



Colchester[®]
GLOBAL INVESTORS

Sustainability Report

June 2024



1. Foreword



Keith Lloyd

Colchester has a great responsibility and opportunity to support investment and assist the development of countries to improve people's standards of living and protect our environment. Innovation with the goal of advancing economic growth is key if we are to leave future generations a sustainable and vibrant ecosystem. Climate change, food, water and resource management, global health, education and equal opportunities are essential ingredients in providing better economic, social and living conditions for all. Since becoming a supporter of the Task Force on Climate-related Financial Disclosures (TCFD), Colchester's TCFD Advisory Committee has worked towards their goal of improving transparency and reporting on climate-related risks and opportunities. Our main achievement this year is working on the conversion of our UCITS Global Green Bond Fund to Article 9 under SFDR. We are also launching our Global Green Bond PIE Fund domiciled in New Zealand to accompany our UCITS and Australian funds. As a proud sponsor and member of the Assessing Sovereign Climate-related Opportunities and Risk (ASCOR) Project, we have also been pleased to contribute to the ASCOR Consultation Report, the ASCOR Framework Methodology Note and the release of the findings from the 25 pilot countries at the end of 2023. In June 2024, we helped to organise and presented at the regional ASCOR roundtables. Sovereign bond investing does not fall into the usual buckets, and we have been pleased to advance understanding in this area. Colchester's fourth annual Sustainability Report outlines our objectives and our achievements to date. In this report we demonstrate our commitment to making meaningful change whilst ensuring full transparency in reporting how we are meeting our climate-related goals. This report will be produced annually as at each June month end going forward.

On behalf of Colchester Global Investors Limited, I confirm that the disclosures in this report comply with the requirements in Chapter 2 of the FCA's Environmental, Social and Governance Sourcebook.

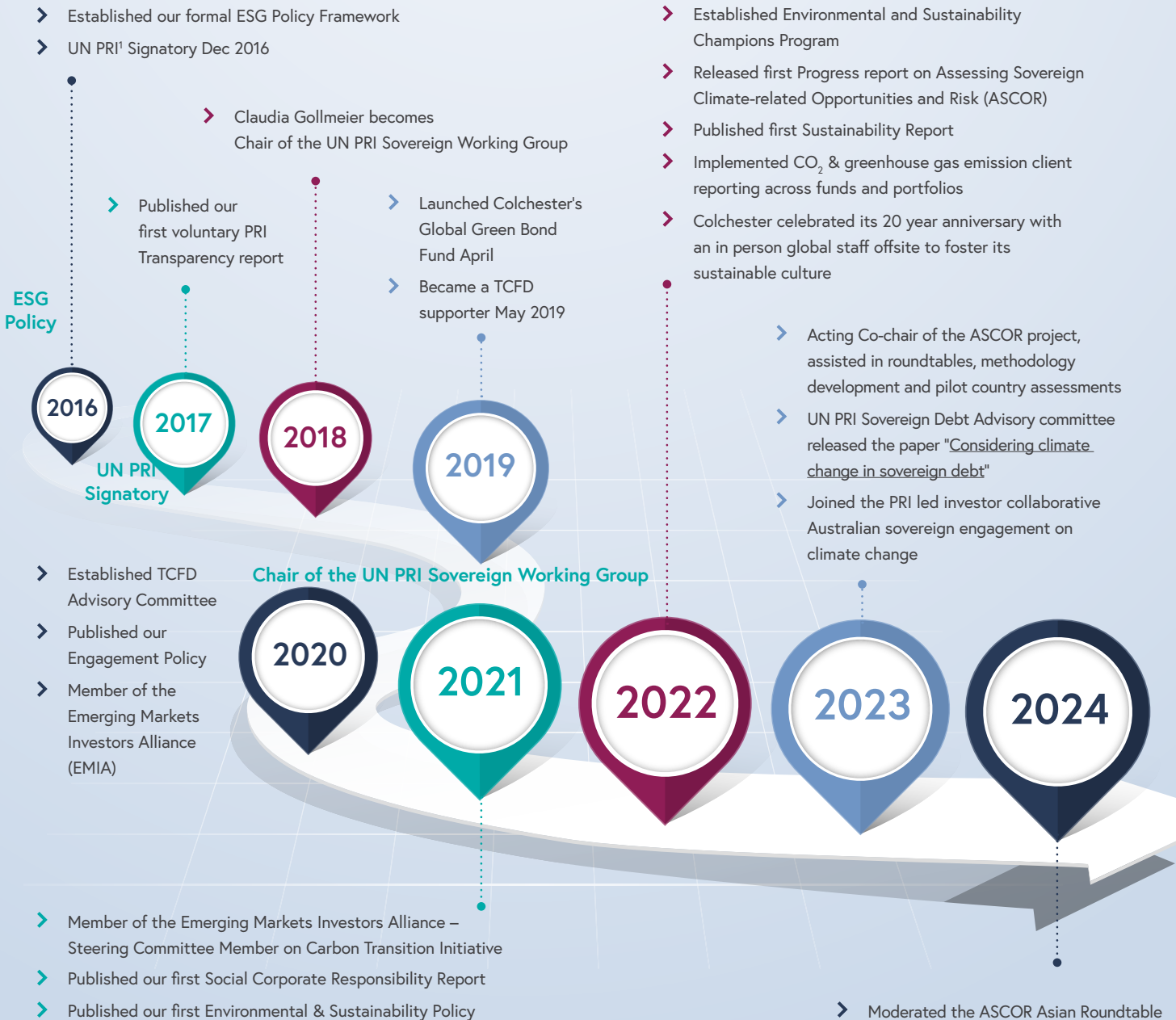
A handwritten signature in black ink, appearing to read 'Keith Lloyd'.

Keith Lloyd, Group CEO and Deputy CIO

Table of Contents

1) Foreword.....	2
2) Highlights From Our Sustainability Journey.....	4
3) Who We Are	5
4) Our Approach to TCFD.....	6
4.1 Our Governance Structure	10
4.2 Strategy.....	11
4.2.2 Our Responsible Investing Approach.....	14
4.3 Risk Management	29
4.4 Metrics and Targets	33
5) Evolving Global Climate-Related Regulations	40
6) Our Approach to Corporate Social Responsibility	42
7) Contributors and TCFD Advisory Committee.....	46
8) Risk Disclosures.....	47
9) Regulatory Information.....	48

2. Highlights From Our Sustainability Journey



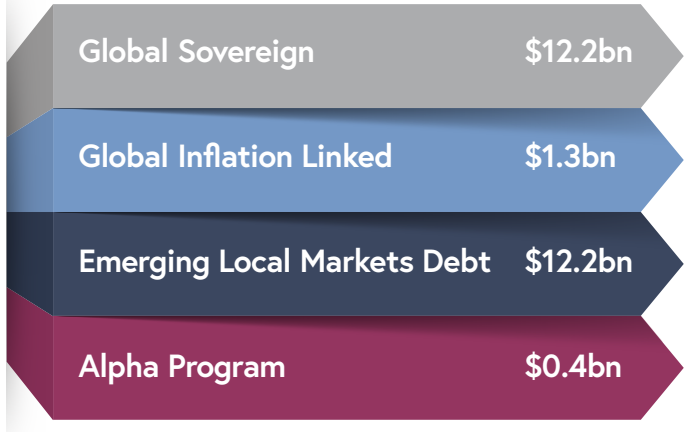
PRI Assessment Report		
Year	Strategy & Governance	Fixed Income - SSA
2017	B	A
2018	A+	A
2019	A+	A+
2020	A+	A+
2021	4 star*	5 star*
2023	4 star*	5 star*

¹ UN PRI: United Nations Principles for Responsible Investment
² IDB: Inter-American Development Bank

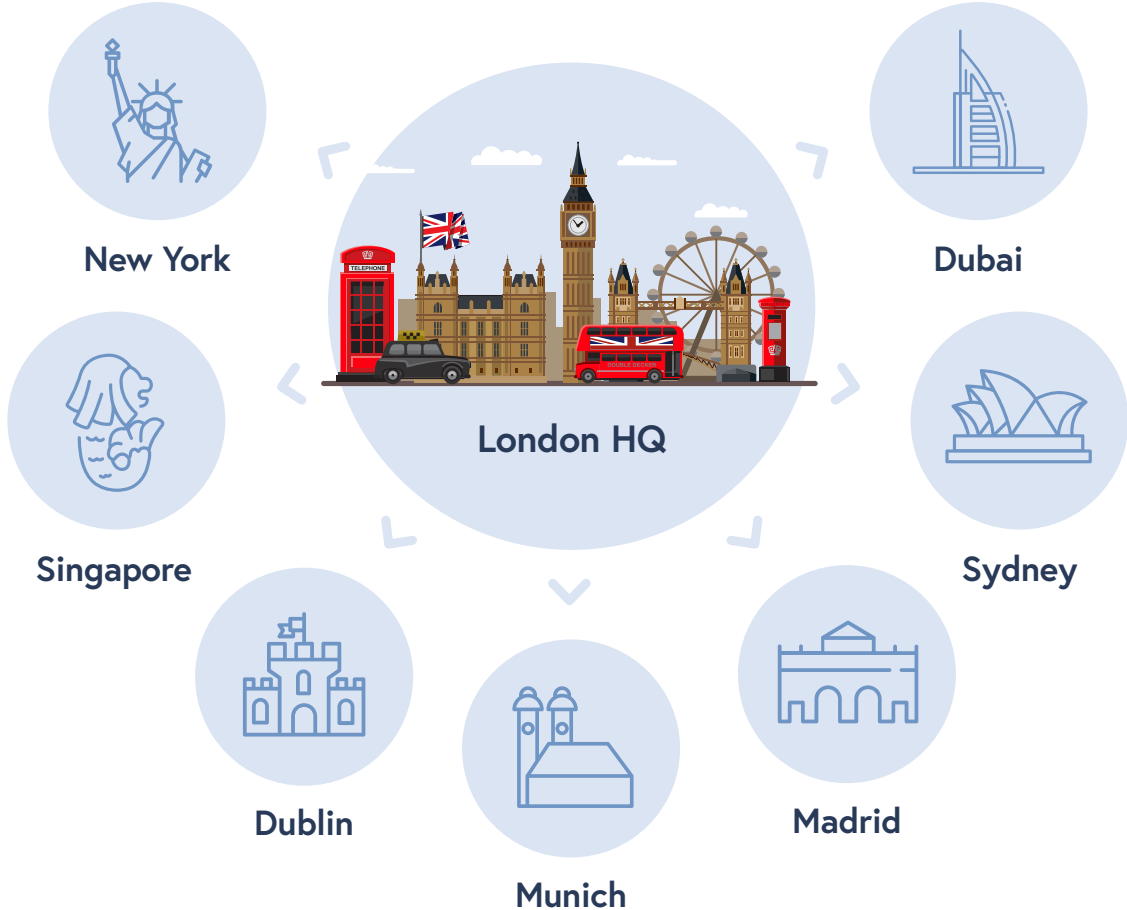
*Note: assessment methodology changed in 2021

3. Who We Are

Colchester Global Investors is one of the world's leading independent investment management firms, founded by Ian Sims in 1999, with an exclusive focus on sovereign bond and currency management. Colchester's rigorous application of its real yield investment strategy, supplemented with in-depth balance sheet analysis and ESG integration, has underpinned the firm's success. Colchester has assets under management in excess of US\$26.1bn as at the end of 2023 across four core strategies: Global Bond, Global Inflation Linked Bond, Local Currency Emerging Markets Bond and an Alpha Program.



Colchester has offices in London, Dublin, New York, Singapore, Sydney, Dubai, Munich and Madrid. Investment Officers are based in our London, Dublin and Singapore offices with the other offices primarily responsible for client service and marketing activities. Our global presence across these locations reduces the need for excessive air travel and supports the firm's commitment to a sustainable operating model.



4. Our Approach To TCFD

In 2015, the Financial Stability Board established the Task Force on Climate-Related Financial Disclosures. The Task Force's final recommendations, published in 2017, include a framework for consistent climate-related financial risk disclosures for companies, banks, asset managers and investors. A key aim of the framework is to bring consistency to different countries' disclosure regimes, making it easier for entities investing in companies in multiple jurisdictions to understand the climate-related risks and opportunities within their portfolios. The framework also aims to benefit the companies implementing the TCFD recommendations, as the analysis that those companies have to conduct helps them better understand the climate-related risks and opportunities facing their business, resulting in improved responses and management decisions. As Colchester only invests in sovereign bonds, the application of a number of the principles, thought process and analysis underpinning TCFD has been challenging. Nonetheless we are encouraged by the evolving body of knowledge in this space, and are delighted to contribute to, and help shape, the industry's understanding of the applicability of a number of these principles to sovereign bond investing. In this report, we disclose details in line with the UK Financial Conduct Authority (FCA) requirements for climate-related disclosures consistent with the recommendations of the TCFD.

The core elements of the TCFD Framework



Source: TCFD, 2017

Colchester's Progress in meeting TCFD Recommendations

	TCFD Recommendations	Sustainability Report Section
Governance	Disclose the company's governance around climate-related risks and opportunities.	
Board Oversight	Describe the board's oversight of climate-related risks and opportunities.	4.1
Management's role	Describe management's role in assessing and managing climate-related risks and opportunities.	4.1
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy, and financial planning where such information is material.	
Description of climate risks and opportunities	Describe the climate-related risks and opportunities the company has identified over the short, medium and long term.	4.2.1
Impact of climate risks and opportunities	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	4.2.1
	Describe how climate-related risks and opportunities are factored into relevant products or investment strategies; and how each product or investment strategy might be affected by the transition to a lower-carbon economy.	4.2.2 & 4.2.5
Resilience to climate risks and opportunities	Describe the potential impact of different scenarios, including a 2°C or lower scenario, on the organisation's businesses, strategy and financial planning.	4.2.3, 4.2.4 & 4.2.5

Source: TCFD and Colchester

	TCFD Recommendations	Sustainability Report Section
Risk Management	Disclose how the company identifies, assesses and manages climate-related risks.	
Identification and assessment of climate risks	Describe the organisation's processes for identifying and assessing climate-related risks.	4.3.1
	Describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate related risks in order to improve data availability and asset managers' ability to assess climate-related risks. Describe how the organisation identifies and assesses material climate risks for each product or investment strategy.	4.3.2
Management of climate risks	Describe the organisation's processes for managing climate-related risks.	4.3.1
	Describe how the organisation manages material climate-related risks for each product or investment	4.2.2 & 4.2.5
Integration of climate risks	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	4.3.1
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
Climate-related metrics	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	4.4.1, 4.4.2 & 4.4.3
	Disclose the metrics used to assess climate-related risks and opportunities in each product or investment strategy.	4.4.5 & 4.2.2
	Disclose extent to which assets under management, products and investment strategies are aligned with a well below 2°C scenario.	4.4.5
Greenhouse gas ("GHG") emissions	Disclose the organisation's Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions and the related risks.	4.4.3
	Disclose the GHG emissions for assets under management and weighted average carbon intensity (WACI) for each product or investment strategy, where data and methodologies allow.	Separate product reports available on demand
Climate-related targets	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	4.4

4.1 Governance

Board oversight of climate-related risks and opportunities

Sustainability matters, including climate-related risks and opportunities, are a key aspect of Colchester's overall business strategy. Colchester's Board is responsible for setting the sustainability strategies for the firm and for overseeing execution of the strategies which have been delegated to various committees and teams. The Board meets four times a year, with additional ad hoc meetings as required, which includes discussion on the progress of the company's climate risks and opportunities matters. For example, previous Board discussions around decarbonization commitments resulted in sponsoring the ASCOR project to provide the first sovereign climate assessment framework. The Board receives regular reporting from key committees related to sustainability matters. Colchester's TCFD Advisory Committee provides the Board with a report on a bi-annual basis. The Board will additionally receive ad-hoc updates with regards to climate related matters from relevant teams and Committees across Colchester, as appropriate.

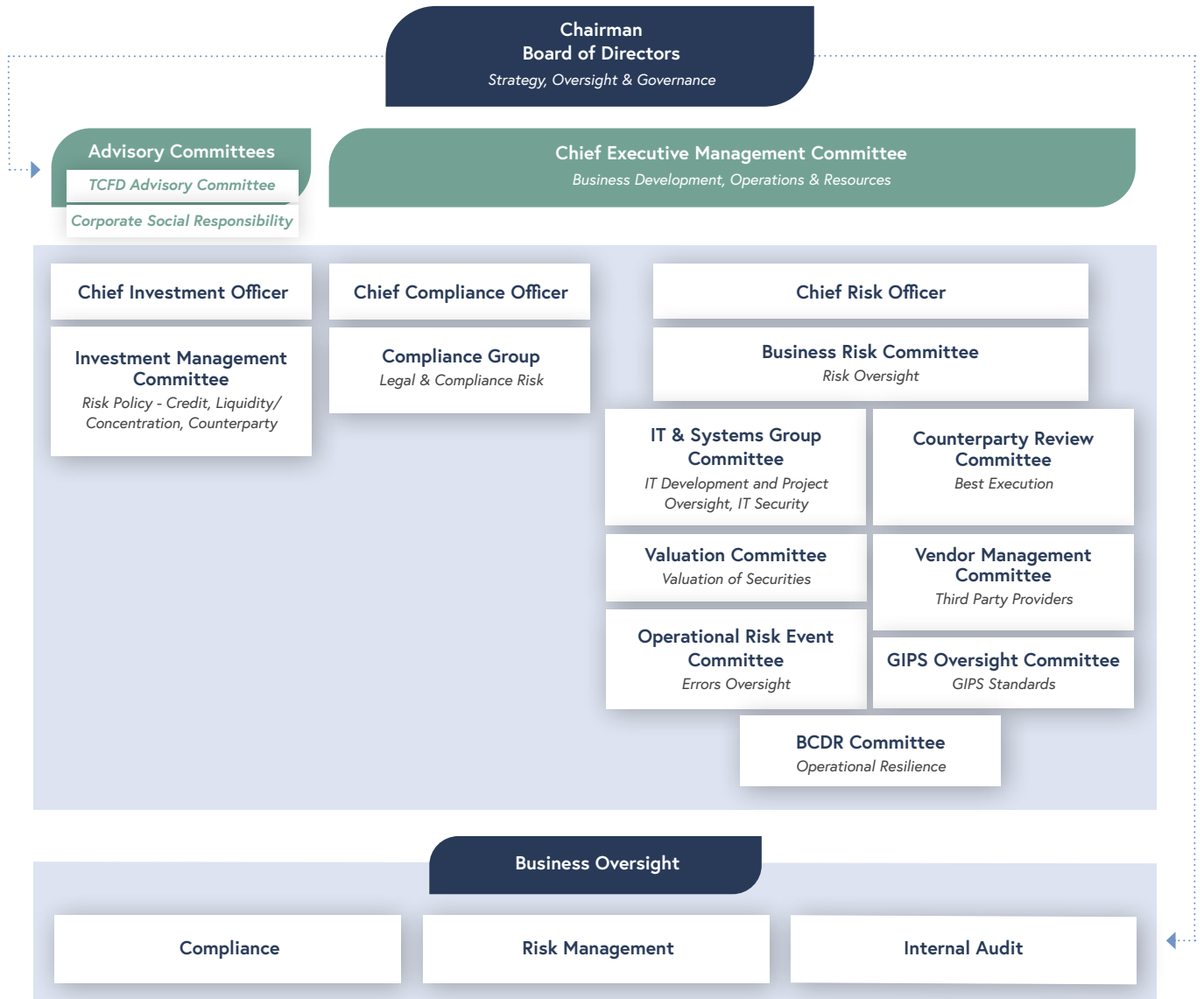
Climate Risks are considered as part of the risk management framework. Colchester maintains an ESG, Sustainability & Climate Risk Register (the "ESG Risk Register") which sets out the key ESG related risks that may impact on Colchester and its business, including risks arising from new and adapting regulation, changing client preferences, physical risks and data availability risks, amongst others. The ESG Risk Register considers the materiality of each risk, and the effectiveness of mitigation controls. The ESG Risk Register is overseen and updated on an annual basis by Colchester's Business Risk Committee.

The Board also monitors Colchester's carbon footprint and has put processes in place to try to make business travel more efficient, amongst other initiatives. The Board will consider climate related issues as part of its strategy decisions, business plans, and other decisions, where appropriate.

Management's role in assessing and managing climate-related risks and opportunities

Colchester's Governance and Risk Management framework consists of several executive committees, which discuss and make the Board aware of any material risk issues when appropriate to do so. Specifically, climate-related risks are discussed within Colchester's TCFD Advisory Committee which is comprised of members from across the various departments of the company, including a number of heads of department and senior managers. The role of the committee is to assist the Board with the assessment of the TCFD's four core elements of recommended climate-related financial disclosures, namely 1) Governance, 2) Strategy, 3) Risk Management, and 4) Metrics & Targets, according to the TCFD's general guidance for the financial sector, and supplemental guidance for asset managers. The TCFD Advisory Committee has worked with other committees to strengthen the governance measures with regards to climate-related risks and implemented measures within the risk framework. We have also established a Corporate Social Responsibility Advisory Group and an Operational Risk Event Committee. Sustainability is integrated into different business areas across Colchester, with certain committees having sustainability as their focus, while other teams or committees integrate sustainability into their broader functional responsibilities. Section 4.2, Strategy, further reflects the integration of sustainability across the company. We see this to be a continuous journey and will report on our progress annually.

Governance and Risk Management Structure

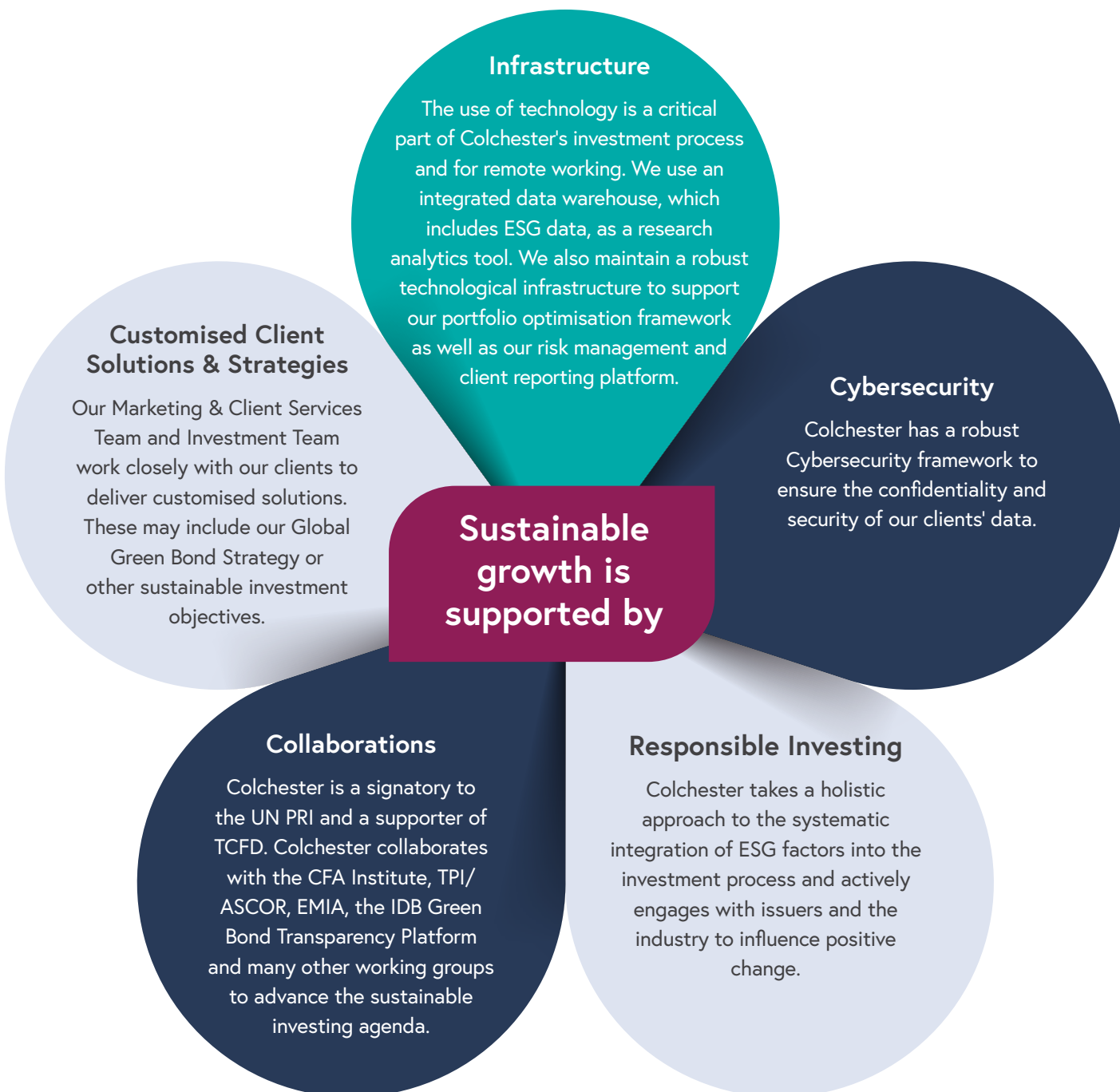


Source: Colchester, December 2023.

4.2 Strategy

Impacts of climate-related risks and opportunities on Colchester's business, strategy, and financial planning where such information is material.

We have identified the key drivers that will support our sustainable growth over the medium term.



4.2.1 Colchester's Climate-Related Risks and Opportunities

Transition risks are the risks stemming from the change in moving from high carbon economies to low carbon economies, due to policy changes and society led changes. Transition risk is the key near-term source of risk and opportunity for our business. This exposure is primarily indirect with the potential to affect revenues and expenses. Although our global offices could be affected by adverse climate events, the financial impact is limited, as facilities are leased, and IT infrastructure is hosted in the Cloud. Colchester maintains business continuity plans to mitigate business disruption caused by physical climate risks. The following tables highlight key climate-related risks and opportunities for Colchester:

Opportunity	Section	Time Horizon*	Potential Financial Impact**	Our Approach
Resource Efficiency	4.4	Transition	Low	Colchester is committed to operating sustainably. Our approach to waste reduction, recycling, water usage, energy efficiency and emissions reduction is set out in our Environmental and Sustainability Policy . By reducing waste, increasing recycling, employing energy efficiency strategies, and reducing travel we lower our emissions, minimise the environmental impact and improve operational efficiency. Colchester's employees play a big part within our sustainability drive via the Environmental and Sustainability Champions Program and volunteer days (more detail under sections 4.4.4 & section 6 Our Approach to CSR).
Investment Strategies	4.2.2	Transition	Medium to high	We have experienced increased interest in sustainable investments as investors seek to focus on climate change/net zero commitments within their portfolios. We have undertaken many educational meetings with asset owners, consultants and other stakeholders. We also provide customised client solutions with sustainable investment objectives. We offer a lower-carbon solution via our Global Green Bond Strategies (section 4.2.2.5).
Industry Collaboration & Research	4.3.2	Transition	Medium to high	We continue improving our integration framework for ESG factors and leverage our ESG database to facilitate product and regulatory reporting requirements. Colchester engages with various stakeholders on many ESG factors, which will feed back into our investment decision making, where relevant, and semi-annually we publish our engagement efforts (see more detail under 4.3.2 and 4.2.2.1). Colchester plays an active industry role as Chair of the PRI Sovereign Debt Advisory Committee and supports industrywide initiatives for sovereigns, such as the ASCOR Advisory Committee. The ASCOR project aims to develop an assessment framework that enables the current and future climate change governance and performance of sovereigns to be fairly and appropriately measured, monitored and compared. The latest ASCOR Project's methodology and pilot country assessment report as of end of 2023. We are also a supporter to the IDB Green Bond Transparency Platform and a member of the Nasdaq Sustainable Bond Network.

Risk	Section	Time Horizon*	Potential Financial Impact	Our Approach & Mitigating Factors
Market	4.2.2	Transition Risk	Medium to high	Climate-related risks can impact asset valuation as the economy adjusts towards a low-carbon economy. This can further impact Colchester's AUM and hence income. To mitigate these risks, we consider climate risk within our investment process and have developed an initial in-house simple climate scenario analysis (see more details under section 4.2.2 responsible investment).
Investment Strategies	4.2.2.5	Transition Risk	Medium to high	The development of new strategies to meet climate-related demand from clients can expose Colchester to reputational harm, additional costs or operational risk. Changes in client preferences and/or changes to regulation to which clients are exposed can reduce demand for standard Colchester strategies. To mitigate these risks, Colchester has launched new strategies in different jurisdictions (Europe and Australia), further detail of which can be found in section 4.2.2.5.
Regulatory & Reputational	5.0	Transition Risk	Medium to high	Environmental and sustainability disclosure requirements, or regulations applicable to investment products, can increase compliance costs, change the competitive landscape, reduce the attractiveness of Colchester's strategies and expose the firm to penalties or sanctions.
Extreme Weather Events (Acute & Chronic Physical Risk)	4.2.4	Physical Risk	Low	More frequent and severe climate-related events can affect operations and disrupt business travel. Colchester has business continuity plans to facilitate ongoing business in the event of disruptions and building insurance to cover assets and infrastructure, travel and offices. Furthermore, we have enhanced our operational risk framework.

*Time horizon definitions:

Short term: < 5 years

Medium term: 5-10 years

Long term: 10-30 years

** In order to identify the potential financial impact of climate-related risks Colchester undertakes a periodic risk assessment and an update of the risk register. Individual risks are scaled on an inherent (before controls) and residual risk (after controls) basis against a risk matrix which systematically establishes the potential financial impact of each risk.

Colchester has not made any GHG emissions reductions commitments at this time. Given the nature of Colchester's business as an asset manager its scope 2 and 3 emissions are very small stemming from its operations as seen in section 4.4.3. Furthermore, we have implemented (as stated in section 4) many business initiatives to reduce our operational GHG emissions. The most material Scope 3 emissions source of all are those associated with investments of our clients. Methodologies for calculating sovereign bond financed emissions, carbon emissions intensity and other climate-related metrics are still developing, as data availability and methodologies mature (see ASCOR) portfolio investments may form part of the future emissions inventory.

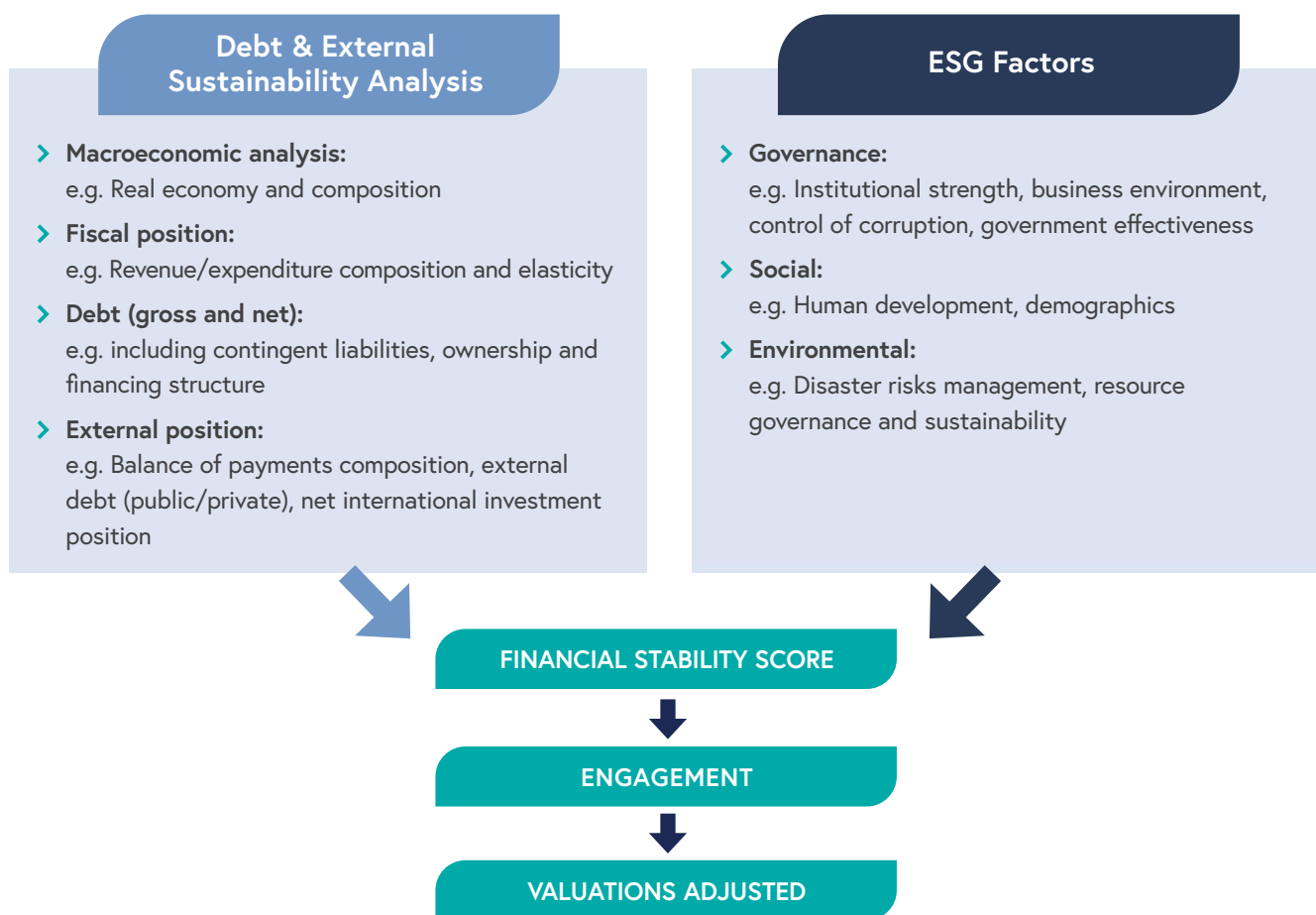
4.2.2 Our Responsible Investing Approach

How Climate-related risks and opportunities are factored into our Investment Strategy

4.2.2.1 Investment Process and ESG integration

Colchester is a value-oriented asset manager. At the heart of Colchester's philosophy is the belief that investments should be valued in terms of the income they will generate in real terms, adjusted by our proprietary Financial Stability Score (FSS). The FSS considers a country's balance sheet assessment and ESG factor assessment. We believe that traditional sovereign credit analysis should be supplemented with the systematic integration of ESG factors to assist us in identifying countries' risks and opportunities. Colchester believes that countries with better ESG standards tend to produce better economic outcomes, more stable balance sheets and better long-term and sustainable financial outcomes. Our engagement process complements our FSS and forms an integral part of our investment valuation framework (see Figure 1). For further details on Colchester's engagement process, please refer to section 4.3.2 below. We publish our engagement activities semi-annually – for the latest report please see ESG Engagement Report December 2023.

Figure 1:



Responsible investing is an integral part of the investment process however Colchester never makes investment decisions based solely upon ESG factors. Unless specified in the client Investment Management Agreement or offering documents, specific assets with poor ESG ratings may not be excluded from portfolios. For more detail on ESG factors please see our ESG Policy.

Colchester has published several case studies on ESG integration. Some examples include Russia and Italy.

4.2.2.2 Sovereign climate risk assessment through the lens of our Financial Stability Score framework

Colchester looks at climate risk to sovereigns holistically, considering geophysical, physical and transition climate risks, in conjunction with the governance and social aspects. We are aware that the Intergovernmental Panel on Climate Change (IPCC) released its Sixth Assessment Report in August 2021 and finalised the second part of the Report, Climate Change in February 2022. The reports warn of increased average global temperatures. Climate change effects can already be seen with more global extreme weather events, such as increases in the frequency and intensity of heatwaves, droughts, flooding, etc as well as biodiversity loss. This informs our perspective of the challenges facing all countries.

As investors in sovereign debt, we assess these material risks through the lens of our FSS framework, which combines both balance sheet fundamentals and ESG factors. We have also enhanced our Sovereign ESG framework with additional factors as shown in the following table, as more data sets on the "E" became available.

	Pillar	Risk Factor	Indicator	Measurement	Source
Environmental	Transition Risk	Decarbonisation	Renewable Energy	% of total electricity generation	Bloomberg NEF/Our World in Data
			Coal/Oil rents	% of GDP	World Bank
			GHG emissions per capita	Mt	EDGAR
	Physical Risk	Environmental Damage	Total GHG emissions	% 5yr change	EDGAR
			Scenario Analysis*	Impact on Debt/GDP ratio	Colchester Global Investors
			Air Quality	index level	YALE Environmental Performance Index
Vulnerability to Climate Change	Vulnerability to Climate Change	Sanitation & Drinking Water	index level	YALE Environmental Performance Index	
		Biodiversity	index level	YALE Environmental Performance Index	
		Vulnerability Index	index level	Notre Dame Global Adaptation Initiative	
			Scenario Analysis*	Impact on Debt/GDP ratio	Colchester Global Investors
Social	Social Cohesion	Political Stability/Representation	Voice and Accountability	Level and 3yr change	Worldwide Governance Indicators
			Political Stability & Absence of Violence	Level and 3yr change	Worldwide Governance Indicators
			Gini coefficient	Level	World Bank
		Health & Education	Life Expectancy at Birth	Level and 10yr change	World Bank
			Education (Expected/Mean years of schooling)	Level	UN Human Development Report
	Human Capital	Demographics Labour Market	Old Age Dependency Ratio	Level	World Bank
			Prevalence of Modern Slavery	Level	Global Slavery Index
			Female Labour Force Participation	Level	World Bank
			Youth Unemployment	Level	World Bank
Governance	Government Effectiveness	Government Effectiveness	Government Effectiveness	Level	Worldwide Governance Indicators
			Regulatory Quality	Level	Worldwide Governance Indicators
	Rule of Law	Corruption/Property Rights	Freedom from Corruption	Level	The Heritage Foundation
			Rule of Law	Level	Worldwide Governance Indicators
			Property Rights	Level	The Heritage Foundation
	Economic Environment	Economic Freedom	World Press Freedom	Level	Reporters Without Borders
			Trade Freedom	Level	The Heritage Foundation
			Investment Freedom	Level	The Heritage Foundation
			Financial Freedom	Level	The Heritage Foundation

Climate change induced by human activity is likely to impact many countries' economies via physical and transition risks over different time horizons. Whilst these outcomes are uncertain with respect to their timing and severity, they could result in economic and financial losses to corporates, households and governments. Hence, regulators and policy makers are implementing more adaptive and mitigation policies to safeguard for financial stability, amongst other considerations. Colchester believes the level of governance, level of development, and countries' willingness and ability to adjust and mitigate against climate change events are particularly important when assessing the economic impact on countries' balance sheets. We explore some of these issues in a case study. Please note also the country case studies from the most recent

PRI Sovereign debt advisory committee, to which we contributed. The publication "Considering climate change in sovereign debt" highlights climate risk challenges and opportunities as well differences to other asset classes such as corporate debt.



Considering climate change in sovereign debt

9 November 2023

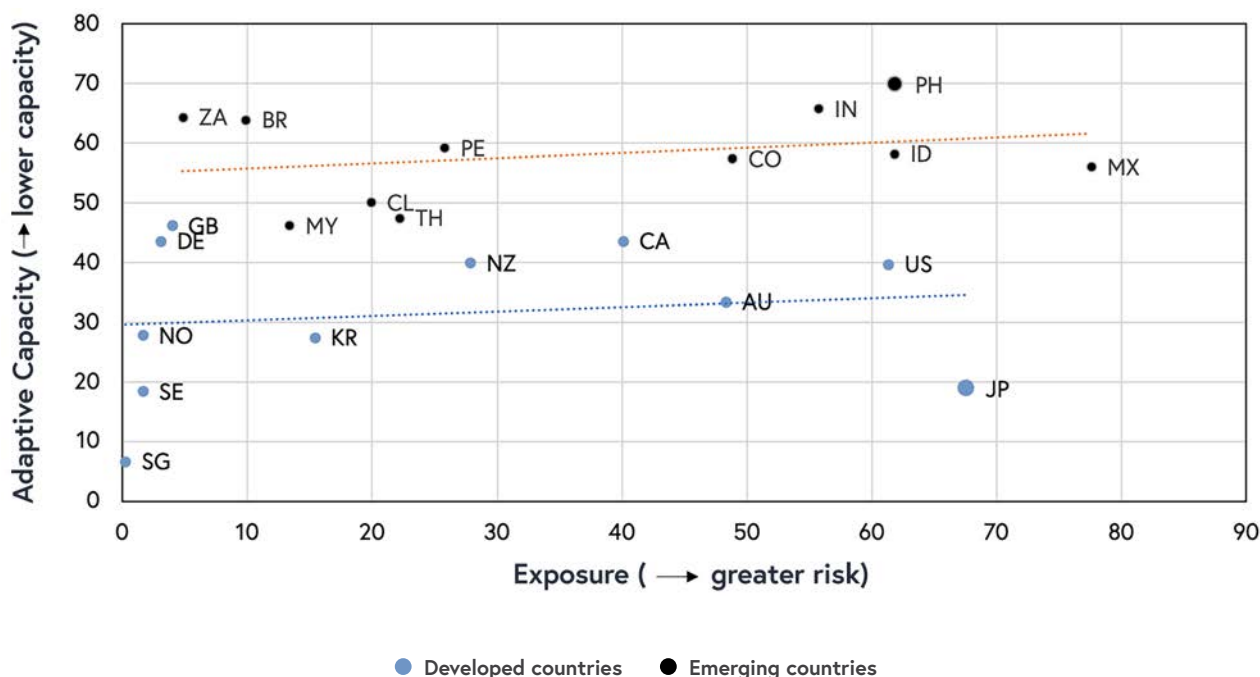
Investors increasingly consider climate change in sovereign debt assessment – both risks and opportunities for positive impact. This paper helps investors understand the many links between sovereign debt and climate change.

4.2.2.3 Physical Climate Risk to Sovereigns

When we consider physical climate risk to sovereigns, we consider both acute and chronic risks, and estimate how they may impact on a country's fiscal cost, macroeconomic environment and debt sustainability. The interlinkage between the fundamental balance sheet analysis and our FSS is clear, as certain economic sectors are more vulnerable to physical climate risks, all else being equal, than others. For more details see [Colchester Sustainability Report Dec 2022](#). One sector more at risk of physical climate change is the agricultural sector, which might be negatively affected in some countries by increasing temperatures, sea-level rise, and extreme weather events resulting in reduced crop yield and loss of arable land.

The WorldRiskIndex (Chart 1) shows that countries with high exposures to physical climate risk include Mexico, Colombia, the Philippines, India and Indonesia, as well as some high-income countries, such as the US, Australia and Japan. However, the latter group manages to mitigate these disaster risks better as they typically have stronger institutions and better financial capacity. This in turn helps reduce the impact on economic growth, or social factors such as the loss of human lives and the displacement of parts of a country's population as their livelihood or means of subsistence is impaired.

Chart 1: WorldRiskIndex



Source: WorldRiskIndex 2023. Note: Countries selected were based on Colchester's Global Bond and Local Emerging Markets Bond Universe dotted blue line are trend line for Global Bond Universe and dotted brown trend line for Local Emerging Markets Bond Universe.

Country Legends: AU: Australia, BR: Brazil, CA: Canada, CL: Chile, CO: Colombia, DE: Germany, GB: United Kingdom, ID: Indonesia, IN: India, KR: South Korea, MY: Malaysia, MX: Mexico, NO: Norway, NZ: New Zealand, PE: Peru, PL: Poland, PH: Philippines, SE: Sweden, SG: Singapore, TH: Thailand, US: United States of America, ZA: South Africa.

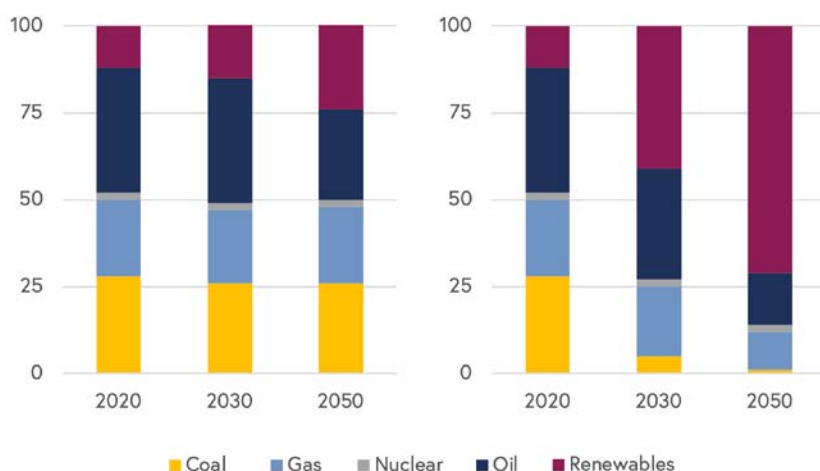
4.2.2.4 Colchester is looking at Transition Risks and Opportunities for Sovereigns

Transition risks are associated with transitioning to a lower carbon economy and tend to be of slower speed and have more medium to longer term uncertain economic implications for sovereigns. Net Zero 2050-70 target commitments along with other pledges, require countries to reduce their Greenhouse Gas (GHG) emissions.

The International Institute for Applied Systems Analysis (IIASA) forecast of global primary energy mix by scenario in Chart 2 shows that there will need to be changes to the global energy mix adopted to meet these commitments. Analysis performed by IIASA and included in the Network for Greening the Financial System (NGFS)¹ document - NGFS Climate Scenarios for central banks and supervisors June 2021 - would seem to indicate that countries with fossil fuel dependent economies may be left with stranded assets in the future, and many countries utilising fossil fuels for energy will have to fund the transition to renewable or alternative energy sources. However, we note that in this space, things are changing constantly. For example, South Africa and Indonesia have obtained funding from the Climate Investment Fund (CIF) and other Partnerships to help them transition their electricity generation away from coal to renewables earlier.

¹ The Network for Greening the Financial System is a network of 114 central banks and financial supervisors that aims to accelerate the scaling up of green finance and develop recommendations for central banks' role for climate change.

Chart 2: Change in global primary energy mix by scenario
Current Policies **Net Zero 2050 (1.5C)**

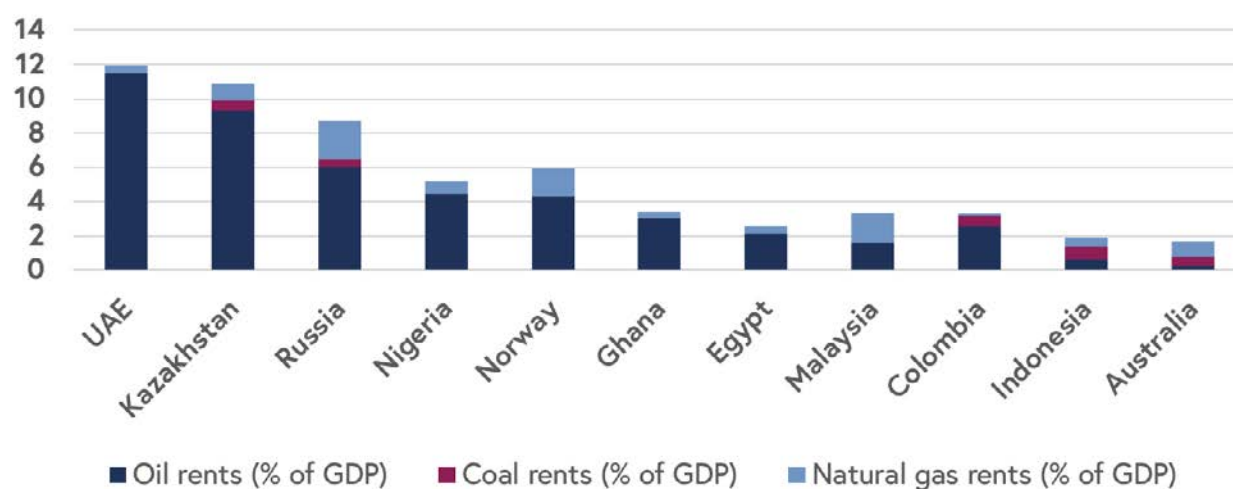


Source: IIASA Network for Greening the Financial System (NGFS) Climate Scenarios Database, June 2021

Approaches we undertake include looking at the largest GHG producers, their policy commitments as well as economic structure. Given the demand for fossil fuels is expected to decline over the coming decades based on pledges and commitments from some governments, major fossil fuel exporting countries may eventually face a loss of revenue from these commodities (depending on future market pricing) and will need to diversify into other economic sectors. Some of the economies most exposed to fossil fuels within our investment universe are shown in Chart 3.



Chart 3: Fossil Fuel Rent % of GDP as of 2020



Source: World Bank Indicators, Colchester, as of 2021. Note: "Oil or Coal or Natural gas rents are the difference between the value of crude oil or coal or natural gas production at regional prices and total costs of production," as defined by the World Bank for the purposes of this data source.

As can be seen in Chart 3, countries such as the UAE, Kazakhstan, Nigeria and Norway are heavily reliant on fossil fuel rents as a percentage of GDP, and in particular on oil. It follows that they are at risk of future revenue shortfalls to sustain private sector and government activities in the absence of diversifying their economies. Lastly, it is also worth noting that not just the structure of the economy is important to mitigate transition risks, but that resource governance also has an important part to play.

Case Study: Indonesia

As pointed out in the most recent PRI paper on considering climate risk in sovereign debt, there is economic relevance and materiality of climate change to many sovereign debt investors and some academic research has also shown linkages between climate factors and sovereign bonds. However, it is extremely difficult to quantify the specific impact of climate change on sovereign bond valuations, as there are a lot of interlinkages between the "G", "S" and "E". Despite these challenges, we recognise the importance of this evolving risk within the sovereign debt analysis and wanted to demonstrate how we at Colchester look at climate change risks, its complexities, challenges, opportunities and our engagements in the case study of Indonesia.

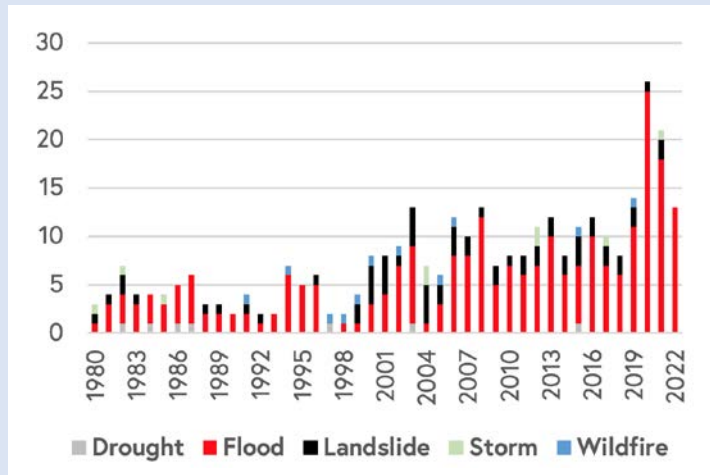
Physical Climate Risk

Indonesia, is the largest Southeast Asian economy with a population of 270.6 million, the world's largest archipelagic state consisting of over 17,500 islands and stretches over 81,000 km of coastline². Over the years the country's frequency and intensity of natural disasters, with a particularly high exposure to flooding, has increased (see chart below). Indonesia' geographical location and increased natural hazard events makes it the second highest disaster risk country and the fifth highest in terms of exposure according to the WorldRiskIndex 2023. The ND-Gain Country Index³ also displays Indonesia's higher vulnerability to climate change impacts relative to other countries.

² World Bank (2020). Indonesia – Overview. URL: <https://www.worldbank.org/en/country/indonesia/overview>

³The ND-GAIN Country Index summarizes a country's vulnerability to climate change and other global challenges in combination with its readiness to improve resilience. It aims to help governments, businesses and communities better prioritize investments for a more efficient response to the immediate global challenges ahead. <https://gain.nd.edu/our-work/country-index/rankings/>

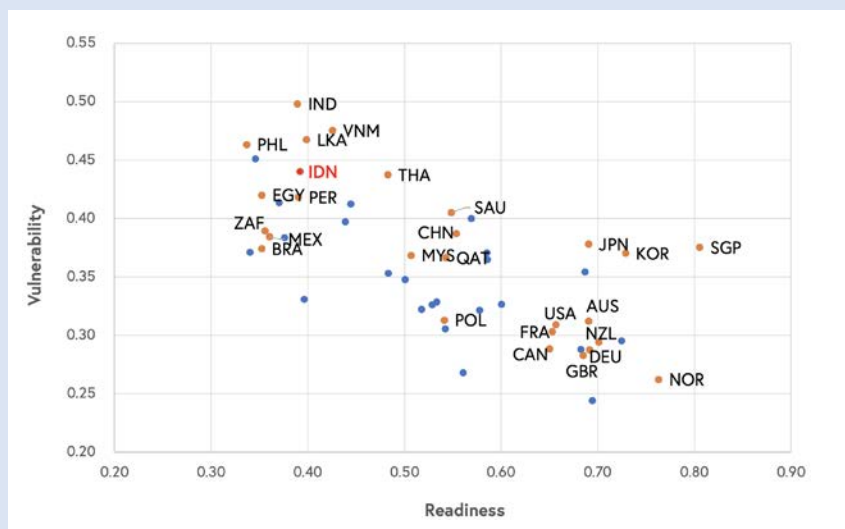
Chart 4: Frequency of Natural Disasters



Source: EM-DAT, CRED / UCLouvain, Brussels, Belgium, IMF Climate Change Dashboard, ND-Gain, Colchester, as at end of 2022

Given Indonesia's long coastline makes it particularly vulnerable to sea-level rise, and the extreme weather affects the agriculture, fishery and forestry sector, which accounts for 35 million workers (ca. 30% of total workforce) or 12.4% of GDP as of 2022 as estimated by the World Bank. It is estimated that without adaptation, the total population likely to be exposed to constant flooding by the period 2070–2100 could reach over 4.2 million people⁴. Other implications stemming from climate pattern changes via El Nino may impact the rice production due to the impact the onset and length of the wet season. Equally, higher temperatures are also projected to reduce rice crop yields and water availability. Alongside other impacts on agricultural production, Indonesia faces multiple threats to its food security. Implications on food security translated into the higher cost of living in other words higher inflation, which in turn could lead to an increased rate of poverty, alongside other social implications. The extreme case in the absence of well planned adaptation and disaster risk reduction efforts, apart from affecting the poorest population group the most, the country's balance sheet might be negatively affected with an increased cost of funding. The Asian Development Bank (ADB) estimates that by 2100, the impacts of climate change could cost between 2.5–7% of Indonesia's GDP⁵.

Chart 5: Notre Dame - GAIN Country Index



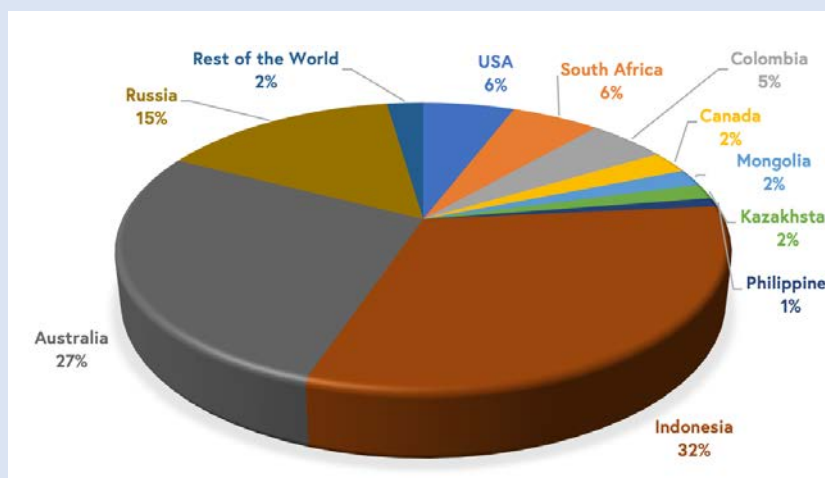
Source: EM-DAT, CRED / UCLouvain, Brussels, Belgium, IMF Climate Change Dashboard, ND-Gain, Colchester, as at end of 2022

^{4,5} ADB, Climate Risk Country Profile – Indonesia <https://www.adb.org/sites/default/files/publication/700411/climate-risk-country-profile-indonesia.pdf>

Transition Risk

Indonesia is the largest coal exporter Chart 6 and represents its largest export product with ca. 10% of total exports GDP as of 2019 (represents ca. 1.8% GDP). The government receives royalties from oil, gas and coal mining equivalent to 7.5 percent of total government revenue – coal on its own provides about 1.3% of total government revenues as of 2019. Transition risk is rising with major export markets beginning to reduce their coal consumption due to climate pledges. Equally, as the largest palm oil producer with 55% of the global export, it also represents 10% of Indonesia's total exports. Hence, Indonesia's economy will need to diversify and reduce the risks of relying on fossil fuel and palm oil exports in the future.

Chart 6: Major Coal Exporters, 2019



Source: IMF, Indonesia: Selected Issues, March 2, 2021

Indonesia's electricity sector is one of the biggest Greenhouse Gas (GHG) emissions contributors. Coal generates 61% of electricity and is projected to continue increasing until 2027, and would represent 64% by 2030 under the current electricity sector plan. Whilst Indonesia's GHG emissions are low on a per capita basis compared to countries like the US, the EU or South Korea its trend is picking up.

Having said that, whilst climate policies have been weak and lacked implementation together with the delay of the carbon tax implementation due to COVID-19, the recent presidential regulation stipulates a 2050 coal power phase out date and mandates the development of a plan to achieve this. Significant financial support is required and as part of the solution is the call on international finance via the accelerated coal phase-out by the ADB's Energy Transition Mechanism (ETM), Just Energy Transition Partnership (JETP), and bilateral cooperation agreements. Furthermore, Indonesia signed the Global Coal to Clean Power Transition declaration at COP26 and indicated that it is open to phasing out coal in the 2040s and increasing its net zero ambition, conditional on international support.

This message and commitment was reiterated at COP28 by Prime Minister Jokowi: "Indonesia needs more than US\$1 trillion investment for carbon neutrality by 2060. Indonesia invites collaboration from bilateral partners, private investment, philanthropists, and support from friendly countries."

Alongside this Indonesia is a member of the Coalition of Finance Ministers for Climate Action and has implemented climate budget tagging since 2016, which also facilitated the issuances of labelled bonds to support the domestic transition journey.

⁶ Climate Action Tracker, Indonesia

Transition risk may weigh on Indonesia's sovereign credit rating and the government's ability to finance its economic and social development objectives in the long run. However, Indonesia's level of governance has increased and we are encouraged by our collaborative engagement work with the Emerging Market Investors Alliance (EMIA) Working Group on Decarbonisation – Indonesia, where we engaged with various ministries and most recently with PLN Indonesia's state-owned electricity provider, generating most of the country's electricity. All entities noted their strong commitment to carbon neutrality for 2060 although the higher cost of living combined with the upcoming elections voter unfriendly policies are less likely to be implemented in 2023.

Investment Implication

In conclusion, sovereign ESG integration is more nuanced and complex due to the interlinkages between some of the traditional balance sheet and ESG factors. We at Colchester don't look at these factors in isolation. Instead, we apply a more holistic approach and recognize that some of these longer term transition risks are more difficult to price accurately. Therefore, Colchester's Financial Stability Scores reflect Indonesia's physical climate and transition risks, relatively low government debt levels, improving governance standards led to better prudent macroeconomic policies. Some of these transition risks could be mitigated by economic diversification into the electric vehicle (EV) battery metal nickel sector (including downstream, value-add commodity processing), with as little environmental impact as possible. Furthermore, Indonesia benefits from a young population, which should support future economic growth. Other factors supporting future growth include improving tax collection and more targeted public spending.

4.2.2.5 Sustainable Product Solutions

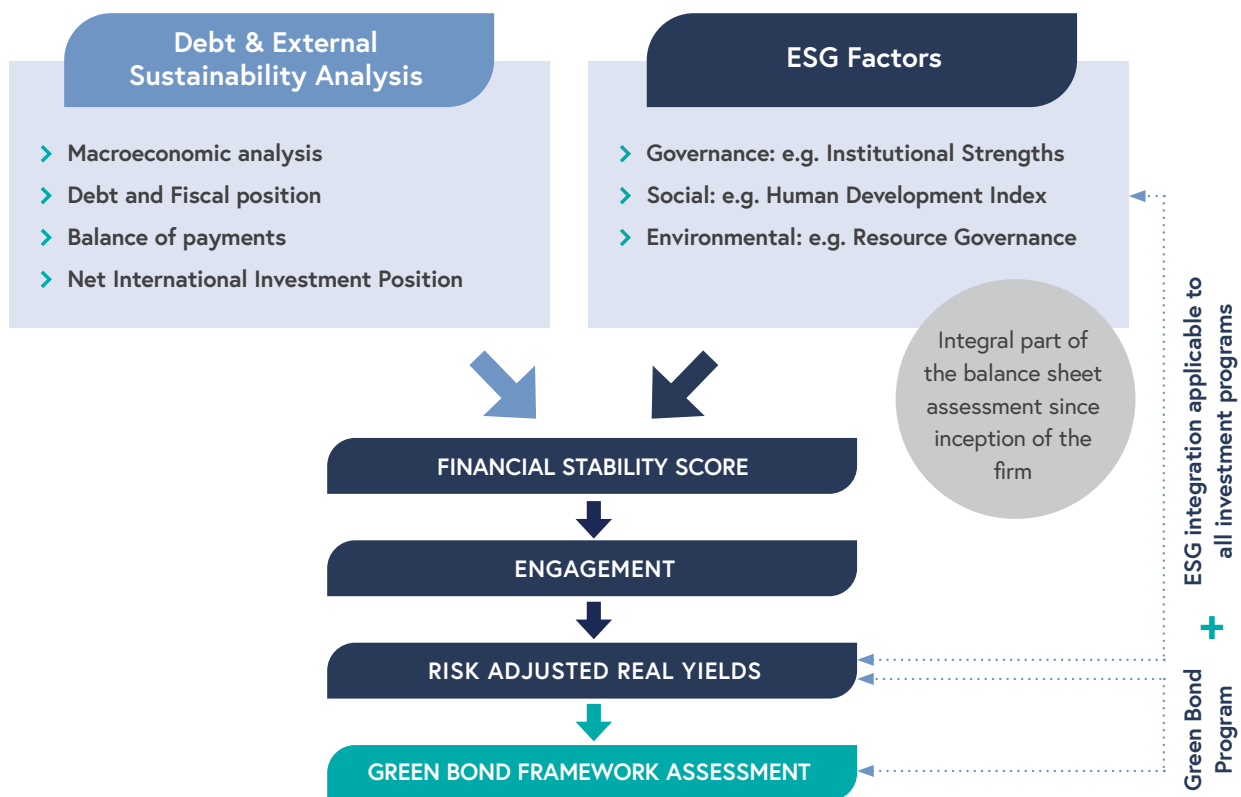
Whilst we haven't set explicit carbon reduction targets across all the investment strategies that we manage, we work closely with our clients to provide customised sustainable solutions in order to reduce the carbon footprint or to achieve other objectives. These solutions include our Global Green Bond Program and specific strategies designed to solve client requirements.

The Colchester Global Green Bond Program

Our Global Green Bond Program uses the same valuation framework, portfolio construction and risk management techniques as our other investment programs. On occasions, we may buy green bonds issued by supranational or government guaranteed entities, due to the lack of availability of green bonds issued by governments, yield curve segments or valuations. We then apply two additional steps that impact on which bonds are considered within the opportunity set, and our ongoing willingness to continue to hold them.

1. Firstly, we make an assessment to determine whether an issuer's green bond framework is aligned with International Capital Market Association (ICMA)'s Green Bond Principles⁹ or any other applicable national or supranational standards (including the future EU Green Bond Standard). We then assess that the issuer has arranged for an independent second party opinion on the labelling of the issue as "green". In the absence of an independent second party opinion, Colchester will make its own determination that the issue can be labelled "green".
2. Secondly, we will monitor on an annual basis issuers' use of proceeds reporting by looking at their allocation report. In the absence of an allocation report we will either engage with the issuer or make an appropriate determination based on the information available.

Figure 2: Colchester's Green Bond Framework



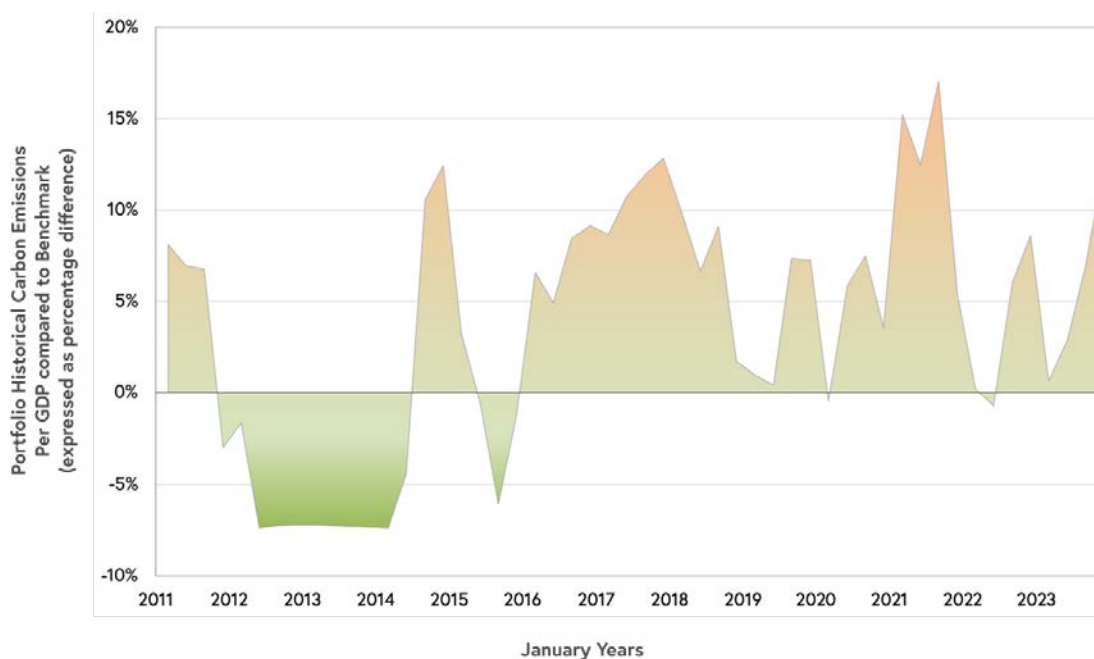
Responsible investing is an integral part of the investment process however Colchester never makes investment decisions based solely upon ESG factors. Unless specified in the client Investment Management Agreement or offering documents, specific assets with poor ESG ratings may not be excluded from portfolios.

In addition to our Green Bond Program, we have been exploring how to integrate sustainable investment objectives within dedicated client portfolios and potentially launching other dedicated pooled funds with explicit sustainable/climate mandates. Sustainable investment objectives can be used as a constraint within a mean/variance optimisation framework. We are able to improve the carbon emissions of a global bond portfolio compared to the FTSE World Government Bond Index (WGBI) or any other global bond index. Carbon intensity can be measured in a number of different ways:

- Tonnes of CO₂
- Tonnes of CO₂ per capita
- Tonnes of CO₂ per GDP
- Change in CO₂ measures over time

In order to calculate the historical cost of applying a carbon constraint to a portfolio, we run a simulation where we apply a constant set of country limits over time (maximum and minimum weights) for a given tracking error. The historical carbon emissions of this typical portfolio can be compared to the benchmark over time (Chart 7).

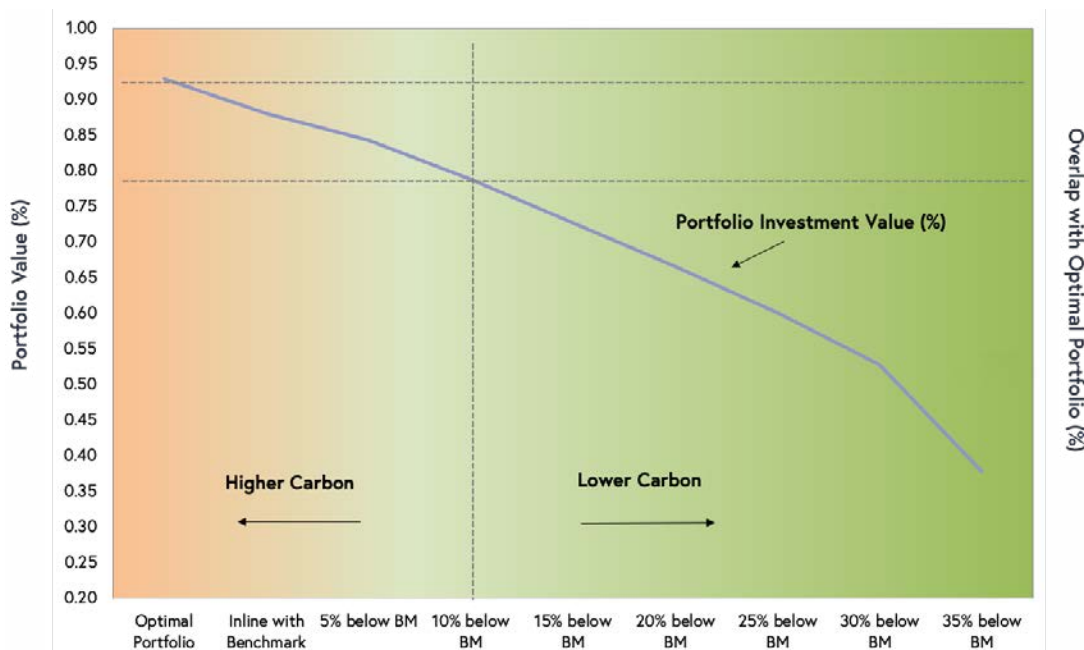
Chart 7: Historical Portfolio Carbon Emissions per GDP



Source: EDGAR Database as of 2022 and Colchester Global Investors, as of December 2023

We are then able to apply a carbon constraint to this 'typical portfolio' to see the effect this has on the investment value of the portfolio at each point in time. Chart 8 shows the effect that the carbon constraint has on the investment value of the portfolio at various levels (as at the end of December 2023). This 'efficient frontier' highlights the impact of alternative relative benchmark constraint targets on the bond portfolio investment value, at the specific point in time. Colchester's individual country investment value or expected return is determined by combining each source of value added of a country: prospective real yield, sector and duration/maturity. The weighted country investment values provide us with the bond portfolio investment value. It illustrates that there is a potential investment value trade-off as lower carbon outcomes are envisaged. It is worth noting that the analysis is based on historical carbon emissions, as forward looking equitable carbon emission pathways are currently being developed by the ASCOR project.

Chart 8: Trade off between portfolio value and lower historical portfolio carbon exposure



Source: FTSE World Government Bond Index, EDGAR Database, as of 2022 and Colchester Global Investors, as of December 2023

Dotted lines: Show an example of the Portfolio Value (%) for a portfolio with historical carbon exposure of 10% below the Benchmark's carbon exposure

More broadly the framework allows us to potentially improve the characteristics of the actual portfolio versus the sovereign benchmark on various measures. For example, such as historical carbon emissions, governance, social indicators, modern slavery, etc.

4.2.3 Resilience of Colchester's strategy considering different climate related scenarios

Trying to assess the impact that climate change will have on economic and financial systems has many uncertainties. The forward-looking nature and the inherent uncertainty of these events make it difficult to assess them using standard risk modelling methodologies. Scenario analysis offers a flexible 'what-if' methodological framework that is better suited to exploring the risks that could crystallise in different possible futures. Like other practitioners in the field, our work will undoubtedly have to make many assumptions and simplifications, but we believe that it will enhance our understanding and help us to better assess these risks in our overall investment framework.

4.2.4 Colchester's Corporate Operations

Business Continuity and Disaster Recovery ("BCDR") and Operational Resiliency

Business Continuity ("BC") is defined as the capability that allows a business to continue without material disruption to clients or client information during a business interruption. Disaster Recovery ("DR") refers to those technology-related processes that facilitate recovery of the technological environment in the event of a disaster. In the event of a business interruption, Colchester has a duty of care to its staff, clients, stakeholders and the broader community.

Colchester's BCDR Plan provides guidance for the company on how to plan, prepare and respond to business disruptions. The company's BCDR Plan is approved by the BCDR Committee¹⁰ which reports to the Business Risk Committee ("BRC"), the same Committee that oversees the ESG Risk Register and in turn reports to the Board. Whilst the IT & Systems Group Committee, which also reports to the BRC, is responsible for the company's IT infrastructure, the BCDR Committee specifically ensures that the company's technology is resilient.

¹⁰ Both the BCDR and IT & Systems Group Committee are chaired by the Chief Executive Officer (London), which brings further alignment

The BCDR Plan ensures the company is able to recover as intended from a disaster, which would include those that are climate-related, such as flooding. The overriding aim of Colchester's BCDR Plan is to ensure continuation, with minimal interruption, of its critical business operations.

Hybrid working and transfer of work

Colchester utilises a hybrid working model across the organisation and is therefore not reliant on staff attending the office in the event of a BCDR event. In addition, Colchester has a number of offices globally, and is therefore able to transfer work to alternative offices if necessary, depending upon the tasks. In that regard, Colchester's London and Singapore office are fully functional offices staffed by front and back-office teams, marketing, finance and oversight.

These working models provide excellent resiliency, taking into consideration a transition to a lower-carbon economy consistent with a 2°C or lower scenario and increased physical climate-related risks.

IT Resiliency and Strategy

Colchester is a user of leading Microsoft technologies and applications, including Microsoft Azure, the Microsoft Public Cloud, where Colchester hosts its Azure Virtual Desktops and Remote Desktop Services. The use of Microsoft's remote-working technologies, given their global market-leading position and Colchester' use of the broader Microsoft stack, is a key part of Colchester's BCDR Strategy. It also contributed to a reduction of Colchester's energy usage by enabling the Company to retire its on premises servers in London, New York and Singapore in 2021.

Supply chain & function delegation

Colchester has partnered with a market-leading third-party management tool that is used for vendor onboarding, oversight and ongoing due diligence. Colchester has a dedicated ESG-related section in its due diligence questionnaires which form part of a risk-rated assessment to ensure that supplier risks are identified and mitigated in order to maintain a resilient supply chain.

4.2.5 Colchester's Investment Strategy

Modelling of Physical Risks

For assessing the possible impact of physical risk, we have developed a scenario analysis that uses a physical risk index that measures the susceptibility, coping and adaptation scores to extreme natural events. We use the WorldRiskIndex¹¹ together with historical costs to develop scenarios with an aim to better understand each country's debt profile by highlighting the fiscal impact of physical risk on a country's financial stability. Our physical risk analysis is based on three scenarios for global temperatures:

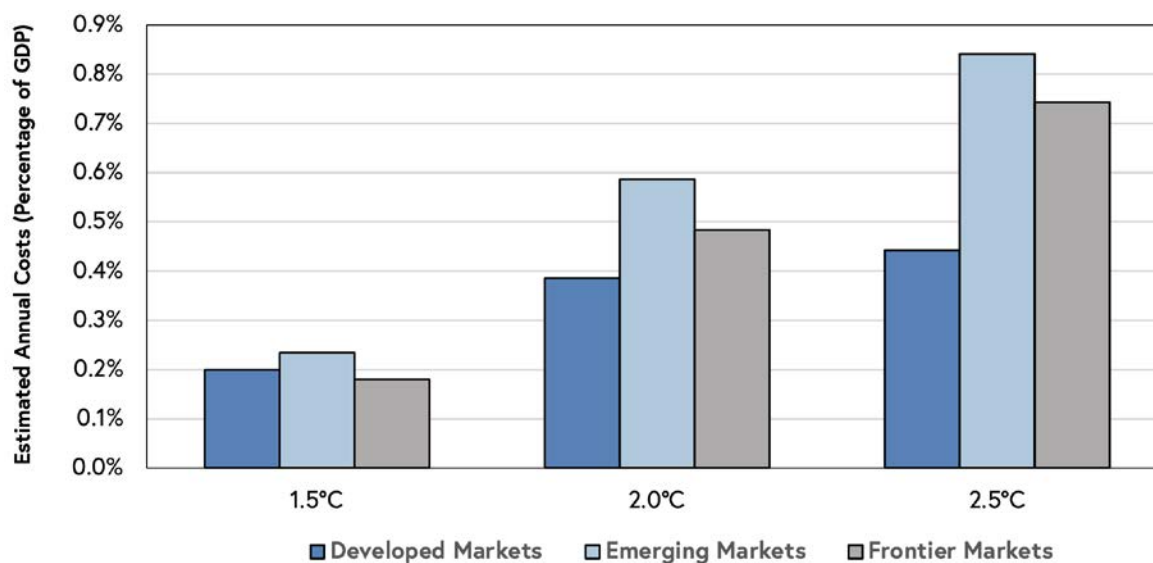
1. Meeting of net zero <=1.5°C
2. Divergent from net zero 2°C
3. Disorderly away from net zero >=2.5°C

Meeting the net zero objective implies that policies are introduced early and are orderly, limiting the global temperature to 1.5°C above pre-industrial levels and the physical risk impact on government balance sheets. In contrast, the disorderly third scenario, where only current mitigation and adaptive policies are preserved, will imply high physical risks and costs for countries. To help us assess the differences in the potential costs across the scenarios, we have referenced a study by Swiss Re, which estimates the regional impacts on the debt to GDP across the scenarios (we have not analysed their extreme 3.2°C scenario).

¹¹ Please note that the WorldRiskIndex methodology changed from 2022 to 2023's data set, which had a noticeable impact on our analysis compared to the previous year.

Colchester estimates the physical risk impacts upon each country's fiscal balance, under each temperature scenario and we use this analysis to further estimate the impact this may have on annual government debt balances. Under these three scenarios shown in Chart 9, the government debt balances for both the emerging and frontier countries are more likely to be more negatively impacted by increases in global temperatures than the developed markets, although the impact varies by country within each asset class. There will likely be an accelerated increase in government debt under our 2.5°C Disorderly Scenario. Therefore, many climate experts view the cost of transition towards a cleaner world not as a 'cost,' but as an investment in the future.

Chart 9: Estimated physical risk costs as a percentage of GDP



Source: Swiss Re, EM-DAT, CRED, WorldRiskIndex World Bank and Colchester, as of end of year 2023

Modelling of Transition Risks

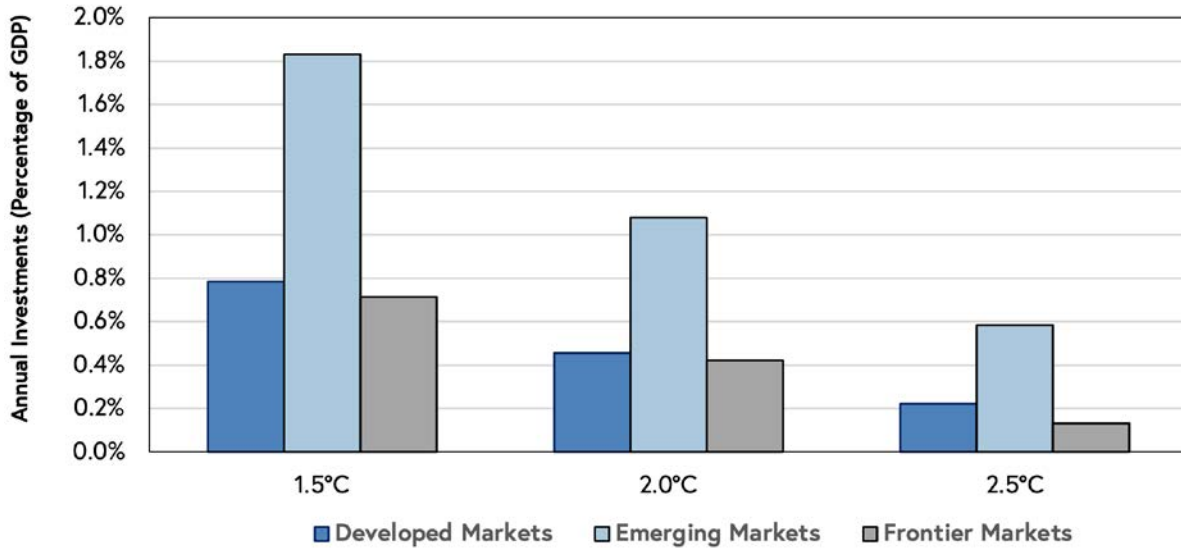
Transitioning towards a cleaner world will be expensive and we see that the official estimates of these costs vary widely. Colchester's scenario analysis for transition risk focuses on the government costs of increasing spending on clean energy and the potential implication. The reduction in emissions and replacing fossil fuel, such as coal and oil with clean energy sources, such as wind, solar and hydro energies, requires funding and hence may have implications on countries' balance sheets. According to the International Energy Agency (IEA), only 17% of total annual global energy use is from clean energy.

The IEA reported in their World Energy Outlook 2021, that the Announced Pledges Scenario¹² (2°C) will lift global clean energy production to 78% in 2050, mainly due to the reduction of coal and oil energy sources. This varies by region/scenario, with the developed world expected to do more as the temperature increases. The IEA also show that there needs to be a significant increase in annual investment spending from around US\$ 1 trillion over 2016-2020 to nearly US\$ 4-5 trillion total spend by 2030 and around 30% of this investment will need to be carried out by the public sector. Of the US\$ 4-5 trillion required investment, the public sector is therefore expected to need to increase the rate of investment from US\$ 363 billion (0.45% of global GDP) in 2020 to US\$ 1.2 trillion annually by 2030 (1.5% of global GDP). Under the 2.0°C scenario, governments are expected to pay ca. US\$ 708 billion per year (31% of the total share). Finally, the public sector bill under the 2.5°C scenario is projected to be US\$ 363 billion per year (status quo). These public sector costs should plateau at around the same level for the period between 2030 to 2050. Our scenarios are centred and modelled on these estimations. This scenario requires the world to increase the rate of clean energy generation to 78% of total energy use by 2050, as implied by the IEA Net Zero emissions study. The 2.0°C scenario requires a 44% target whilst the 2.5°C scenario requires 31% clean energy.

¹² <https://www.iea.org/reports/global-energy-and-climate-model/announced-pledges-scenario-aps>

We estimate the government investment on clean energy transition using the scenarios reported by IEA in their World Energy Outlook 2021. These detail the energy mix by different countries over time for the different scenarios. Some countries are closer to those targets and would require less investment than other countries. The model also takes into account the cost of various energy sources as well as cost reductions on new technologies over time. Chart 10 summarises our transition risk investment estimates for each of the three temperature scenarios.

Chart 10: Estimated government transition investments by 2050



Source: International Energy Agency, OurWorldInData, World Bank and Colchester Global Investors.

We at Colchester accept that our climate change assumptions will need to be updated overtime, but the scenarios do give us some insight into the scale of the potential contingent liabilities on each country's financial balance sheets. Over time we will look to improve our analysis by incorporating the country specific cost of migrating towards clean energy sources. We recognise that, over time, the cost of investment in new technologies might fall and hence it could be that our estimated costs are overestimated. Equally, the physical risks that we outline could be larger or smaller and may impact government balance sheets sooner or later than we have anticipated. At Colchester our financial stability analysis is evidence based and we will probably revise our assumptions as and when we receive new information.

Lastly, Colchester is an active participant in industry efforts to devise appropriate sovereign frameworks. An example of this industry framework development is the collaborative industry initiative of the 'Assessing Sovereign Climate-related Opportunities and Risk Project' – the ASCOR Project (for more information see section 4.3.2).

4.3 Risk Management

How Colchester identifies, assesses, and manages climate-related risks

4.3.1 Colchester's processes for identifying, assessing and managing climate-related risks

Risk management is a key focus of Colchester, and a consistent Risk Management Framework is embedded across all Colchester entities, comprising our governance, risk management process and risk appetite. Colchester's Risk Management Framework emphasises and balances strong central oversight and control of risk with clear accountability for and ownership of risk within each operational area. This includes risk oversight committees with clear roles and responsibilities. The three lines of defence are the risk structure deployed by the firm for the risk management, risk oversight and independent assurance that the risk framework is operating effectively. The Group's risk framework has added climate and sustainability risks within the Risk Framework taxonomy. The risk assessment process takes a structured approach to identify the individual climate and sustainability risks and their mitigating controls on a risk register and it assesses the risks on an inherent (before controls) and residual risk (after controls) basis in terms of a scaled likelihood and impact (financial, client, regulatory and reputational).

In order to identify and assess the key climate related risks impacting on the organisation, Colchester has set up a TCFD working group, comprised of members from the risk, investment management and legal teams. The group works collaboratively to identify the climate and sustainability risks facing Colchester and their mitigating controls. The group assesses those risks on an inherent (before controls) and residual (after controls) risks basis. As part of the assessment, the working group produces a risk matrix, based on the potential impact of each risk, and the likelihood of its occurrence, to determine which risks are deemed material. All identified risks and mitigating controls are set out on Colchester's ESG Risk Register, which is reviewed and approved on an annual basis by Colchester's Business Risk Committee.

This risk assessment and risk register along with proposed actions is presented at the Business Risk Committee & TCFD Advisory Committee on an annual basis. The Risk department utilises the risk register to perform their ongoing independent measurement of the risk and the efficacy of the controls for the risk mitigants. The Investment Team are responsible for evaluating environmental, social and governance risks and opportunities for all markets.

The Risk Team measures and monitors risks, including climate risks, against limits. In addition to producing quantitative analysis, the Risk Team works to support the Investment Team to ensure that portfolio risks are well understood, and are consistent with the investment process. This helps to ensure that such risks are understood and deliberate. Internal audit provides independent assurance of the effectiveness and adequacy of the risk management, control and governance processes employed.

The three lines of defence are (1) the risk structure deployed by the firm for the risk management, (2) risk oversight and (3) independent assurance that the risk framework is operating effectively. The Group's risk framework has added climate and sustainability risks within the Risk Framework taxonomy.

Colchester considers existing and emerging regulatory requirements related to climate change as part of its risk management process. Such regulatory risks that have been identified include the reputational damage of not complying with regulations, regulatory risks associated with non-compliance including the risk of greenwashing, and the risk of incorrectly reporting and disclosing ESG matters, amongst others.

The manner in which Colchester identifies and assesses material climate related risks in its investment strategy is further set out in Section 4.2.2. of this Report.

Additionally, the key climate-related risks and opportunities for Colchester, and how we manage those risks, are set out in the table on section 4.2.1. of this Report.

4.3.2 Engagement – Industry Initiatives and Collaboration

It is worth noting that Colchester's investment process recognises that assessing and quantifying climate-related risks is a work in progress, not just for central banks and financial regulators, but also for asset owners and managers such as Colchester. We recognise that more data sources, applicable measures, frameworks and analysis that are more directly relevant to an assessment of a sovereign are currently being developed. We encourage and are actively involved in helping the industry devise an appropriate framework and prism within which to assess sovereign assets.

Most recently Claudia Gollmeier, as Chair of the PRI of Sovereign Debt Advisory Committee assisted with the members of the working group in the publication on [ESG considerations in sovereign debt analysis and those on environmental issues](#) more broadly.

An example of this industry framework development is the collaborative industry initiative 'Assessing Sovereign Climate-related Opportunities and Risk Project' – known as "ASCOR" Colchester has joined as a member of the Advisory Committee at ASCOR. This joint project pulls together the Principles for Responsible Investment (PRI), the Transition Pathway Initiative (TPI), asset owners and managers, and aims to provide investors and stakeholders with a common lens and framework to understand sovereign exposure to climate risk and how governments plan to transition to a low-carbon economy. Claudia Gollmeier, has been acting co-chair for the ASCOR project with the group's aim to devise a framework and set of tools that will enable the current and future climate change governance and performance of sovereigns to be fairly and appropriately measured, monitored and compared. This assessment framework will then be used to produce an annual public assessment of the climate change governance and climate change performance of sovereigns¹³ It consists of three pillars:

- 1) Emissions pathways
- 2) Climate policies
- 3) Funding Opportunities.

The latest ASCOR methodology is available [here](#).

25 pilot countries have been identified, with their results having been published in December 2023 (see [ASCOR Country Assessment Tool](#) overleaf). These countries cover nearly 70% of global greenhouse gas emissions and large portions of major sovereign bond indices. The intention is to expand the coverage to include up to 70-100 countries in the coming years.

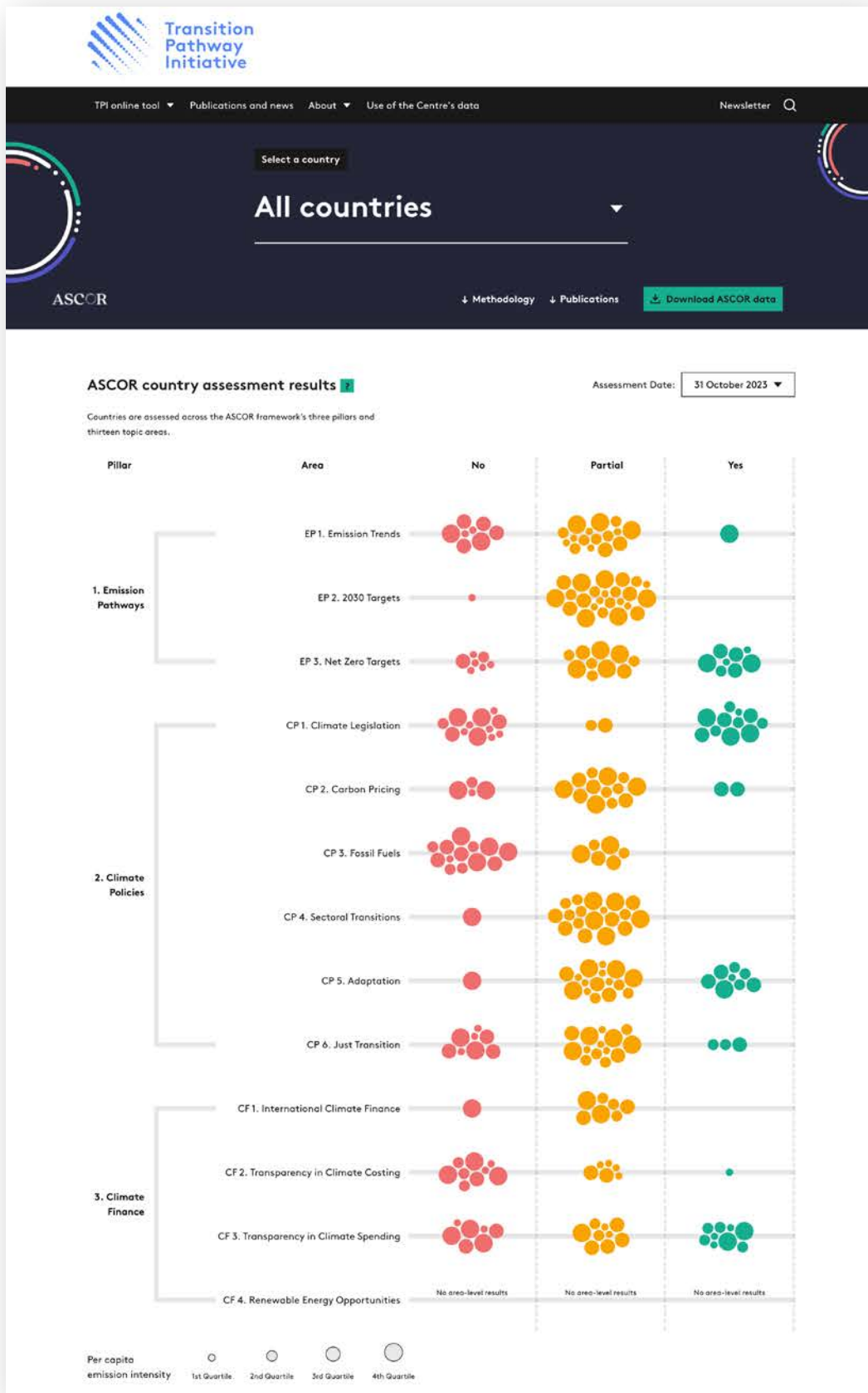
"The ASCOR project aims to fill a data gap on sovereign climate change, intending to provide investors with decision-useful information, whilst allowing sovereign issuers to showcase their progress. It's been a pleasure to work collaboratively with many stakeholders globally in developing this timely and required common approach."



Claudia Gollmeier

Managing Director – Singapore
Head of Investment
Management - APAC & MEA,
Acting Co-chair of ASCOR

¹³ <https://www.unpri.org/news-and-press/announcing-the-advisory-group-for-the-assessing-sovereign-climate-related-opportunities-and-risk-ascor-project/8550.article>



At Colchester, we undertake direct engagement with issuers as well as engaging with industry initiatives and other collaborations to complement our FSS assessment and shape future sovereign frameworks. A number of those initiatives are listed below:

Industry Initiatives/ Collaborations	Aka	Description
Principles for Responsible Investment	PRI	Colchester is a signatory to the PRI, a UN-supported network of investors that works to promote sustainable investment through the incorporation of environmental, social and governance considerations.
Task Force on Climate-related Financial Disclosures	TCFD	Colchester is a supporter to TCFD since May 2019 and this is our third Sustainability Report providing a status report of our progress.
Transition Pathway Initiative	TPI	Colchester is a supporter of TPI – a global, asset-owner led initiative which assesses companies' preparedness for the transition to a low carbon economy. However, as a sovereign only asset manager, we are a research funding partner to develop a sovereign climate assessment framework via the ASCOR project.
Emerging Market Investors Alliance	EMIA	Colchester is a member of the Alliance, a not-for-profit organisation that enables institutional emerging market investors to support good governance, promote sustainable development, and improve investment performance in the governments and companies in which they invest. We are a member of the steering committee of the carbon transition initiative.
Green Bond Transparency Platform	GBTP	Colchester is a supporter to the GBTP by the Inter-American Development Bank (IDB) and IDB Invest. IDB Invest is an innovative digital tool that brings greater transparency to the green bond market in Latin America and the Caribbean. GBTP supports the harmonisation and standardisation of green bond reporting, boosting investors' confidence that the proceeds from bond issuances are being spent on green projects whose impact are adequately measured.
Assessing Sovereign Climate-Related Opportunities and Risks Project	ASCOR	The project goal is to develop an assessment framework that enables the current and future climate change governance and performance of sovereigns to be fairly and appropriately measured, monitored and compared.
Investors Policy Dialogue on Deforestation	IPDD	The objective of the IPDD initiative is to ensure long-term financial sustainability of investments in the countries they are invested in by promoting sustainable land use and forest management and respect for human rights. The IPDD will engage with relevant government authorities, and industry associations and other relevant stakeholders to encourage adoption and implementation of regulatory frameworks that ensure protection of tropical forests and human rights.
Investment Management Association Singapore	IMAS	Colchester is a co-chair of the IMAS ESG Working Group, which jointly support industry ESG capacity building.
Nasdaq Sustainable Bond Network Advisory Board	NASDAQ	Colchester is a member for the Nasdaq Sustainable Bond Network. It connects issuers of sustainable bonds with investors, empowering them to evaluate impact and make informed investment decisions on sustainable bonds.
PRI Collaborative Sovereign Engagement on Climate Change Australia	PRI	The Collaborative Sovereign Engagement on Climate Change is a pilot PRI-led investor initiative to support governments to act on climate change. The Australian initiative consists of three sub-groups focusing on different parts of sovereign systems: a) National governments b) National regulators and authorities and c) Sub-sovereigns. ¹⁴

As of December 2023

4.4 Metrics and Targets

Metrics used by Colchester to assess climate related risks and opportunities

4.4.1 Operational metrics used to assess climate related risks and opportunities

As part of our ongoing commitment to environmental sustainability, Colchester has completed an exercise of estimating greenhouse gas (GHG) emissions, including relevant indirect emissions, across the Group. The analysis was undertaken again by a third party, Unravel Carbon. The analysis shows that whilst unsurprisingly, Covid had a meaningful impact on energy consumption in Colchester's offices, the post-Covid working environment has been carefully managed.

All employees across Colchester set annual performance objectives which influence our standard performance review processes and conversations. Those individuals who have climate related issues as an element of their job function are evaluated on the effective management of these as a core component of their performance against objectives and day-to-day responsibilities. Employees are incentivised through our variable remuneration policy which is payable in line with both Group performance and an individual's performance taking into consideration the achievement of performance objectives, whilst honouring our core values and risk management controls.

4.4.2 Introduction and methodology

The emissions calculations completed represent the GHG impact of Colchester for the 2023 calendar year. For the 2023 reporting period the reporting methodology has been updated and a new reporting system is in use, using automated GHG emissions calculations to streamline the reporting process. The reporting boundaries remain the same as previous though there have been some additional facilities added during the period.

GHG emissions are classified as either Scope 1, Scope 2 or Scope 3. Scope 1 emissions are direct emissions that occur from a company's facilities e.g. fuel combustion, fugitive emissions, industrial processes, etc. Scope 2 emissions are indirect emissions associated with purchased energy e.g. purchased electricity, purchased heat or purchased cold energy. As the direct (Scope 1) emissions are generated by the producer of that energy, these are accounted for as indirect emissions. Scope 3 emissions are the remainder of indirect emissions that occur as a result of company operations. There are 15 categories of Scope 3 emissions in total, ranging from purchased goods and services through to downstream use of products.

When developing the GHG emissions inventory for Colchester, the first step was to set the organisational boundaries, followed by the facility boundaries. From an organisational point of view, Colchester Global Investors Limited was taken as the parent entity for the inventory. It is acknowledged that different companies exist in the corporate Group under the parent organisation, but all emissions are ultimately assigned to the parent in this case. To draw the organisational and facility boundaries, the principles of the GHG Protocol¹⁵ were used. With respect to the GHG Protocol, the principle of operational control¹⁶ was used to determine the facility boundaries and set what is a Scope 1, Scope 2 and Scope 3 emission. As a result of a high-level assessment of operational control, it was deemed that the office locations¹⁷ that Colchester has make up the facilities for the purposes of GHG reporting (the names given are those used within the Unravel Carbon reporting platform).

¹⁵ The GHG Protocol, by the World Resources Institute, is a global standard to development of GHG emissions inventories.

¹⁶ In this, the person with authority to introduce and implement operational, environmental and health and safety policy is the person with operational control.

¹⁷ Colchester's Munich office is not included in the GHG reporting as it opened in January 2024 and is therefore outside of the reporting period.

These are:

- United Kingdom – London office – this is a leased space under Colchester's operational control
- Singapore – Singapore office – this is a leased space under Colchester's operational control
- USA – New York office – this is a serviced office so not under Colchester's operational control
- UAE – Dubai office – this is a serviced office so not under Colchester's operational control
- Australia – Sydney office – this is a serviced office so not under Colchester's operational control
- Ireland – Dublin office – this is a serviced office so not under Colchester's operational control
- Spain – Madrid office – this is a serviced office so not under Colchester's operational control

Emissions associated with direct fuel combustion and purchased energy at these facilities are Scope 1 and 2 emissions respectively. In each of these cases, Colchester is leasing tenancies from the building owner, so it does not have operational control of plant and equipment such as central boilers. A check of emissions points with each tenancy indicated that there are no direct emissions from each, so therefore no Scope 1 emissions are reportable. Similarly, Colchester does not own any vehicles so there are no recordable Scope 1 emissions from those either.

From an operational control point of view, Colchester only has operational control of facilities in London and Singapore. The person with the greatest authority to introduce and implement policy is the person with operational control – which is Colchester for London and Singapore operations. Other offices within the group are serviced offices. Where previously, these were recorded as scope 2 emissions, it is more correct to consider these to be Scope 3 emissions under the category of upstream leased assets. When the reporting system was upgraded, these emissions were reclassified for both current and historic emissions recorded within the reporting platform.

To estimate Scope 3 emissions, the first step was to determine the materiality of the Scope 3 emissions categories. Of the 15 scope 3 emissions categories, the following were determined to be most material:

- Purchased goods and services – embodied emissions associated with operating purchases
- Purchased capital goods – embodied emissions associated with purchased capital items
- Waste generated – emissions associated with treatment of waste
- Business travel – emissions associated with business travel
- Upstream leased assets – emissions associated with leasing of space or equipment where the reporting company does not have operational control of that asset
- Employee commuting – emissions associated with employees travelling from home to work

4.4.3 Key Results

For the 2023 reporting year (1 January 2023 to 31 December 2023), the key results for the overall emissions are shown below.

All data is presented in tonnes of CO₂-equivalent

Emissions Scope	2023 emissions	2022 emissions	% change
Scope 2 emissions	11.54 t CO ₂ -e	11.1 t CO ₂ -e	3.6% increase
Scope 3 emissions	480.4 t CO ₂ -e	422.7 t CO ₂ -e	13.6% increase
Total	491.9 t CO₂-e	433.9 t CO₂-e	13.4% increase

Source: Colchester Global Investors and Unravel Carbon Platform, 1st January 2023 – 31st December 2023.

Chart 11 shows the monthly emissions across the 2023 calendar year with the equivalent month for the previous year shown.

Chart 11: Monthly emissions

💡 Emissions peaked in June. The London office was the highest contributor for that month at 82.81%



Source: Colchester Global Investors and Unravel Carbon Platform

Total emissions are higher than the previous year – with this increase being seen in Scope 3 emissions primarily. Both business travel and purchased goods and services were seen to have modest increases between 2022 and 2023, leading to this increase in emissions. The business travel emissions can be attributed to an increase in the number of business class trips between London and Singapore for 2023. We believe that these occasional in person company meetings are important to foster Colchester's culture and values of the firm. Purchased goods and services emissions are reflective of increased spend on office consumables and equipment.

The trends of Scope 2 emissions on a monthly basis and Scope 3 emissions from upstream leased assets are shown in Charts 12a and 12b. As previously stated, the emissions for offices not under Colchester operational control are deemed to be Scope 3 emissions for purchased goods and services.

Chart 12a: Scope 2 monthly emissions by office – Operational control offices



Chart 12b: Scope 3 Upstream leased assets



Scope 2 Monthly Emissions by Office

The emissions estimations for New York, Sydney, Dubai, Madrid and Dublin were generated using industry standards for energy intensity of buildings in those locations and the rented floor area in each case. Individual metering of these locations was unavailable, so estimates were required to determine the energy consumption and therefore emissions.

The overall emissions associated with electricity consumption in the offices has remained relatively flat compared to the previous year and are generally flat from month to month, as expected for a company that is primarily office based.

The UK offices, being the largest offices, have seen the largest reduction in emissions over this time period. For the entirety of the 2023 reporting period, renewable energy was purchased for the London Office – this has been accounted for and is reflected as zero emissions for this office during the year.

Grid emissions factors in the UK and Australia have decreased in the 2023 reporting year – also contributing to a reduction in emissions overall (in Australia's case, there are Scope 3 emissions for upstream leased assets), compared to previous years. The emissions intensity for grid power in Australia remains much higher than other jurisdictions however, the US and UAE grid emissions factor is similar to previous years.

The breakdown of Scope 2 emissions by country is shown in Chart 13.

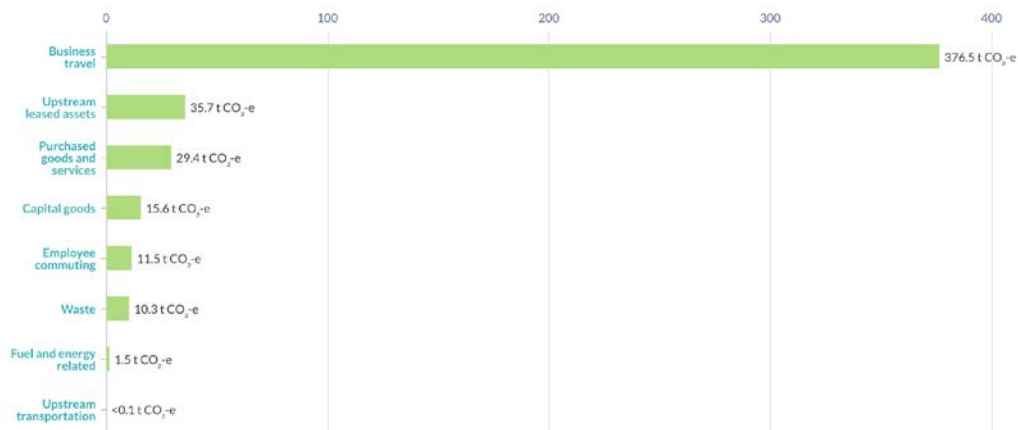
Chart 13: Scope 2 emissions by country



Source: Colchester Global Investors and Unravel Carbon Platform, 1st January 2023 – 31st December 2023.

The breakdown of Scope 3 emissions by category is shown in Chart 14.

Chart 14: Scope 3 emissions by category



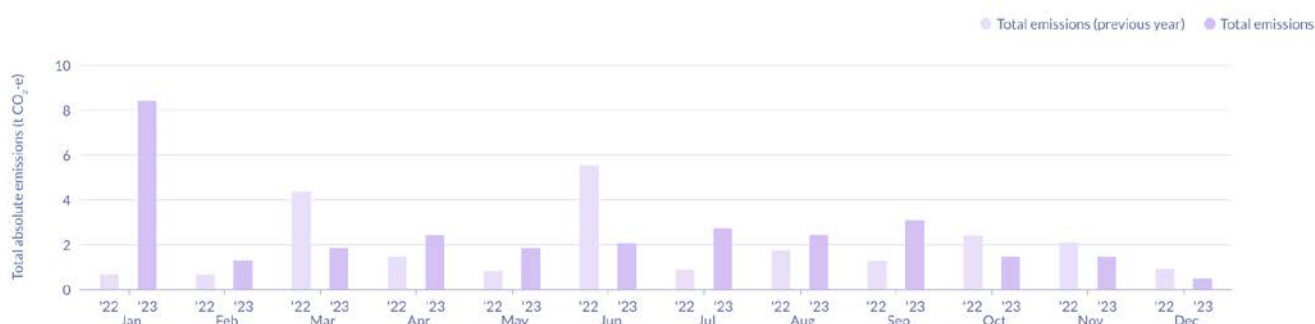
Source: Colchester Global Investors and Unravel Carbon Platform, 1st January 2023 – 31st December 2023.

Scope 3 Emissions by Category

As previously mentioned, the increase in business travel emissions is driving an overall increase in Scope 3 emissions compared to the previous year. The main cause for this is increase in emissions relates to business travel and the company's offsite in the UK. Employees flew in from the respective global offices and some were accompanied by family members. We believe that these occasional in person company meetings are important to foster Colchester's culture and values of the firm.

Emissions associated with purchased goods and services are automatically calculated by the Unravel Carbon platform and the results show a slight increase in emissions in 2023 compared to 2022. The 6.8 t increase is driven mostly by a large expenditure on a copier in the Dubai office in January 2023. Other calculated categories, such as waste and employee commuting do remain broadly consistent with previous years also.

Chart 15: Scope 3 purchased goods and services



4.4.4 Initiatives and targets

Colchester has implemented a number of initiatives that should improve the company's emissions. These include the energy savings and efficiency opportunities around moving to cloud computing and other areas of improvement. The recycling programs in waste management and water savings devices are also ongoing and contributing to emissions reductions. Colchester is also actively purchasing renewable energy in London – with this being reflected in the results.

The company is continuing to investigate the potential of broadening the breadth of the Scope 3 emissions inventory and including the emissions intensity of investments in the calculations.

Whilst Colchester has assessed its carbon footprint and implemented a number of initiatives to reduce its carbon emissions and manage its climate risks, as set out in this section, no targets have been set to manage climate related risks to date. Colchester wishes to maintain flexibility in its approach to climate change risks and opportunities in this evolving landscape. Colchester is continuing to explore the possibility of setting emissions reduction targets. We recognise however that decarbonisation and sustainability are a journey and commit to incrementally improve over time now that this baseline of performance has been set. As a responsible corporate citizen, Colchester is committed to managing the business economically whilst working towards environmental sustainability.

Other Operational Measures:

Energy providers

Colchester is only able to select the energy provider for the 4th floor of its London office at this time and this floor has transitioned to use renewable energy. In all other instances the landlord selects the energy provider, but Colchester continues to reach out to these landlords to ascertain their plans to move to renewable energy. The impact of choosing renewable energy in 2023 resulted in emissions reductions of 9.9 t CO₂-e for the year.

Travel Policy

Colchester is committed to reducing the environmental impact of travel. Where appropriate, staff use video conferencing software, public transport, fly economy (given the large reduction of carbon emissions per mile by flying economy compared to business class) and plan research and client trips efficiently.

Recycling

Colchester partners with First Mile for waste management in London, where Colchester's Head Office is located. First Mile recycles batteries, printer toner cartridges, IT equipment, recyclable materials (plastic, paper, cardboard etc), confidential paper and food waste. The general waste (everything else) collected by First Mile is sorted further for recyclables and the remaining waste is safely incinerated. Electricity and heat are captured from the process. Electricity is sent to the UK's National Grid, while the heat is used to provide heating and hot water to over 100,000 homes. The ash by-products from this process are used in the construction industry. First Mile also use electric waste vehicles, meaning their waste collection has an even smaller environmental impact.

Chart 16 below shows the flows of waste from Colchester – and the resulting emissions impact from the processing and disposal of that waste.

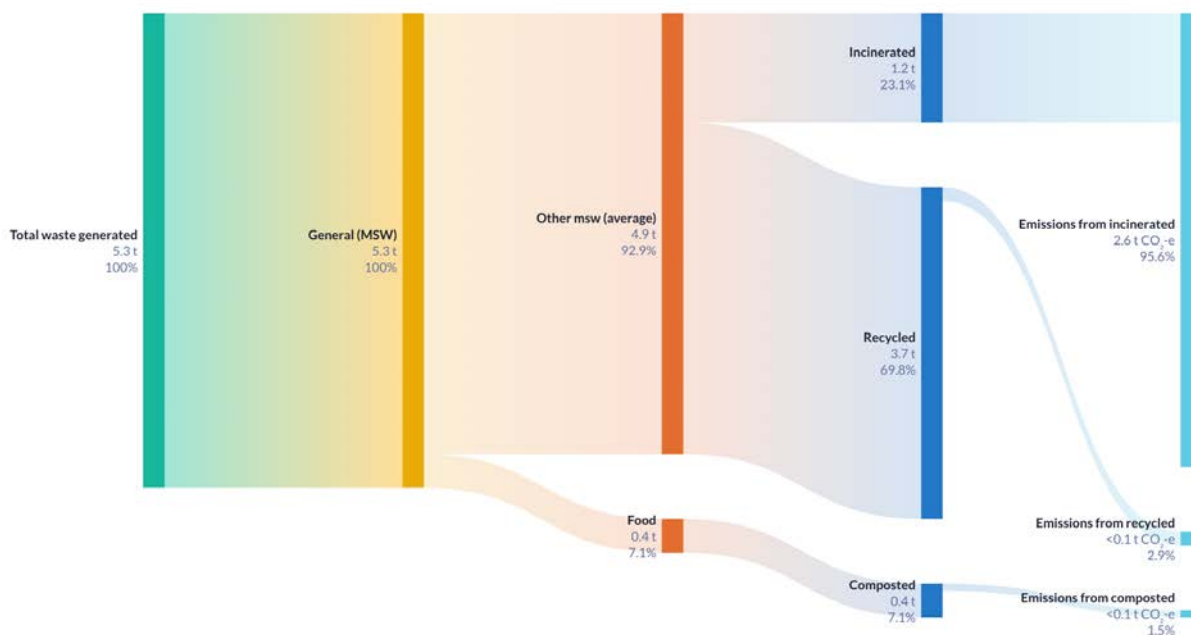
As at 30th April 2023, Colchester's London recycling rate was 77% over the previous 12 months.

Colchester recycles waste in its other global offices but is unable to select the waste management companies involved as they are selected by the local landlord. Waste related emissions are estimated based on the number of people, typical waste generation and the fate of waste in that particular country.

Reconditioned IT equipment

Where possible and appropriate, Colchester endeavours to purchase reconditioned IT equipment. Given Colchester's move to the use of Azure Virtual Desktops, physical desktop PCs do not need to be as powerful or replaced as regularly as they might need to be otherwise. 100% of work from home PCs supplied by Colchester are reconditioned.

Chart 16: Waste flows and emissions



Source: Colchester Global Investors and Unravel Carbon Platform 1st January 2023 – 31st December 2023

4.4.5 Metrics used to assess climate related risks and opportunities for Colchester's investment strategies

It is noted that the most material Scope 3 emissions source of all are those associated with investments – given the nature of Colchester's business. This was not included in this year's emissions inventory. Methodologies for calculating sovereign bond financed emissions, carbon emissions intensity and other climate-related metrics¹⁸ are still developing, as data availability and methodologies mature (see ASCOR) portfolio investments may form part of the future emissions inventory.

As such, Colchester's assets under management, products and investment strategies are currently not aligned with a well below 2°C scenario.

Colchester's fiduciary duty is to achieve our clients' investment objectives, which will vary across mandates inline with the investor's primary goals. Without clear client instruction we would not impose net zero targets within the mandate, due to our fiduciary duty.

Within our own fund range, Colchester offers clients the opportunity to invest in sustainable strategies via the Green Bond fund range.

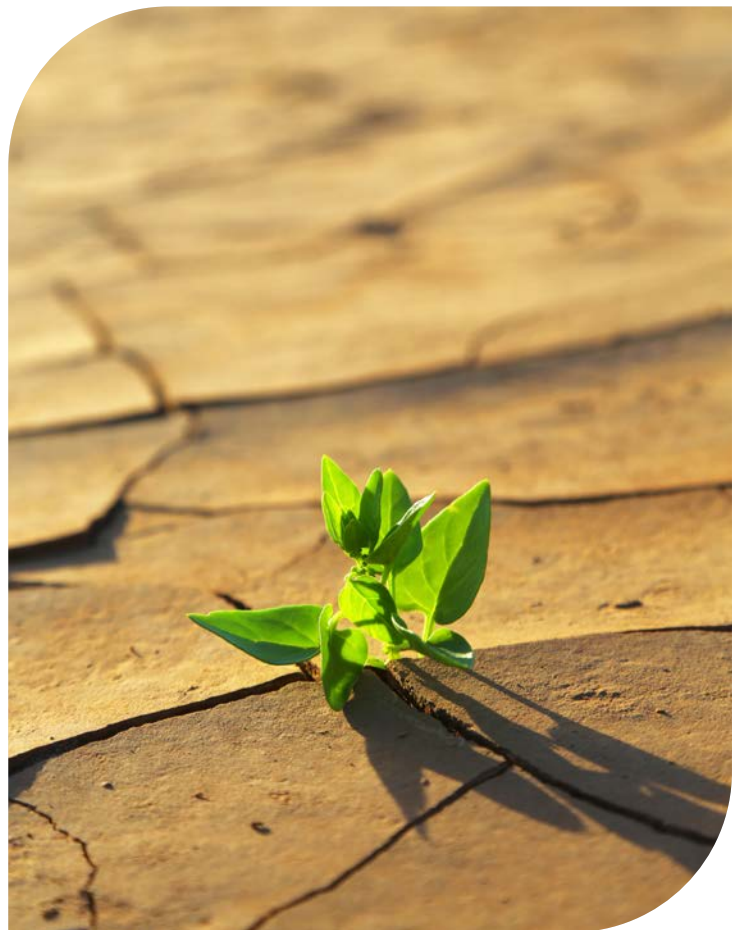
5. Evolving Global Climate-Related Regulations

Globally, regulators and lawmakers are placing increased focus on regulations relating to sustainability with the overall aim of reconciling economic performance with a positive social and environmental impact. Colchester is committed to keeping abreast of these developing regulations and ensuring ongoing compliance. This section provides a snapshot of the key regulations impacting Colchester and its global offices.

Colchester has implemented the regulatory disclosures which were brought in by the EU's Sustainable Finance Disclosures Regulation (SFDR) on 10 March 2021. SFDR has ensured sustainability-related disclosures are implemented across the EU and beyond by financial market participants, thus leading to greater transparency for investors and ultimately more ESG focus across the asset management industry. The Level 2 SFDR Regulatory Technical Standards, which specifies the content, methodology and presentation of the SFDR disclosures, came into force on 1 January 2023. Also in Europe, we have seen the introduction of the Taxonomy Regulation, which expands on these disclosures and establishes a common language to identify whether or not an economic activity should be considered "environmentally sustainable". Additionally, the EU Delegated Acts amending the UCITS Directive, Alternative Investment Fund Managers Directive (AIFMD) and Markets in Financial Instruments Directive II (MiFID) II were introduced in August 2022 and necessitated the integration of sustainability factors, risks and preferences into certain organisational requirements and operating conditions of investment firms.

In the UK, the Financial Conduct authority (FCA) has published an ESG Sourcebook, which sets out rules on climate-related disclosures for asset managers, based on the TCFD. The FCA has however extended the scope beyond the recommendations in the TCFD to include additional sustainability-related disclosures at the product level. The FCA rules apply to UK asset managers on a phased in approach. The first report is due in June 2024 for Colchester and other similarly sized managers and therefore Colchester has published this Sustainability Report in line with the FCA's requirements. The aim of the UK government is to implement these mandatory TCFD-aligned obligations across the UK economy by 2025.

Outside of Europe, mandatory ESG disclosures, reporting requirements and the integration of sustainability risks have been brought in by a number of jurisdictions. In Singapore, the Monetary Authority of Singapore's (MAS) "Guidelines on Environmental Risk Management (Asset Managers)" came into force in June 2022. The MAS Guidelines are intended to drive the transition to a green economy through integrating



environmental risk considerations in investment decisions. As with TCFD and other regulations, much of the focus of the Guidelines is to ensure proper governance over climate-related issues, and on making adequate disclosures to investors. Colchester Singapore holds a capital markets services license and as such the MAS Guidelines have been adopted. In April 2023, MAS also launched its Finance for Net Zero Action Plan which sets out its strategies to mobilise financing to catalyse Asia's net zero transition and decarbonisation activities in Singapore and the region.

In Australia, the Australian Prudential Regulation Authority (APRA) released its prudential practice guide on climate change financial risks, which is designed to assist APRA-regulated entities in managing climate-related risks and opportunities. Such recommendations are aligned with the TCFD, and cover sound practice for governance, risk management, scenario analysis and disclosure for such regulated entities. In New Zealand, the government has passed legislation making climate-related disclosures, which largely align with that of TCFD, mandatory for some financial organisations. The goal of these disclosures is to ensure that the effects of climate change are routinely considered in business and investment (amongst others) decisions, to help entities better demonstrate their responsibilities and lead to more efficient allocation of capital, and help smooth the transition to a more sustainable, low emissions economy. Mandatory climate-related disclosures will help New Zealand achieve its target of net zero carbon by 2050. Whilst Colchester is not regulated in New Zealand, we are working with New Zealand based clients to help with their climate-related obligations.

The UAE's leading financial authorities, including the Dubai Financial Services Authority (DFSA), have published the country's first set of 'Guiding Principles on Sustainable Finance' which is intended to serve as a catalyst for the implementation of the UAE's sustainability priorities. The Guiding Principles, which remain voluntary at the moment, include the integration of ESG factors into governance, strategy and risk management, as well as ESG-related reporting and disclosure requirements.

As is clear from the developing regulations globally, climate risk is an increasingly important and vital aspect of a financial market participant's operations. The changing regulatory landscape is a push for the finance industry to have a more sustainable focus, and Colchester is committed to meeting these standards.



6. Our Approach to Corporate Social Responsibility (CSR)

Colchester is committed to investing and operating responsibly. As a growing company we aim to manage the business with minimum wastage of resources. Colchester monitors its global operational sustainability and has introduced initiatives and taken measures across its offices to do what it can to reduce our use of energy, water and paper across all our offices to protect the environment and improve sustainability.

Colchester published our annual CSR report in May 2024. The report discusses the nine elements of Colchester's approach to Corporate Social Responsibility encompassing: Equality, Diversity and Inclusion; Employee Engagement, Society, ESG-Integrated Investment Process; Sovereign Engagement; Signatory, Affiliation and Collaboration; Client Service and Engagement; Stewardship and Corporate Governance; and Operational Resilience and Sustainability.

We actively promote integrity, trust and humility, all of which form part of our core values. We understand that being good at what we do takes collaboration, teamwork and respect for each other and we work hard to embed this into our inclusion efforts. Fostering this inclusive culture is crucial to our employees and clients who are at the heart of everything we do.



Team building during J.P.M. Chase Corporate Run



Employees celebrating International Women's Day across Colchester's global offices.





20-year anniversary all-employee offsite



Our Global Footprint

Regional breakdown of headcount



Our People

Colchester is built on our core values which form the foundations of our culture and underpin everything we do. Being an inclusive employer with a diverse workforce is a fundamental part of how we operate as an organisation. Our policies are designed to promote our values and protect our employees. We believe that every one of our employees, clients and stakeholders bring something different to the table and those differences are something to be valued.

We actively promote integrity, trust and humility all of which form part of our core values. We understand that being good at what we do takes collaboration, teamwork and respect for each other and we work hard to build this into our inclusion efforts. Fostering this inclusive culture is crucial to our employees and clients who are at the heart of everything we do.

Our Global Footprint

Total number of employees	86
Total number of nationalities	19
Languages spoken	Arabic, Cantonese, Croatian, Dutch, English, Finnish, French, German, Greek, Gujarati, Hindi, Irish, Italian, Korean, Kurdish, Malay, Mandarin, Maltese, Portuguese, Shona, Spanish, Urdu and Yoruba

Employee Facts & Figures

40% of our Employees globally identify as female (9% prefer not to say/opt out)

50% of our Board identify as female

42% of our Senior Management Team* identify as female

31% of our Investment Officers identify as female

34% of our employees identify as ethnically diverse** (9% prefer not to say/opt out)

Employee Snapshot (as of end of 2023)

41% of our employees were the first generation in their immediate family to attend University (13% prefer not to say/opt out)

57% of our Employees attended State-run or State funded schools (15% prefer not to say/opt out)

43% of our Employees speak 2 or more languages (12% prefer not to say/opt out)

Acting as a responsible corporate citizen is a key priority for Colchester and we encourage charitable work in all our locations to support our employees in playing a positive role within their communities. All employees are entitled to, and recommended to take, one day per calendar year to volunteer at various local community projects that are important to them. Over the last 12 months 22% of Colchester employees globally took advantage of volunteering opportunities, an increase of 11% for the same period last year. Employees from our Singapore office spent time working at a local food bank whose mission is to end food insecurity and create a world with dignity for all. Our Singapore Managing Director and Head of Investment Management - APAC & MEA, Claudia Gollmeier joined ESSEC French business school as a guest speaker to share her knowledge on sustainable finance to students from their Master in Finance programme.

*Senior Management Team (SMT): Directors and Global Heads of Department who attend SMT Meetings

**For the purposes of this report our ethnic minority population includes employees who identify as Asian, Black, Hispanic or Latino, mixed ethnic background and other ethnic background. We acknowledge that the way each person describes their identity is personal and encourage everyone to use the terms that they feel more effectively capture their own identities and cultures.

Our New York office once again volunteered to pack medically tailored meals for delivery to New Yorkers living with serious illness. Finally, employees from our London office volunteered at different depots of the Felix Project, a London-based charity that is committed to rescuing surplus food from the food industry that cannot be sold and would otherwise go to waste. This food is then redistributed to front-line charities and primary schools in London.

The Environmental and Sustainability Champions, are a team of Colchester staff that play an essential role in supporting our sustainability values, goals and strategies by identifying ways that both Colchester and its staff can become more environmentally, and sustainability focused. The champions most recent project includes extending the Cycle-to-work scheme to the Irish office. In addition, Colchester continues to reduce the environmental impact of travel by actively promoting the use of video conferences and where possible employees are encouraged to fly Economy and use public transport. Other initiatives for 2024-25 include promoting the use of sustainable hotels when travelling and where available, selecting long-haul flights with the least CO₂ emissions.



Our New York office volunteering at a local food bank.



London staff cleaning up the River Medway



7. Contributors and TCFD Advisory Committee



Paul Allen

Senior Executive Officer,
Global Head of Marketing
& Client Services



Emma Amara

Global Head of Finance



Trevor Denton

Chief Executive Officer,
London



Laura Evans

Legal Associate



Claudia Gollmeier

Managing Director (Singapore),
Senior Investment Officer, Chair
of TCFD Advisory Committee



Alberto Martin-Martin

Group Head of Risk & Analytics



Vicki Pett

Global Head of Human Resources

8) Risk Disclosures

- Colchester Global Investors ("Colchester") does not deem this document to be a marketing communication. This material has been prepared exclusively for use with professional or institutional investors and is not suitable for retail investors. Prospective investors and clients should be aware that any investment involves a degree of risk. Investors should seek professional advice before making an investment. Past performance is no guarantee of future performance and the value of any investment may fall as well as rise. Investment in the products mentioned in this document puts your capital at risk, and you may lose some or all of your investment. No part of this document may be reproduced or published in any form or by any means without Colchester's prior written permission.
- Unless otherwise stated, this document reflects Colchester's views and opinions as of 31 May 2024. In respect of the products and strategies mentioned in this document, the information is provided for illustrative purposes only and is intended only for professional clients and third-party intermediaries. Opinions expressed in this document may be changed without notice at any time after publication. Notwithstanding our fiduciary duties to existing clients, Colchester makes no representation or warranty as to the accuracy or completeness of the information in this document and disclaims all liability for any direct, indirect, consequential or other losses or damages including loss of profits incurred by you or any third party that may arise from reliance on this document.
- Nothing in this document should be construed as providing any type of investment, tax or other advice, or be considered a solicitation, recommendation, endorsement or offer to purchase or sell any financial instrument.
- There is no guarantee that the investment approach, techniques, or strategies utilised by Colchester will be successful or profitable. There can be no assurance that the specific trading strategies utilised will produce profitable results. Any factor that would make it difficult to execute trades, such as reduced liquidity or extreme market developments could have an adverse effect on performance. Investing in frontier markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater illiquidity, regulatory, political, tax and economic risks.
- Responsible investing is an integral part of the investment process, however Colchester never makes investment decisions based solely upon Environmental Social Governance (ESG) factors. Unless specified in the client Investment Management Agreement or offering documents, specific assets with poor ESG ratings may not be excluded from portfolios. Client strategies which invest on the basis of sustainability/ ESG criteria involves qualitative and subjective analysis. There is no guarantee that the determinations made by Colchester will be successful and/or align with the principles of specific investors.
- This is not a research report and is not intended as such. Certain information in this document may constitute forward-looking statements. Due to the various uncertainties and actual events, the actual performance of the markets may differ materially from those reflected or contemplated in such forward-looking statements. As a result, clients/investors should not rely on such forward-looking statements in making any investment decisions.
- This document may contain information obtained from third parties, including ratings from credit ratings agencies. Reproduction and distribution of third party content in any form is prohibited, except with the prior written permission of the related third party. Third party content providers do not endorse or recommend the securities or products discussed herein, nor do they guarantee the accuracy, completeness, timeliness or availability of any information, including ratings (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs or losses caused by negligence) in connection with any use of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities for investment purposes and should not be relied on as investment advice.

- Information concerning the calculation of statistics used for portfolio characteristics is available upon request. Various industry standards, indices and industry performance comparative data are provided in this document and are detailed where appropriate. These include indices from FTSE, Bloomberg, MSCI, JP Morgan and ICE. Data is sourced additionally from Bloomberg and Datastream.
- London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). ©LSE Group 2024. FTSE Russell is a trading name of certain of the LSE Group companies. FTSE® is a trade mark of the relevant LSE Group companies and is used by any other LSE Group company under license. "TMX®" is a trade mark of TSX, Inc. and used by the LSE Group under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.
- There can be no assurance that professionals currently employed by Colchester will continue to be employed by the firm or that a level of experience or past performance is indicative of future performance or success.
- Information about how to make a complaint, any right to compensation and any cancellation rights will be provided to you upon request.

9) Regulatory Information

- Colchester is an employee-owned firm headquartered in London and has regional offices in New York, Singapore, Dublin, Madrid, Munich and Dubai with a representative office in Sydney, Australia.
- Colchester is authorised and regulated by the Financial Conduct Authority in the United Kingdom. Colchester is also registered with the Securities and Exchange Commission in the USA.
- Colchester Global Investors Limited is registered with the Securities Commission of The Bahamas, as the investment manager for an investment fund licensed as a Smart Fund model 003, in accordance with the provisions of the Investment Funds Act, 2019.
- Colchester Global Investors (Singapore) Pte. Ltd holds a capital markets services licence in fund management issued by the Monetary Authority of Singapore. Colchester Global Investors (Singapore) Pte. Ltd also holds an offshore discretionary investment management services licence issued by the Financial Services Commission of Korea.
- Colchester Global Investors (Singapore) Pte. Ltd is licensed as a financial services provider by the Financial Sector Conduct Authority (licence number 53343) in South Africa.
- Please note the following in respect of Colchester's regulatory status in Australia: (i) neither Colchester Global Investors Limited nor Colchester Global Investors (Singapore) Pte. Ltd. holds an Australian financial services licence for the provision of certain financial services, and both entities are exempt from the requirement to hold an Australian financial services licence under the Corporations Act 2001 (Cwlth) in respect of the financial services Colchester provides; (ii) Colchester Global Investors Limited is authorised and regulated by the Financial Conduct Authority of the United Kingdom under UK laws, which differ from Australian laws; (iii) Colchester Global Investors (Singapore) Pte. Ltd. is regulated by the Monetary Authority of Singapore under Singapore laws, which differ from Australian laws. Therefore, Australian wholesale clients are not necessarily subject to the same types of legal protections or remedies that they would enjoy if Colchester was directly subject to the Corporations Act. Colchester is entitled to offer its financial services in Australia pursuant to an exemption from the requirement to hold an Australian Financial Services Licence under the Corporations Act, on the basis, among other things, that the clients are "wholesale clients" within the meaning of the Corporations Act.
- Colchester Global Investors Middle East Limited is regulated by the Dubai Financial Services Authority for the provision of Managing Assets, advising on Financial Products and Arranging Deals in Investments. All communications and services are directed at Professional Clients only. Persons other than Professional Clients, such as Retail Clients, are not the

intended recipients of Colchester Global Investors Middle East Limited's communications or services. Colchester Global Investors Middle East Limited is a company established in the Dubai International Financial Centre (DIFC) pursuant to the DIFC Companies Law with registration number CL 3239.

- Colchester Global Investors Inc. is a wholly owned subsidiary of Colchester Global Investors Limited. It is not permitted to provide investment advice or otherwise engage in a regulated activity.
- Colchester Global Investors (Dublin) Management Limited is authorised and regulated by the Central Bank of Ireland in Ireland. Colchester Global Investors (Dublin) Management Limited, Sucursal en España is a branch of Colchester Global Investors (Dublin) Management Limited established in Spain and supervised by the CNMV. Colchester Global Investors (Dublin) Management Limited, German Branch is a branch of CGIE established in Germany and supervised by the Federal Financial Supervisory Authority (BaFin).

THIS DOCUMENT IS INTENDED FOR PROFESSIONAL USE ONLY AND IS NOT FOR PUBLIC DISTRIBUTION. IT MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL OR EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE DISREGARD AND DELETE IT AND DO NOT DISSEMINATE THE CONTENTS TO ANY OTHER PERSON.

THIS DOCUMENT DOES NOT CONSTITUTE A PROSPECTUS OR OFFERING CIRCULAR TO SUBSCRIBE FOR ANY SECURITIES. POTENTIAL INVESTORS MUST REVIEW THE RELEVANT PRODUCT OFFERING DOCUMENTS OR INVESTMENT MANAGEMENT AGREEMENT, AND IN PARTICULAR, THE RISK DISCLOSURES SET OUT THEREIN.