuers to compete not only on yield but also on governance quality, credibility, and long-term planning. This process elevates standards across industries, aligning capital with practices that strengthen both credit quality and systemic resilience. Bondholder stewardship serves as both a safeguard and catalyst: a safeguard protecting against destabilizing risks, and a catalyst driving higher expectations and more sustainable growth in the broader economy.

Bondholder Stewardship at CCM

As stewards of our clients' capital, we actively engage with issuers to encourage and support practices that foster sustainable, positive, long-term societal outcomes. While stewardship has traditionally been linked to equities; we believe that delivering lasting value for clients requires applying effective stewardship across all asset classes. An example of bondholder stewardship in the corporate debt space is included below.

For corporate issuers, CCM views engagement as a way to connect balance sheet activity with tangible community outcomes. Toyota has been an active issuer in the sustainable bond market, issuing transactions focused on clean transportation and environmental stewardship, many of which CCM has participated in over time. Beyond the green label, CCM sought to understand how proceeds were allocated and whether reporting would provide useful decision insights on equity and access, particularly for low- and moderate-income households. To that end, CCM engaged with Toyota's treasury and sustainability teams to encourage greater transparency in their green auto program. Specifically, CCM's investment team asked if reporting could include not only emissions reduction metrics but also borrower demographics and geographic distribution. Such detail would demonstrate whether affordable financing is reaching households that might otherwise be excluded from accessing newer, lower-emission vehicles—thereby lowering both transportation costs and environmental impacts.

In response, Toyota recognized the importance of linking environmental outcomes with social equity. While its initial frameworks focused on CO_2 reduction and fuel efficiency, the company confirmed it is exploring ways to integrate borrower accessibility data into future reporting. Toyota also committed to enhancing its annual green bond reports with more detailed allocation updates by vehicle type and geographic region.

CCM Case Studies: Impact Corporate Bonds

For over 25 years, CCM has applied its impact underwriting process to identify positive impact bonds, including both labeled and unlabeled impact corporate debt. Our evaluation emphasizes a detailed review of each bond's use of proceeds and their alignment with our impact themes alongside a rigorous assessment of the issuer and its mission-driven objectives.

Although many holdings may look like traditional corporate debt upon first glance, their use of proceeds portray quite a different story—our impact research team has rigorously evaluated each security to confirm that bond proceeds support positive societal outcomes. This process includes a thorough review of the issuer, its history, impact reporting, and alignment with one or more of the firm's impact themes. To illustrate, we highlight two case studies of corporate debt in our impact core strategy, demonstrating their positive impacts to people and communities through measurable metrics, narratives, and impact theme alignment.

Case studies are for illustration only.

Case Study #1: Comcast

Location: **Nationwide** • Sector: **Corporate Bonds**

Impact Themes

Environmental Sustainability

Impact Designations

N/A

Walk, Bike, Transit Scores®

N/A

Comcast is a global media and technology company headquartered in Philadelphia. In February 2023, Comcast issued its inaugural $1 billion Green Bond. The bond proceeds will finance projects that fall under the following categories: renewable energy; energy efficiency; green buildings, campuses, communities, and cities; clean transportation; and/or circular economy adapted products, production technologies, and processes.

Update from CCM's ongoing use of proceeds research: In its 2024 Green Bond Report, Comcast reported that 100% of the bond proceeds have been allocated to eligible projects in these **five categories**:

1 **Green Buildings**: Approximately $742.6 million (75%) of the net proceeds went toward the design, construction, or improvement of real estate projects that have or will receive third-party sustainability certifications, resulting in 1.2 million square feet of new or expected certified green real estate.

Project highlight: Sky Studios Elstree is the UK's newest, state-of-the-art film and TV studio. The studio purchases and matches 100% renewable electricity, approximately 25% of which comes from 1.9 MW of solar capacity across its rooftops. Other sustainable features at the property include rainwater harvesting, LED lighting, EV charging points and an all-electric operations vehicle fleet.

2 $211.5 million to **Circular Economy**, resulting in 84,000 metric tons of waste diverted from landfills. Project highlight: The Handshake Box is Comcast's latest sustainable packaging series. Made from recyclable materials that are sourced from a domestic partner, it has achieved significant carbon reductions and cost savings in transportation and warehouse storage. Comcast continues to support

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longstanding refurbishing initiatives that minimize waste, and its National Recycling Program diverts cable equipment from landfills by recovering and redistributing materials.

3 $19.3 million to **Clean Transportation**, resulting in 1,200 mtCO2e annual GHG emissions reduced. Project highlight: Comcast is piloting electric vehicles for Xfinity service technicians and a large fleet of electric and solar-powered golf carts for production and operations crews at the Universal Studios Lot.

These new vehicles, along with telematics, fuel efficiency technology, and digital support tools, have allowed the company to save millions of gallons of fuel.

4 $19.2 million to **Energy Efficiency**, resulting in 13,600 MWh reduction in energy consumption. Projects may include improvements to minimize energy use in offices and everyday operations or exploration and implementation of energy efficiencies in consumer equipment, such as set-top boxes, gateways, and televisions.

5 $2.4 million to **Renewable Energy**, resulting in 300 mtCO2e annual GHG emissions avoided. Projects may include infrastructure related to the generation, transmission, distribution, and storage of renewable energy projects and the purchase of renewable energy in Comcast's global operations through power purchase agreements, virtual power purchase agreements, and green tariffs or other supplier retail products.

Comcast is committed to environmental sustainability and has two management committees that oversee the governance of environmental sustainability for the company. Central to Comcast's environmental sustainability strategy is the goal to be carbon neutral by 2035 in Scope 1 and 2 emissions across its global operations.

Comcast reduced its emissions by more than 30% from 2019 to year-end 2023. Comcast is pursuing a variety of zero-carbon, renewable electricity sourcing options, including power purchase agreements and other supplier contracts that create additional renewable energy capacity, on-site renewables, and existing renewable energy available through supplier programs and renewable energy certificates. For instance, Comcast signed its first large-scale renewable energy agreement to purchase 250 MW of solar electricity in 2021 which will power approximately 12% of its current U.S. operations with renewable energy beginning in 2025.

Beyond environmental sustainability, Comcast has numerous other initiatives designed to create positive change and a more equitable society. One of Comcast's central initiatives is Project UP, a comprehensive initiative backed by a $1 billion commitment over 10 years to advance digital equity and help ensure that everyone has access to resources and opportunities.

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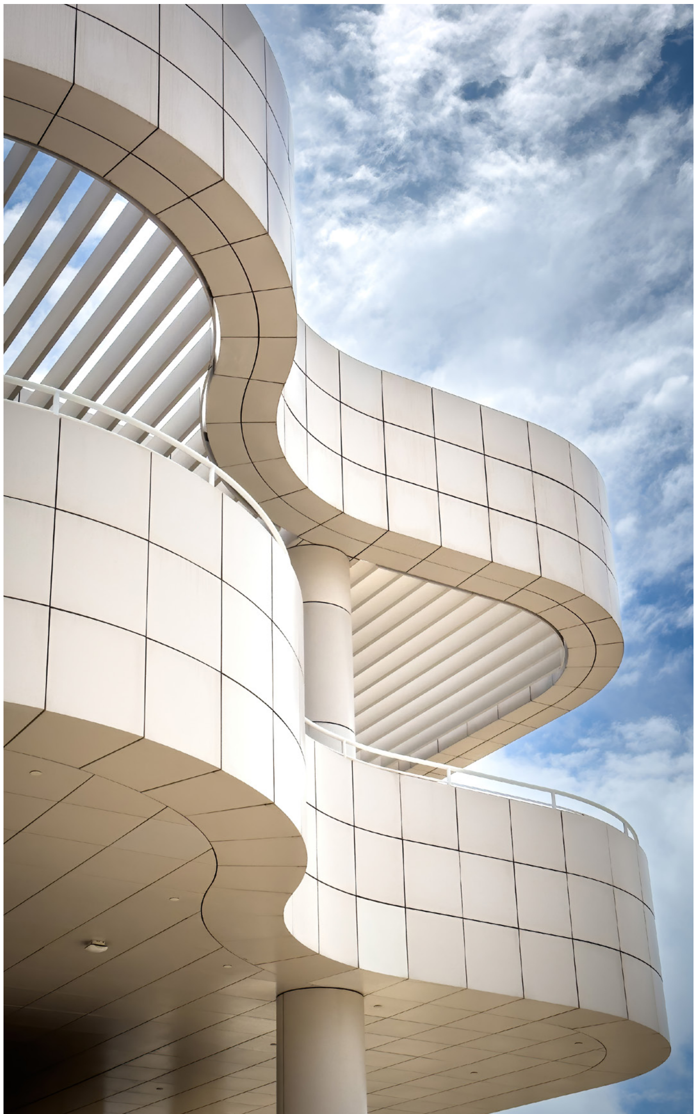
Case Study #2: J. Paul Getty Trust

Location: **Los Angeles, CA** • Sector: **Corporate Bonds**



Impact Themes

- Arts, Culture, and the Creative Economy
- Disaster Recovery, Resilience, and Remediation
- Education and Childcare
- Minority Advancement

Impact Designations

N/A

Walk, Bike, Transit Scores®

N/A

The J. Paul Getty Trust is an international cultural and philanthropic institution committed to exhibiting, conserving, and understanding the world's artistic and cultural heritage. Based in Los Angeles, California, the Getty Trust pursues its work with partners around the world, while sharing art, knowledge, and resources with the public online, and in-person at the Getty Center and Getty Villa.

The Getty Center, which opened to the public in 1997, is a 110-acre site in Los Angeles' Brentwood neighborhood featuring extensive gardens and distinctive architecture. The Getty Villa in the Pacific Palisades is an educational center and museum dedicated to the study of Greek, Roman, and Etruscan arts and cultures—it features Roman-inspired architecture, gardens, and a classical theater. Admission is free at both locations.

In April 2025, the Getty Trust issued its $500 million Series 2025A Bonds to finance the acquisition, construction, renovation, improvement, rehabilitation and/or equipping of its facilities as well as enhancements to its educational and outreach programs.

In January 2025, the wildfires in Los Angeles demonstrated the effectiveness of the emergency response plans at the Getty Villa and the Getty Center. While the fires damaged landscaping around the Villa, the personnel, collections, and structures at both locations were unharmed. To further strengthen its emergency response capabilities, the Getty Trust is in the process of augmenting its existing plans, which a portion of the bond proceeds will fund. These enhancements include investments in new boilers, irrigation and surveillance systems, water storage, communication systems, emergency management software, and firefighting equipment.

The Getty Trust serves the public and a wide range of professional communities in Los Angeles and internationally through four operating programs:

1. The Getty Museum seeks to inspire curiosity about, and enjoyment and understanding of, the visual arts by collecting, conserving, exhibiting, and interpreting works of art of outstanding quality and historical importance. To fulfill its mission, the Museum builds its collections through purchase and gifts, and develops programs of exhibitions, publications, scholarly research, public education, and the performing arts that engage diverse local and international audiences.

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All of these activities are enhanced by the uniquely evocative architectural and garden settings provided by the Museum's two renowned venues: the Getty Villa and the Getty Center.

The Museum's educational programs include project-based youth visual arts programming, field trips for local schools, college nights, and professional development programs for teachers. Its mission is to create spaces and programs for youth representation by committing to work and learn with BIPOC audiences who are underrepresented by and within arts institutions.

2 The Getty Foundation partners with people and organizations in Los Angeles and around the world by awarding grants that support art historical scholarship, conserve art and architecture, increase access to museum collections and archives, and train visual arts professionals. It focuses its funding on four core areas: art history, conservation, museum and archival collections, and professional development.

Since 1984, the Foundation has awarded 9,500 grants in 180 countries, totaling $537 million. Current grant-funded initiatives include the Black Visual Arts Archives, Conserving Canvas, Connecting Art Histories, and the LA Arts Community Fire Relief Fund. The Foundation has also dedicated upwards of $14 million to support over 3,700 internships at 175 LA-area arts institutions through the Getty Marrow Undergraduate Internship, the largest paid arts internship program in the country.

3 The Getty Research Institute is an international center with an extensive library, special collections, and an array of programs. It is committed to preserving, creating, and sharing resources related to the history of art, conceived in the broadest terms. Current projects and initiatives at the Research Institute include the Getty Scholars Program, the Latin American and Latinx Art Initiative, a Conservation Workshop for HBCU Students, and Expanding the Study of Performance in Women Artists' Archives.

4 The Getty Conservation Institute is a nonprofit global leader in cultural heritage preservation and research-driven, sustainable conservation work. It advances conservation practice for the visual arts internationally through scientific research, education, and field projects, and serves as a trusted source of information for the conservation community. Current projects and initiatives at the Conservation Institute include Contemporary Architecture in the Historic Environment, DISCO: Data Integration for Conservation Science, Preservation of Plastics, and Urban Conservation Planning in Southeast Asia.

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About CCM

Founded in 1998, Community Capital Management, LLC (CCM) is an investment adviser registered with the Securities and Exchange Commission. The firm's mission seeks to deliver superior risk-adjusted returns through investment strategies that contribute to positive societal outcomes. For more information, please visit: www.ccminvests.com.

[1] *https://www.icmagroup.org/About-ICMA/mission; https://www.climatebonds.net; https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/european-green-bond-standard-supporting-transition_en; https://agi.aseanbiodiversity.org/about-agi | References to third party data, standards, or organizations (including, but not limited to, ICMA, CBI, EUGBS, and ASEAN) are provided for informational purposes only. CCM does not guarantee the accuracy, completeness, or timeliness of any third-party information and assumes no responsibility for any errors or omissions in such data The inclusion of third-party references does not imply an endorsement or association with, or adoption of, the referenced organizations or their standards by CCM.*

[2] *https://www.unpri.org/fixed-income/mapping-the-role-sustainable-bonds-play-in-the-fixed-income-market/11570.article*

[3] *https://sdgs.un.org/goals*

[4] *https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment*

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