Colchester®
GLOBAL INVESTORS

# Sustainability Report

June 2026

# 1. Foreword

Keith Lloyd

Colchester occupies a distinct position as a sovereign-only investor, with both the responsibility and the opportunity to support the sustainable development of nations while pursuing the twin objectives of improving living standards and safeguarding the environment. As a responsible investor, we recognise that addressing global challenges – including climate change, resource stewardship, food and water security, public health, education and social equity – is fundamental to building more resilient economies and societies, and to enhancing long-term prosperity.

Our investment approach reflects the reality that the assessment and quantification of climate-related risks continue to evolve, not only for central banks and financial regulators, but also for asset owners and investment managers. Accordingly, we engage directly with sovereign issuers and participate actively in industry initiatives and collaborative forums to strengthen our analysis and contribute to the development of next-generation sovereign ESG frameworks. Since becoming a supporter of the Task Force on Climate-related Financial Disclosures ("TCFD"), Colchester's TCFD Advisory Committee has remained focused on enhancing transparency and refining the way we identify, assess and report climate-related risks and opportunities.

Sovereign bond investing can sit outside many traditional ESG frameworks, and we are proud to play a leading role in advancing understanding and promoting best practice within this evolving area of responsible investment. This year Colchester was proud to join the 'PRI Collaborative Sovereign Engagement on Climate Change Canada & Japan' and was the 2025 runner up in the 'PRI Awards for Recognition for action: climate.'

Beyond the bond markets, and consistent with our broader sustainability objectives, we are pleased to report an approximate 19% year-on-year reduction in total value chain emissions (Scope 2 and 3) during 2025, supported in part by increased renewable energy sourcing for our London office and a reduction in business travel during the year. Our sixth annual Sustainability Report outlines our objectives, progress, and priorities, and reaffirms our commitment to meaningful action, transparency, and continual improvement in reporting on climate-related matters. On behalf of Colchester Global Investors, I confirm that the disclosures contained in this report comply with the requirements set out in Chapter 2 of the FCA Environmental, Social and Governance Sourcebook.

Keith Lloyd, Group CEO and Deputy CIO

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# 2. Highlights From Our Sustainability Journey

## 2016

- Established our formal ESG Policy Framework
- UN PRI[1] Signatory Dec 2016

## 2017

- Published our first voluntary PRI Transparency report

## 2018

- Claudia Gollmeier becomes Chair of the UN PRI Sovereign Working Group

## 2019

- Launched Colchester's first Global Green Bond Fund
- Became a TCFD supporter May 2019

## 2020

- Established TCFD Advisory Committee
- Published our Engagement Policy
- Member of the Emerging Markets Investors Alliance (EMIA)

## 2021

- Member of the Emerging Markets Investors Alliance – Steering Committee Member on Carbon Transition Initiative
- Published our first Social Corporate Responsibility Report
- Published our first Environmental & Sustainability Policy
- Published our first engagement report
- Collaborated with IDB[2] on the Green Bond Transparency Platform
- Member of Advisory Committee to Assessing Sovereign Climate-related Opportunities and Risk (ASCOR) Project
- Supporter of Investors Policy Dialogue on Deforestation
- Member of Nasdaq Sustainable Advisory Board
- Supporter to Transition Pathway Initiative (TPI)

## 2022

- Established Environmental and Sustainability Champions Program
- Released first Progress report on Assessing Sovereign Climate-related Opportunities and Risk (ASCOR)
- Published first Sustainability Report
- Implemented $CO_2$ & greenhouse gas emission client reporting across funds and portfolios
- Colchester celebrated its 20 year anniversary with an in person global staff offsite to foster its sustainable culture

## 2023

- Acting Co-chair of the ASCOR project, assisted in roundtables, methodology development and pilot country assessments
- UN PRI Sovereign Debt Advisory committee released the paper "Considering climate change in sovereign debt"
- Joined the PRI led investor collaborative Australian sovereign engagement on climate change

## 2024

- Moderated the ASCOR Asian Roundtable

## 2025

- Contributed to the "ASCOR in practice: Use cases and insights"
- Contributed to the ASCOR Explainer Series
- Joined the PRI Collaborative Sovereign Engagement on Climate Change Canada & Japan
- Colchester 2025 runner up on PRI Awards for Recognition for action: climate

ESG Policy

UN PRI Signatory

Chair of the UN PRI Sovereign Working Group

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

| 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 |
| 2025 | 5 star | 5 star |

*Note: assessment methodology changed in 2021

2025 PRI Assessment Report: Private-Assessment-Report-Colchester-Global-Investors-Limited-2025.pdf

# 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 of US$28.6bn as at the end of 2025 across six core strategies: Global Bond, Global Inflation Linked Bond, Local Currency Emerging Markets Bond, Alpha, Green Bond and a Frontier Markets Bond Program.

| | |
|---|---|
| Global Bond | US$13.7bn |
| Global Inflation Linked Bond | US$1.1bn |
| Local Emerging Markets Bond | US$13.1bn |
| Alpha & Unconstrained Alpha | US$0.6bn |
| Green Bond | US$46.1mm |
| Frontier Markets Bond | US$10.2mm |

As at end December 2025

Colchester has offices in London, Dublin, New York, Singapore, Sydney, Dubai, Munich and Madrid. Investment Officers are based in our London, Dublin, Dubai, Madrid 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.

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# 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. Although the TCFD completed its remit and disbanded in 2023, its recommendations remain foundational and are fully incorporated into the IFRS Foundation's ISSB climate-related disclosure standards[3].

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

[3] IFRS - ISSB and TCFD

## 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

Our Singapore office volunteering at Willing Hearts, Singapore's leading Soup Kitchen charity

| | 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.<br>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 $2^0$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 request |
| 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 decarbonisation commitments resulted in Colchester sponsoring and supporting the Assessing Sovereign Climate-related Opportunities and Risks (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.

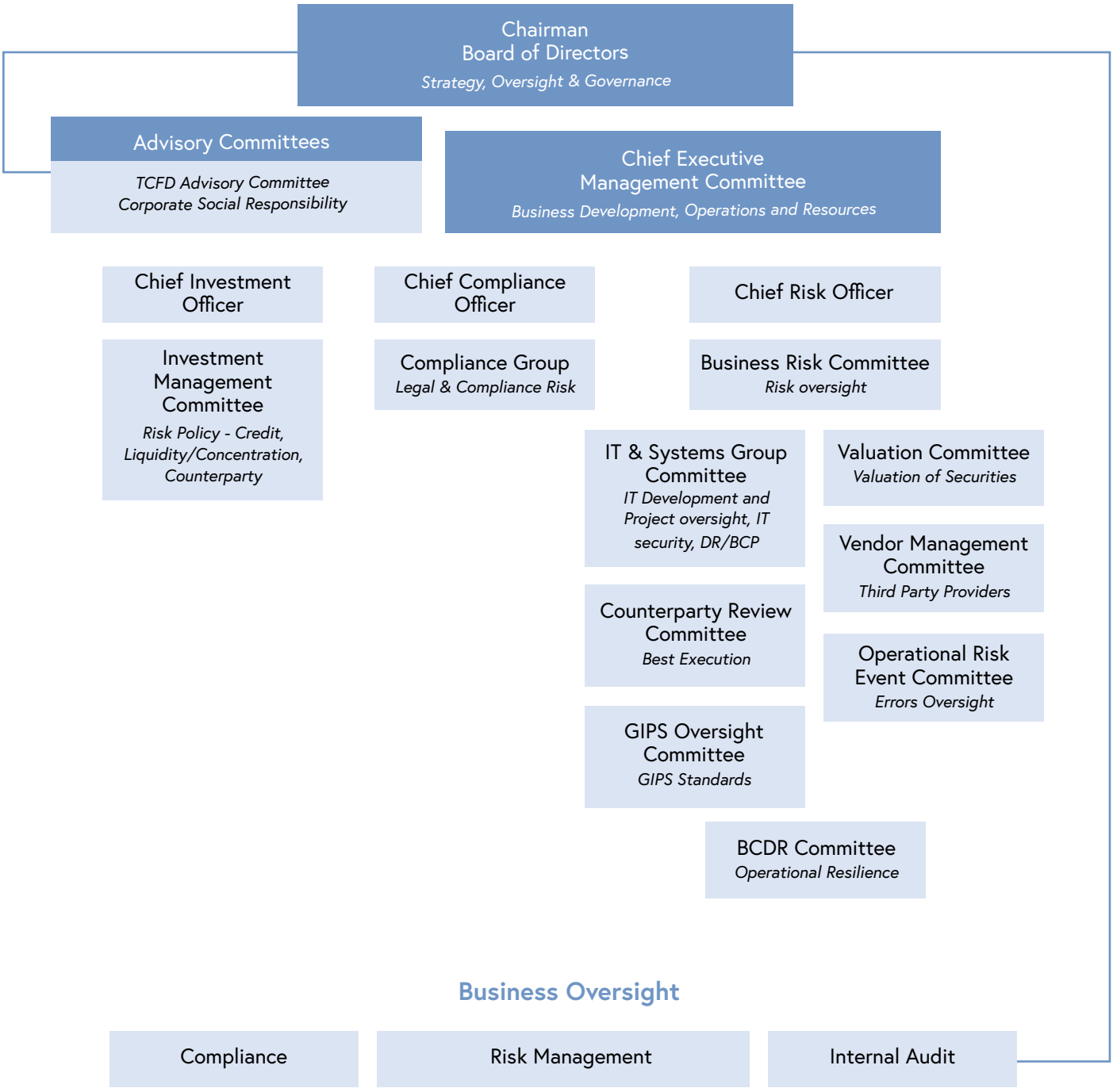
Climate risks are considered as part of the risk management framework. Colchester maintains an ESG, Sustainability & Climate Risk Register (the "ESG Risk Register") which sets out the key ESG-related risks that may impact on Colchester and its business, including risks arising from new and adapting regulation, 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 at least on an annual basis by Colchester's Business Risk Committee which is chaired by the Group Head of Risk and Analytics.

The Board also monitors Colchester's carbon footprint and has put processes in place to try to make business travel more efficient, to explore energy efficient opportunities in its offices and 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. Colchester has also established a Corporate Social Responsibility Committee 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

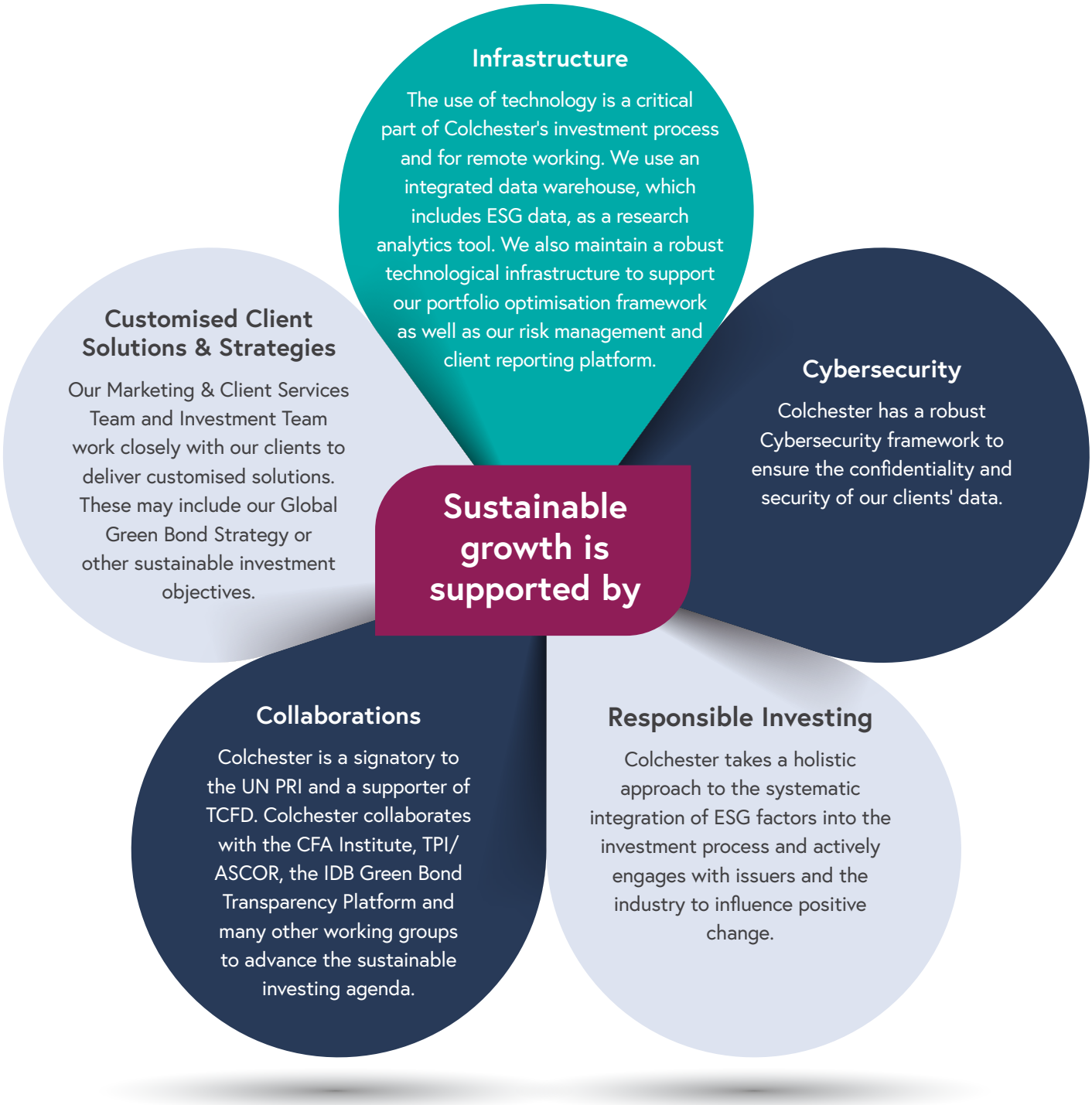



Source: Colchester, June 2026

## 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 the IT infrastructure is hosted in the Cloud. Colchester maintains business continuity disaster recovery (BCDR) 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* | Opportunities From | Potential Financial Impact** | Our Approach |
|---|---|---|---|---|---|
| Resource Efficiency | 4.4 | Short to medium term | 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 Corporate Social Responsibility (CSR)). |
| Investment Strategies | 4.2.2 | Medium to long term | 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 | Medium to long term | 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 role in the industry, including serving as Chair of the UN PRI Sovereign Debt Advisory Committee for the report period (with prior representation on the PRI Fixed Income Advisory Committee), a member of the PRI Global Sovereign Engagement Advisory Committee, and co-chair of the ASCOR project. The ASCOR project has developed 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. As at the end of 2025, the ASCOR framework methodology and country assessment report, comprises of 85 countries, another expansion after end of 2024 where 70 were covered and the initial pilot dataset of 25 countries. These countries account for approximately 90% of global greenhouse gas emissions, 92% of global GDP and 100% of the major sovereign bond market indices. The assessments are updated annually and are accompanied by in-depth analysis published in the LSE-TPI Centre's State of Transition in Sovereigns report. We are also a supporter to the Inter-American Development Bank (IDB) Green Bond Transparency Platform (GBTP) and a member of the Nasdaq Sustainable Bond Network (NSBN). |

| Risk | Section | Time Horizon* | Climate Risk | Potential Financial Impact** | Our Approach & Mitigating Factors |
|---|---|---|---|---|---|
| Market | 4.2.2 | Short to medium term | 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 assets under management (AUM) and hence income. To mitigate these risks, we consider climate risk within our investment process and have developed an in-house transparent climate scenario analysis (see more details under section 4.2.2 responsible investment). |
| Investment Strategies | 4.2.2.5 | Short to long term | 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 and/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, New Zealand and Australia), further detail of which can be found in section 4.2.2.5. |
| Regulatory & Reputational | 5.0 | Medium to long term | 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 | Short term to long term | 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 impact of each risk.

Colchester has not made any GHG emissions reduction commitments at this time. Given the nature of Colchester's business as an asset manager, its scope 2 and 3 emissions stemming from its operations are minimal 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 the 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.

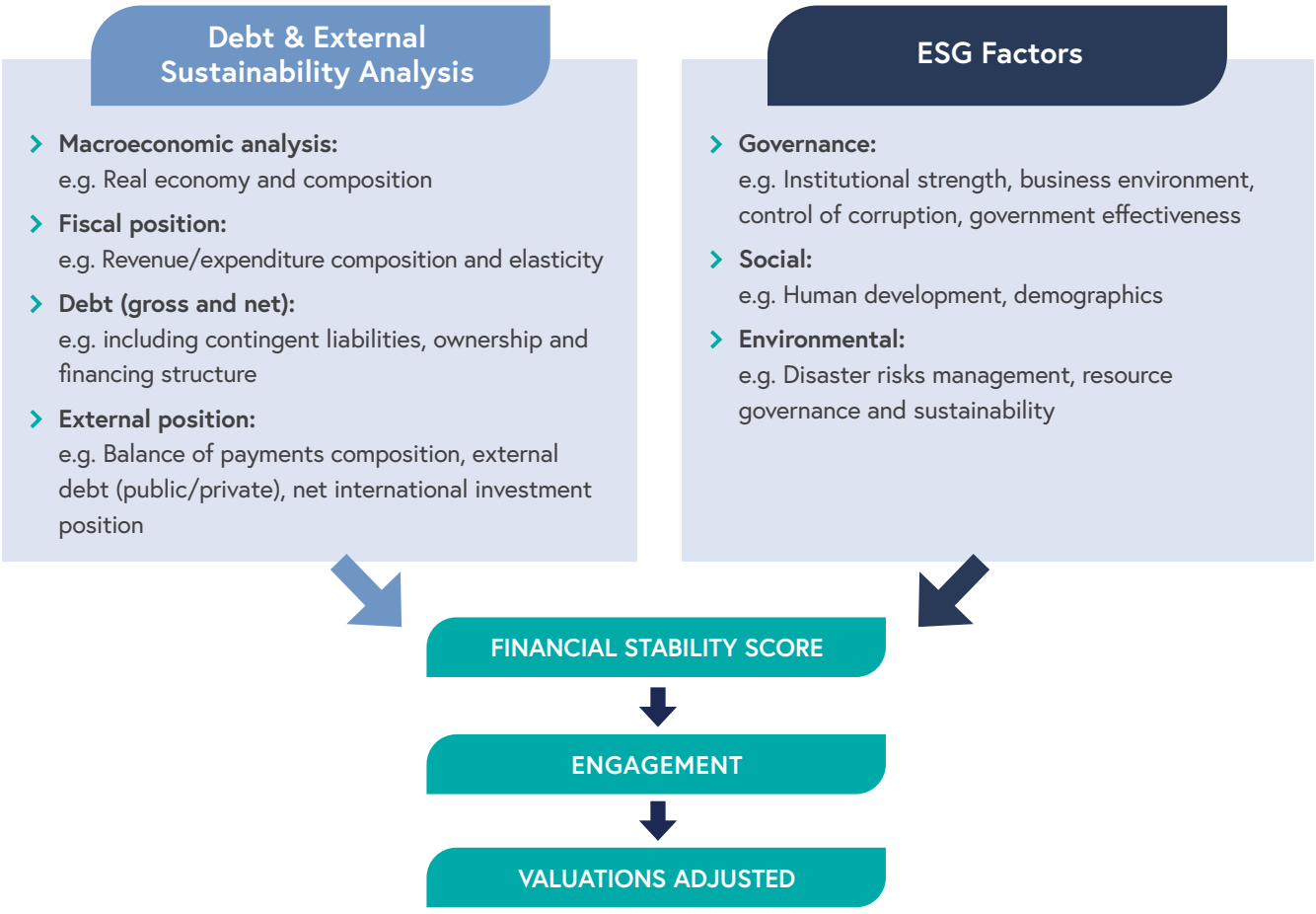
## 4.2.2 Our Responsible Investing Approach

**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. We publish our engagement activities semi-annually – for the latest report please see ESG Engagement Reports.

**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.

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

Colchester assesses the climate risk of sovereigns holistically, considering geophysical, physical and transition climate risks, in conjunction with the governance and social aspects. As investors in sovereign debt on behalf of clients, 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 |
| | | | Coal/Oil rents | % of GDP | World Bank |
| | | | $CO_2$ emissions per capita | Mt | EDGAR |
| | | | Total $CO_2$ emissions | % 5yr change | EDGAR |
| | | | Scenario Analysis | Change in GDP | Colchester Global Investors |
| | Physical Risk | Environmental Damage | Air Quality | Index Level | YALE Environmental Performance Index |
| | | | Sanitation & Drinking Water | Index Level | YALE Environmental Performance Index |
| | | | Biodiversity | Index Level | YALE Environmental Performance Index |
| | | Vulnerability to Climate Change | Vulnerability Index | Index Level | Notre Dame Global Adaptation Initiative |
| | | | Scenario Analysis | Change in GDP | 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 |
| | | Equality | 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 | Old Age Dependency Ratio | Level | World Bank |
| | | Labour Market | 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 |
| | | | Freedom from Corruption | Level | The Heritage Foundation |
| | | | Rule of Law | Level | Worldwide Governance Indicators |
| | Rule of Law | Corruption/Property Rights | Property Rights | Level | The Heritage Foundation |
| | | | World Press Freedom | Level | Reporters Without Borders |
| | | | Trade Freedom | Level | The Heritage Foundation |
| | Economic Environment | | Investment Freedom | Level | The Heritage Foundation |
| | | Economic Freedom | Financial Freedom | Level | The Heritage Foundation |

*For more information on the climate change scenario modelling undertaken by Colchester, please refer to section 4.2.5.

## Climate Change and Risks

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.

### 4.2.2.3 Physical Climate Risk to Sovereigns

When assessing physical climate risk to sovereigns, we consider both acute and chronic risks and how these may affect fiscal costs, macroeconomic outcomes and debt sustainability. The interlinkage between our fundamental balance sheet analysis and the FSS is clear, as certain economic sectors are structurally more exposed to physical climate risks than others. The impact of physical climate change can therefore differ significantly across countries depending on their economic composition (for more details see our historical sustainably reports)

Agriculture is among the most vulnerable sectors, given its sensitivity to changes in rainfall patterns, rising temperatures, sea level rise and the increased frequency of extreme weather events, which can reduce crop yields and erode arable land. Tourism may also be adversely affected, particularly in countries reliant on coastal, marine or other climate sensitive ecosystems. In addition, real estate and infrastructure, especially in coastal and flood prone areas, face heightened physical risks, while the insurance sector may experience higher claims, contributing to pressures on sovereign balance sheets and broader losses in economic productivity.

More broadly, these sectoral impacts often translate into higher public expenditures alongside weaker revenue bases, widening fiscal deficits and debt burdens, effects that tend to be more pronounced in lower income and credit constrained sovereigns.

### Philippines case study – Physical climate risk

The Philippines, an archipelago of over 7,600 islands, is among the sovereigns most exposed to physical climate risk globally. The 2025 World Risk Index has ranked the Philippines as the most at-risk country globally[1]. Its geography drives high exposure to extreme weather events, particularly typhoons, flooding and sea-level rise, while its economic structure further amplifies vulnerability, given the significant role of climate-sensitive sectors such as agriculture (ca. 10% of GDP) and tourism (ca. 20%, including indirect effects). These have meaningful economic effects, particularly in agriculture, highlighting broader risks to food security and rural livelihoods. Risk is also unevenly distributed. Eastern and central regions are particularly exposed, with several areas facing a high annual probability of severe typhoon events.[2]

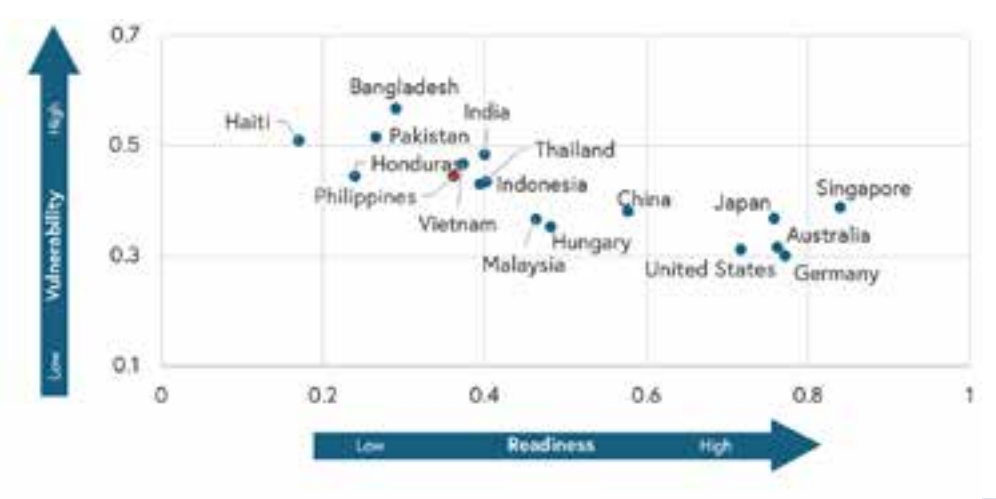
The IMF-adapted Notre Dame Global Adaptation Initiative (ND-GAIN) Country Index (Chart 1) further highlights the Philippines' elevated vulnerability relative to regional peers and countries at similar income levels. While vulnerability remains high, the index shows that stronger governance and higher income levels are associated with greater "readiness" (with the likes of Japan and Singapore scoring particularly well), the ability to deploy capital effectively towards adaptation, captured across economic, governance, and social dimensions.

[1] Bündnis Entwicklung Hilft / IFHV (2025): WorldRiskReport 2025. Berlin: Bündnis Entwicklung Hilft.

[2] Jean Christine Armas, Miss Yinqiu Lu, Margaux MacDonald, Nick Sander, Jeongwon Son, Azar Sultanov, and Sihwan Yang. "Unpacking Macroeconomic Impacts of Climate Events and Policy Implications in the Philippines", Selected Issues Papers 2026, 004 (2026), https://doi.org/10.5089/9798229037464.018

## Chart 1: Physical climate risk vulnerability versus readiness

**ND-GAIN Readiness vs Vulnerability**

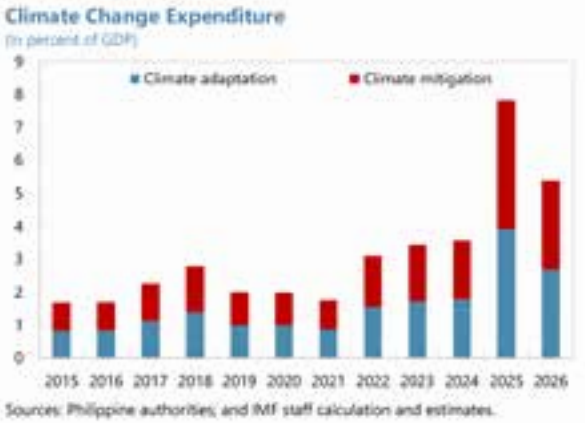


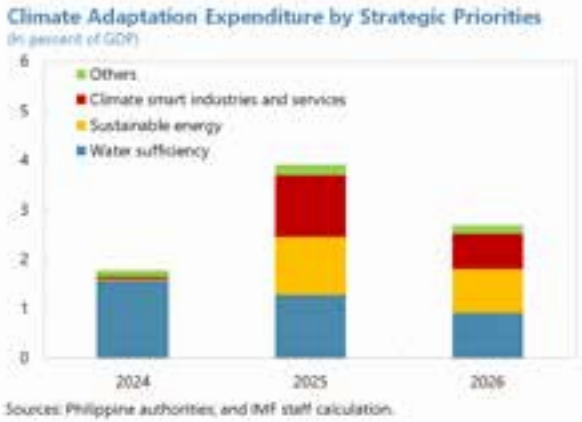

Source: IMF-Adapted ND-GAIN Index (NDGAIN), as of 18th February 2026 with latest Dataset 2023

This elevated exposure has fiscal and macroeconomic implications: climate-related disasters strain public finances through higher fiscal spending on response and infrastructure reconstruction while simultaneously weakening tax revenues. As a result, fiscal deficits can widen, and reliance on borrowing to fund rebuilding efforts risks increasing public debt, while disruptions to agricultural production can increase import needs, widen trade deficits and put pressure on the currency and inflation.

### Government Response

The Philippines' high vulnerability has driven climate adaptation to the forefront of government policy. National strategies, including the National Adaptation Plan (NAP) 2023–2050 and National Climate Change Action Plan (NCCAP) 2011–2028, provide a framework for strengthening resilience across the economy. This is supported by sustained investment in adaptation and mitigation, with a focus on strategic sectors such as climate-resilient industries and services, sustainable energy, and water security, as shown in the findings of the IMF[3].




[3] Jean Christine Armas, Yinqiu Lu, Margaux MacDonald, Nicholas Ari Sander, Jeongwon Son, Azar Sultanov, and Sihwan Yang. 2025. "Unpacking Macroeconomic Impacts of Climate Events and Policy Implications in the Philippines." IMF Selected Issues Paper SIP/2026/004

Alongside increased budget allocations, the Philippines has strengthened its policy frameworks and implementation approach. The latest ASCOR assessment (2025) highlights relatively strong performance on adaptation policy (Pillar 2: CP5 – Adaptation), underpinned by established planning and monitoring systems.

Source ASCOR Tool, LSE/TPI centre, as of 2025

In summary, physical climate risk in the Philippines has clear macroeconomic consequences, affecting growth, inflation, fiscal balances and external stability. The IMF notes that severe typhoon events alone can reduce GDP by around 0.2–0.3% per shock[4], highlighting the importance of incorporating climate risk into Colchester's financial stability scores. At the same time, strengthened policy frameworks and increased investment (reflected in ASCOR assessments) indicate that, despite high underlying exposure, targeted adaptation can help mitigate longer-term economic damage. Continued progress on disaster preparedness, resilient infrastructure and fiscal buffers will therefore be critical to sustaining economic stability as climate risks intensify.

[4] Jean Christine Armas, Yinqiu Lu, Margaux MacDonald, Nicholas Ari Sander, Jeongwon Son, Azar Sultanov, and Sihwan Yang. 2025. "Unpacking Macroeconomic Impacts of Climate Events and Policy Implications in the Philippines." IMF Selected Issues Paper SIP/2026/004

### 4.2.2.4 Transition Risks and Opportunities for Sovereigns

Colchester assesses transition risks and opportunities for sovereigns in the context of the shift towards a lower carbon economy. Transition risks tend to materialise over longer time horizons and are often slower moving, with medium to long term implications for economic competitiveness, fiscal outcomes and sovereign creditworthiness.

Commitments to net zero targets, typically by 2050 or later, alongside interim emissions reduction pledges, imply significant structural adjustments across energy systems and emissions intensive but economically critical sectors. As highlighted through the PRI Collaborative Sovereign Engagement on Climate Change, the credibility, sequencing and implementation of sovereign transition strategies are therefore central to managing transition risks, maintaining investor confidence and enabling the mobilisation of capital at scale. Where transition pathways are unclear or delayed, sovereigns may face higher adjustment costs, weaker productivity outcomes and increased pressure on public finances over time.

To support this assessment, Colchester draws on the Assessing Sovereign Climate related Opportunities and Risks (ASCOR) framework, developed with academic expert the TPI Global Climate Transition Centre at LSE. As set out in the State of the Sovereign Transition 2025, ASCOR provides a structured and comparable assessment of sovereign transition progress across emissions pathways, climate policy implementation and climate finance. It places particular emphasis on the credibility and implementation of medium term transition pathways rather than headline targets alone. ASCOR is used as an analytical and engagement tool to identify gaps between long term ambition and near term action, benchmark sovereigns within peer groups, and inform engagement on policy credibility, sectoral transition planning and the mobilisation of transition finance.

Applying this framework in practice highlights some regions facing higher transition requirements. In Asia, sovereign issuers such as China, Japan and South Korea show relative strengths in areas such as climate policy frameworks and carbon pricing, while gaps remain in the ambition, alignment and credibility of medium-term emissions targets and Nationally Determined Contribution (NDC)s, as reflected in the ASCOR assessment and as shown in the table below.

**ASCOR Framework - Sovereign Transition Readiness**

| | China | Japan | Korea |
|---|---|---|---|
| Areas of strength | ETS increased emissions coverage to 59% in 2024 | Longstanding framework climate law as well as a law on adaptation | Climate budget tagging and green jobs strategy |
| Area to improve: NDC targets | 2035 target to cut emissions by 7-10% from peak levels lacks detail on peak year or value | 2035 target to cut emissions by 60% from 2013 is not aligned with 1.5°C | 2035 target was not published ahead of UNFCCC's September deadline |

Source: TPI Global Climate Transition Centre at LSE, "https://transitionpathwayinitiative.org/publications/139/show_news_article"
Investing in sovereign climate action: Outlook from COP30, as of November 2025.

### 4.2.2.5 Sustainable Product Solutions

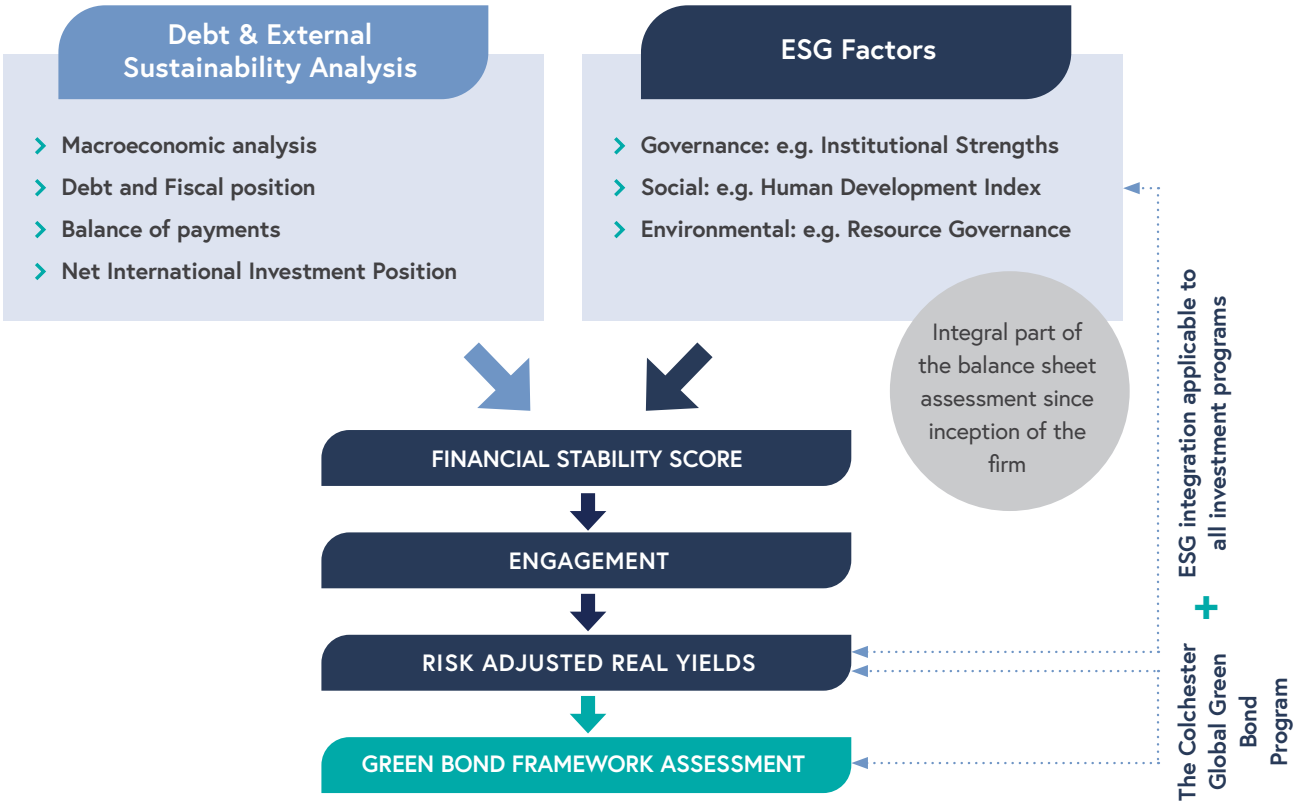
Whilst we haven't set explicit carbon reduction targets across all the investment strategies that we manage, we work closely with our clients to provide customised sustainable investment solutions in order to reduce the carbon footprint or to achieve other objectives. These include our Global Green Bond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

## The Colchester Global Green Bond Program

Our Global Green Bond Program has had growth of US$ 30 million in 2025. It uses the same valuation framework, portfolio construction and risk management techniques as our other investment programs, with an additional assessment of the issuer's sustainability framework and use of proceeds. Given the current availability of sovereign-issued green bonds across certain yield curve segments and valuations, we may also invest in green bonds issued by supranational or government-guaranteed entities. 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 the Green Bonds are aligned with the International Capital Market Association (ICMA)'s Green Bond Principles[5]. In the event that the issue is not explicitly aligned with the ICMA Green Bond Principles, we will assess whether the issue is aligned with any other market recognised standard, such as but not limited to: the EU Green Bond Framework, Climate Bond Initiative, Green Bond - Made by KfW, World Bank and its entities. In addition, the issuer must also have arranged for an independent assessment on labelling the issue as "green", which may be in the form of second party opinion, verification, certification or Green Bond scoring/rating.
2. Secondly, we will monitor on an annual basis issuers' use of proceeds reporting by looking at their allocation reports. 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.

[5] Green-Bond-Principles-June-2021-140621.pdf (icmagroup.org)

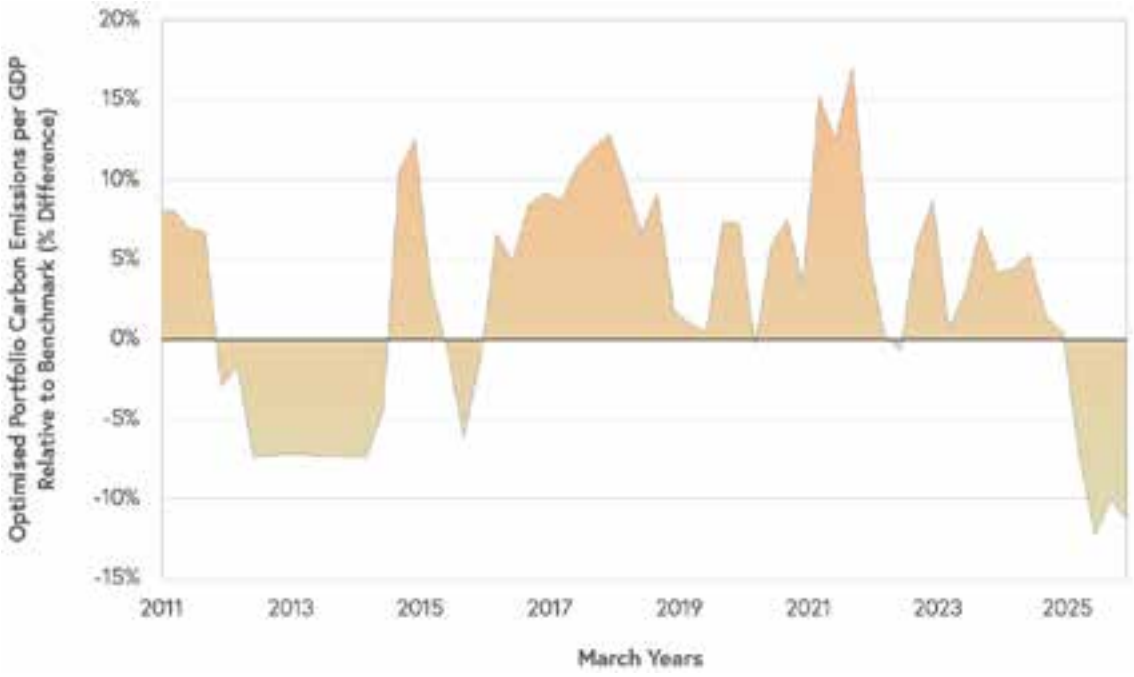
### Alternatives to Green Bonds: Expanding Sustainable Solutions

in addition to our Global Green Bond Program, we have integrated sustainable investment objectives within dedicated client portfolios. Sustainable investment objectives can be used as a constraint within an optimisation framework. We are able to improve the carbon emissions of a portfolio compared to the FTSE World Government Bond Index (WGBI) or any other index. Carbon intensity can be measured in a number of different ways:

- Tonnes of $CO_2$
- Tonnes of $CO_2$ per capita
- Tonnes of $CO_2$ per GDP
- Change in $CO_2$ 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 2).

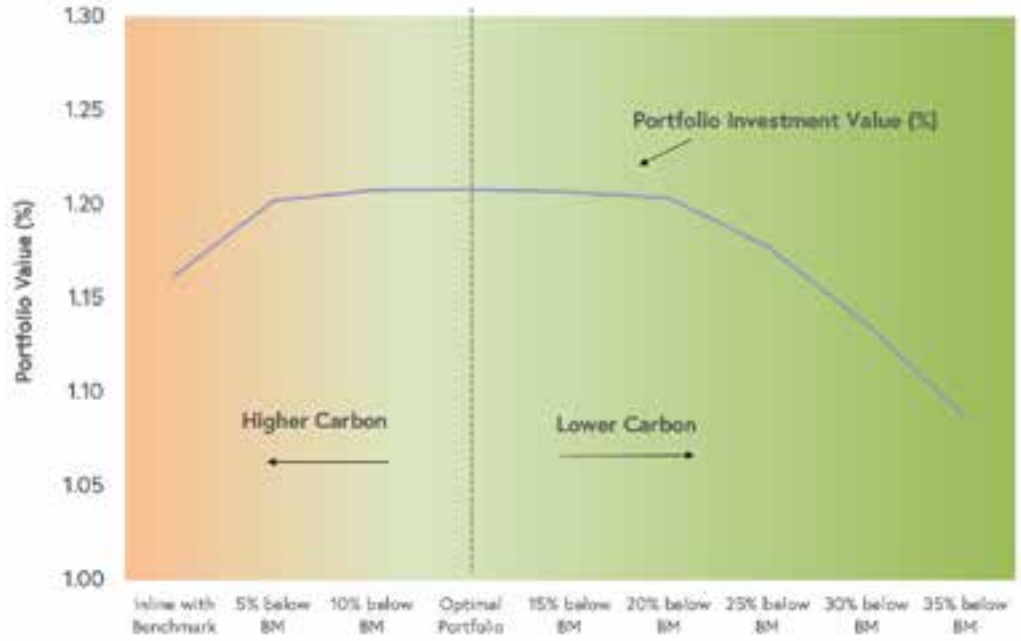
**Chart 2: Historical Portfolio Carbon Emissions per GDP Relative to Benchmark**




Source: EDGAR Database as of 2024 and Colchester Global Investors, as of December 2025

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 3 shows the effect that the carbon constraint has on the investment value of the portfolio at various levels (as at the end of December 2025). 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.

### Chart 3: Trade off between portfolio value and lower historical portfolio carbon exposure




Source: FTSE World Government Bond Index, EDGAR Database, as of 2024 and Colchester Global Investors, as of December 2025.

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 makes 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 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 Business Continuity and Disaster Recovery (BCDR) Plan, alongside its Information and Cyber Security Policies and practices, are robust and evolving documents. The company's BCDR plan is approved by the BCDR Committee[6] 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.



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

The BCDR Plan ensures that 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. The firm conducts regular tests of its BCDR Plan and its Cyber Response Plan. The Chief Executive Officer - London reports on BCDR matters to the BCDR Committee and on cyber security matters to the Board. Any deficiencies identified are remedied systematically, with appropriate controls, training and procedural changes implemented as required.

### 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 offices 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. Remote working and transfer of work to another office are key pillars of Colchester's operational resiliency.

### IT Resiliency

Colchester has made notable progress in strengthening its operational resilience and sustainability over the last five years. Central to this improvement has been the migration of its IT infrastructure to the Microsoft Azure Cloud. This strategic move enabled Colchester to achieve greater scalability of resources, reduce downtime and enhance overall operational efficiency. Furthermore, by eliminating the requirement for regular physical server maintenance and replacement every three to five years, the firm has significantly advanced its environmental sustainability efforts.

Colchester leverages a range of features within its cloud infrastructure, including replication, geographic diversity (across three Microsoft regions), regular testing and robust security measures. These features provide substantial resilience in the use of cloud services, ensuring continuity and protection against potential disruptions.

The use of Azure Virtual Desktops (AVDs) and Remote Desktop Services (RDS) empowers Colchester's employees to work securely from any location, guaranteeing uninterrupted access to computing resources even if one service encounters issues. This approach allows the organisation to replace office PCs only when absolutely necessary, further contributing to its sustainability objectives. Furthermore, desktop PCs and laptops are sourced in an environmentally sustainable manner, purchasing reconditioned equipment wherever possible.

### Cyber Security Framework

Colchester has developed a comprehensive Cyber Security Framework tailored to address the elevated cyber threat landscape. This framework encompasses a security incident event management platform (SIEM), an endpoint detection and response platform (EDR), as well as a 24/7 security operations centre (SOC) for continuous monitoring. Additional measures include email and web filtering, dark web monitoring and regular phishing training and testing for staff. Collectively, these initiatives form a proactive approach to mitigating cyber risks, which remain a significant concern for all organisations.

The SOC is a relatively recent addition to Colchester's cyber security framework, providing 24/7 monitoring of both the EDR and the SIEM. Using the same 24/7 SOC to monitor both SIEM and EDR provides faster incident response, better threat correlation and clearer accountability by giving a single team full visibility across endpoints and the logs.

## 4.2.5 Colchester's Investment Strategy

### Climate Risk Analysis Overview

Climate risk analysis is a crucial aspect of understanding and mitigating the potential impacts of climate change on financial portfolios. Colchester conducts proprietary climate risk analysis, focusing on both the potential financial exposure of our portfolios (also known as "Climate VaR" (CVaR)) as well as relative physical and transition risk analysis at the country level as part of our wider ESG and financial stability analysis efforts.

Our modelling utilises the climate scenarios published by The Network for Greening the Financial System (NGFS), under three different temperature pathways: Net Zero 2050, Below 2°C, and Nationally Determined Contributions (NDCs). The NGFS scenarios provide a range of data on transition and physical risks as well as macro-economic impacts.

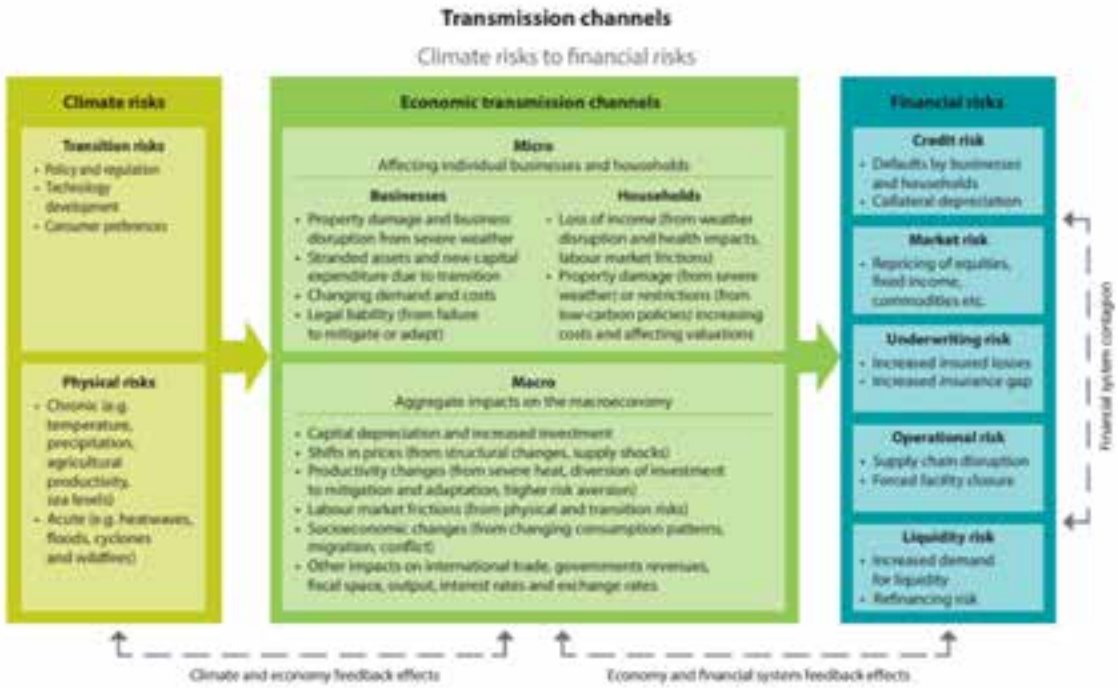
The CVaR modelling uses potential long-term interest rate changes to perform interest rate sensitivity analysis on the bonds within our portfolios. This helps us examine the potential financial impacts "Profit & Loss" (P&L) and "Net asset value" (NAV) under different climate scenario expectations, considering both transition and physical risks.

Transition risks are estimated via three Integrated Assessment Models (IAMs), which generate economic forecasts through the NiGEM model. Colchester uses the REMIND-MAgPIE IAM iteration for its reasonable regional granularity. Physical risks are split into acute risks, such as extreme weather events, and chronic risks, like reduced agricultural productivity and sea-level rises.

The yield change assumes an instantaneous shock whereby bonds are repriced under different climate scenario expectations, considering transition and physical risks. The macro-financial estimates use impacts from physical and transition risk analysis at the sovereign level; these are based on the average change in GDP into the medium-term, based on NGFS' models.

### Source Data

The NGFS framework encapsulates both physical and transition risks, as well as macro-financial developments under various climate scenarios (applicable at the global and regional level) which aligns with Colchester's perspective.




Source: Network for Greening the Financial System (NGFS), adapted from the climate scenario framework.

**Transition risks** are estimated via three Integrated Assessment Models (IAMs), which each yield their own economic forecasts via the NiGEM model. The suite of IAMs includes MESSAGE-GLOBIOM, GCAM and REMIND-MAgPIE, which generate transition pathways within the NGFS framework. Colchester has chosen to use the REMIND-MAgPIE IAM iteration as, for example, it provides reasonable regional granularity. NGFS provide the following description[7]:

REMIND is a numerical model that generates projections for the future evolution of the world economies with a special focus on the development of the energy sector and the implications for our world climate. The goal of REMIND is to find the optimal mix of investments in the economy and the energy sectors of each of the 12 model regions given a set of population, technology, policy, and climate constraints. It also accounts for regional trade characteristics on goods, energy fuels, and emissions allowances. The most relevant greenhouse gas emissions due to human activities are represented in the model.

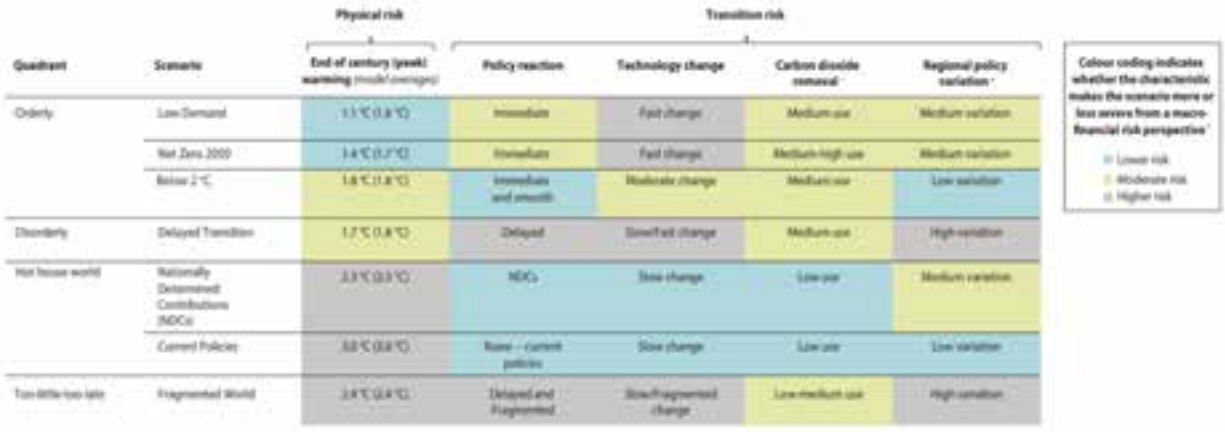
The REMIND-MAgPIE IAM is used to generate the three different climate scenarios: Net Zero 2050, Below 2°C, and Nationally Determined Contributions (NDCs).

**Physical risks** are divided into acute (extreme weather events) and chronic (reduced agricultural productivity, sea-level rises) categories. Carbon taxes are used as a key policy input for the modelling of the impact of climate transition on the macroeconomy, which drives inflation and interest rate expectations. As of Phase V of the NGFS modelling (released in November 2024), transition risk continues to dominate the changes in longer-term interest rates, although this release of the work deepened the effects of physical risks in general which is more clearly seen in the GDP shocks used in our general ESG country analysis. Therefore, we find it useful to consider both approaches in our general consideration of climate risk. Both series (interest rates and GDP) are published for a range of specific countries and regions (enabling coverage of all our investment universes by assigning regional averages to any coverage gaps).

## Scenarios

Colchester have selected three of seven available NGFS climate scenarios to provide a range of possible outcomes:

1. **Net Zero 2050**. This scenario involves the greatest transition risk and aims to limit average temperature rises to less than 1.5°C.
2. **Below 2°C**. This is a middle ground outcome, with net zero targets 80% achieved and temperature rises contained to less than 2°C.
3. **Nationally Determined Contributions (NDCs)**. This is a "hot house" disorderly scenario, with the least transition risk and temperatures rising in the 2.5-3°C range.




- The impact of CDR on transition risk is twofold: on the one hand, low levels of CDR imply an increase in transition costs, as reductions in gross emissions should be obtained in a different way; on the other hand, high reliance on CDR is also a risk if the technology does not become more widely available in the coming years.

+ Risks will be higher in the countries and regions that have stronger policy. For example, in Net Zero 2050, various countries and regions reach net zero GHG by 2050, while many others have emission of several Gt of $CO_2$eq.

^ This assessment is based on expert judgement based on how changing this assumption affects key drivers of physical and transition risk. For example, higher temperatures are correlated with higher impacts on physical assets and the economy. On the transition side economic and financial impacts increase with a) strong, sudden and/or divergent policy, b) fast technological change even if shadow carbon price changes are modest, c) limited availability of carbon dioxide removal meaning the transition must be more abrupt in other parts of the economy, and d) stronger policy in those countries and/or regions.



[7] https://www.ngfs.net/ngfs-scenarios-portal/glossary/#REMIND

The NGFS scenarios are becoming the industry standard and are similar to alternatives from the likes of the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA). They have been developed for use by the financial sector and are published in a transparent manner with economic outputs which are well suited for analysis of a sovereign bond portfolio.

Please note, that while the NGFS scenarios and data are constantly updated and improving, significant uncertainty and limitations around climate and economic modelling remain high. Furthermore, NGFS scenarios are not considered to be explicit forecasts, but instead present a range of possible outcomes.

### Application to Portfolios

The key output taken from the NGFS modelling work is the change in the long-term interest rate. This is presented as a deviation from the baseline climate-agnostic world, projected out to 2050.

We assume a parallel shift in sovereign yield curves based on these changes, reflecting interest rate risk through duration. Hence, the change is applied uniformly to each bond in the portfolio approximating the price changes according to each bond's interest rate risk (i.e. it's duration):

$$\Delta Price_{_i} \approx -Modified\ Duration_{_i} \times NGFS\ Interest\ Rate\ Change_{_i}$$

The interest rate change for the next closest year-end to the date of assessment is chosen, on the basis that we are assessing an instantaneous price shock. The portfolio at the end of 2025 for example would have the change in 2026 applied to it as the principal interest rate shock. Under each respective climate scenario, investors' expectations today reflect the expected future policy and physical environment in the pricing of long-term bonds today (captured via the current long-term interest rate estimate).Once each bond's yield is shocked, the results are aggregated based on the market value weighting of each asset to derive an overall profit and loss (expressed as a % of NAV) under each given scenario for each of the portfolios.

### Country Macro-Financial Impact

In addition to the CVaR work mentioned above, we use the forecasted future shocks (i.e. annual percentage change) to each country's GDP, decomposed into physical and transition risks. These direct economic shocks provide insights into the relative costs associated with climate change, including both investments for transition and the costs of physical climate events. Whilst these costs will naturally be borne by both the public and private sectors, we feel comfortable assuming that governments will have a significant role. Therefore these shocks are important for understanding the potential risks to any given country's fiscal balance for example.

The GDP shocks are supplied on an annual basis out to 2050, although we assess the average change over the coming ten years to avoid the greater uncertainty associated with an even longer horizon and also to align the approach with our use of a ten-year interest rate in the CVaR analysis. Whilst we examine three main scenarios in the CVaR work, this application looks only to the worst-case scenario ("Nationally Determined Contributions") for both the physical and transition risk factors, using the GDP forecasts from the NiGEM model associated with that specific scenario. These GDP values are supplied in 2017 PPP-adjusted US$ terms and are expressed as a percentage change for ease of comparison. We then separately analyse for the change attributed to physical and transition effects, then normalise to a 1-100 scale for relative comparisons, both at the individual factor level and also for integration into our proprietary ESG scorecard (for further information, please see Colchester's ESG Policy).

We at Colchester accept that over time, our climate change assumptions will need to be updated, however the scenarios do give us some insight into the scale of the potential contingent liabilities on each country's financial balance sheet. Going forward, we will look to improve our analysis by incorporating the country specific cost of migrating towards clean energy sources. We recognise that, in the future, 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. Colchester's financial stability analysis is evidence based, and our assumptions are likely to be revised as new information is received.

Lastly, Colchester actively participates 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

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

A consistent Risk Management Framework (the "Framework") is embedded across all Colchester entities, comprising our governance, risk management process and risk appetite. The 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 and reporting lines into the Board. The three lines of defence model is 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. This ensures that climate and sustainability risks are captured, monitored and escalated through the same enterprise risk processes and governance forums as other principal risks, including operational resilience and incident management. 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 the magnitude of impact (financial, client, regulatory and reputational).

In order to identify and assess the key climate-related risks impacting our firm, Colchester has in place a TCFD Advisory Committee, comprised of members from the Risk, Investment Management, Legal, Operations and Marketing departments. The committee works collaboratively to identify the climate and sustainability risks facing Colchester and their mitigating controls. As part of the assessment, the committee 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 ("BRC"). Climate-related operational risks (including disruption risks to premises, critical suppliers and technology) are also considered through Colchester's operational resilience and incident governance and are escalated to the BRC where appropriate. Further detail on Colchester's BCDR and operational resiliency arrangements is set out in section 4.2.4.

This risk assessment and risk register along with proposed actions is presented at the BRC & TCFD Advisory Committee at least annually, and additionally when material changes occur (for example, regulatory change, significant incidents or emerging risk themes). 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 is responsible for evaluating environmental, social and governance risks and opportunities for all countries.

The Risk department measures and monitors risks, including climate risks, against limits. In addition to producing quantitative analysis, the Risk department 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 (outsourced to Deloitte) provides independent assurance of the effectiveness and adequacy of the risk management, control and governance processes employed.

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 in 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 former Chair of the PRI of Sovereign Debt Advisory Committee ("SDAC") led the Committee in the publication on Sovereign Engagement: A technical guide for responsible bond investors.

Another example of this industry framework development is the collaborative industry initiative ASCOR. The ASCOR framework is composed of indicators for the transparent assessment of the progress made by countries in managing the low-carbon transition and the impacts of climate change. ASCOR aims to inform, support and facilitate investors' decision making on sovereign bonds and enable a more explicit consideration of climate change. The project has facilitated dialogue between issuers and investors and can enable financing for climate change mitigation and adaptation. ASCOR also enables countries to showcase their improvements on the transition to a low-carbon and resilient future by providing independent and open-source assessments of their targets and policies.

The ASCOR tool, offers a comprehensive set of indicators for evaluating countries' readiness to manage physical risk through adaptation as well as transition risk and opportunity through strategic mitigation. With a high level of granularity and academic rigour, the ASCOR tool assesses sovereign issuers based on their emissions targets, transparency and climate policies, including carbon pricing, climate framework legislation, climate budget tagging, just transition, renewable energy capacity pipelines and fossil fuel phaseouts.

The ASCOR framework was shaped to avoid penalising emerging markets and developing economies (EMDEs). Developing economies often have higher emissions from industrial processes compared with developed economies, reflecting different starting points in their transitions to carbon neutrality. They also tend to be more exposed than developed economies to physical climate risks. Addressing these disparities pragmatically, while considering fairness, was deemed essential in the development of the ASCOR framework. The Emissions Pathways methodology uses both cost-effective as well as 'fair

**Colchester runner up for the PRI Award 2025 - Recognition for action: climate**

share' carbon budget allocations, taking into consideration historical emissions and income per capita. In addition, low- and middle-income countries are exempted from several of the most challenging and ambitious policy indicators, based on fairness considerations.

ASCOR evaluates countries' policies to manage mitigation and adaptation, thus enhancing the analysis of fiscal sustainability. To ensure accuracy, ASCOR assessments are based on transparent methodologies, involve a feedback process with sovereign issuers and are updated annually. All sources used to determine a country's assessment results are public and signposted in the ASCOR tool. ASCOR helps investors identify countries that will use funds for mitigation, adaptation and just transition, thereby supporting the financing of a fair and resilient low-carbon transition. Claudia Gollmeier, co-chair of ASCOR, has been closely involved since its inception in 2021, with the tool designed from the outset to be accessible and decision useful for both investors and sovereign issuers. The ASCOR methodology was first published in November 2023, updated most recently in November 2025, and is now under renewed review following the 2026 consultation (see the ASCOR methodology note version 1.2).

The ASCOR tool's depth and coverage is impactful to the financial system and is experiencing widespread adoption: it is increasingly integrated into key investor practices, including the PRI's collaborative sovereign engagement pilot project with Australia. IIGCC's Net Zero Investment Framework (NZIF) notes ASCOR as one of the available tools to support investors with real world outcome by assessing countries against their net zero alignment criteria.

To date, the TPI/LSE, the academic expert, together with the investor group, including Colchester as co-chair, have 85 countries assessed, collectively accounting for approximately 90% of global greenhouse gas (GHG) emissions and 92% of global GDP. They are also the most relevant countries for investors to incorporate climate change considerations into their sovereign bond evaluations, as together they cover 100% of the major sovereign bond market indices. The assessments are updated annually and are accompanied by in-depth analysis published in the TPI Centre's State of Transition in Sovereigns report.

The group released educational resources, which include video explainer series and ASCOR in Practice, a report showcasing practical applications of the tool by investors and academics.

*Fixed income investors are increasingly integrating ESG considerations into sovereign bond valuation, and supplement this with collaborative sovereign engagements and tools like ASCOR that enable a consistent, transparent, and fair assessment of issuers. Through initiatives like the PRI Collaborative Sovereign Engagement on Climate Change, these efforts foster resilience, industry collaboration and long-term value. As a specialist sovereign bond manager, Colchester Global Investors is proud to support and contribute to this important work.*

**Claudia Gollmeier**

Managing Director, Singapore and Head of Investment Management, Asia Pacific, Middle East and Africa (APAC & MEA). Co-Chair of ASCOR

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 has published annual Sustainability Reports detailing its 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. |
| 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 | Colchester is co-chair to the project, with the goal 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. |
| PRI Collaborative Sovereign Engagement on Climate Change Canada | PRI | The strategy and activities of the engagement programme are overseen by the Canadian Signatory Advisory Committee, and the Canadian Technical Advisory Group provides technical expertise on climate policy and sovereign engagement. |
| PRI Collaborative Sovereign Engagement on Climate Change Japan | PRI | The Japan engagement programme is overseen by a signatory led Japan Advisory and Working Group, which both advises the PRI on programme structure and conducts engagement activities. The programme is supported by the PRI, with access to technical expertise on climate policy and sovereign engagement through the initiative's technical groups. |

As of June 2026

# 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 Colchester's ongoing commitment to environmental sustainability, we have completed an exercise of estimating GHG emissions, including relevant indirect emissions, across the Group. The analysis was undertaken again by a third party, Unravel Carbon. Overall, emissions are lower compared to 2024 levels, driven primarily by a reduction in business travel year-on-year. Over time, emissions did increase slightly in calendar years 2023 and 2024 but are now lower than those seen in 2022 – despite the fact that the company has continued to grow over that time.

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 2025 calendar year. For the 2025 reporting period, the Unravel Carbon reporting system is still in use, using automated GHG emissions calculations to streamline the reporting process. The reporting boundaries remain the same as the 2024 reporting 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 direct (Scope 1) emissions are generated by the producer of that energy, they 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 Protocol[8] were used. With respect to the GHG Protocol, the principle of operational control[9] 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 Colchester's office locations make up the facilities for the purposes of GHG reporting (the names given are those used within the Unravel Carbon reporting platform).

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

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

These are:

Leased offices – under Colchester's operational control (for energy and waste supplies – but not plant and machinery (e.g boilers)

- London, United Kingdom
- Singapore

Serviced offices – not under Colchester's operational control

- New York, USA
- Dubai, UAE
- Sydney, Australia
- Dublin, Ireland
- Madrid, Spain
- Munich, Germany

Colchester moved its London head office in January 2026 to a building with an improved energy certificate rating. The firm avoided waste by reusing the desks, chairs, fitted office furniture, meeting room tables and chairs from its previous office. The firm also reused PCs, monitors and monitor arms – IT kit that is often discarded and refreshed by firms during an office move. The firm completed its Energy Savings Opportunity Scheme ("ESOS") Phase 3 assessment covering its London office's energy use and submitted both a Notification of Compliance and an Action Plan to the Regulator. Energy efficiency opportunities were assessed in the context of the firm's operating model and planned office move, which occurred in January.

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 has leased office space from the building owner and does not have operational control of plant and equipment (e.g. boiler). As there are no direct emissions in any of Colchester's offices and Colchester does not own vehicles there are no recordable Scope 1 emissions.

Colchester only has operational control of energy and waste service providers 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 both the London and Singapore offices. The 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

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

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

### 4.4.3 Key Results

For the 2025 reporting year, the key results for the overall emissions are shown below.

**All data is presented in tonnes of $CO_2$-equivalent**

| Emissions Scope | 2025 emissions | 2024 emissions | % change |
|---|---|---|---|
| Scope 2 emissions | 6.2 t $CO_2$-e | 6.4 t $CO_2$-e | 3.1% decrease |
| Scope 3 emissions | 414.8 t $CO_2$-e | 496.2 t $CO_2$-e | 16.4% decrease |
| **Total** | **421.0 t $CO_2$-e** | **502.7 t $CO_2$-e** | **16.3% decrease** |

Source: Colchester Global Investors and Unravel Carbon Platform, 1st January 2025 – 31st December 2025.

Chart 4 shows the monthly emissions across the 2025 calendar year with the equivalent month for the previous year shown.

**Chart 4: Total emissions by month**

Source: Colchester Global Investors and Unravel Carbon Platform

Total emissions for 2025 are lower than 2024 emissions by 16.3% year on year. Part of this is the extension of renewable energy purchases in London but the largest contributor comes from a large reduction in business travel in 2025 compared to 2024 numbers. The absolute number of flights has decreased significantly leading to an equally large reduction in GHG emissions. Business travel remains the largest contributor to overall GHG emissions so is therefore the area with the largest potential to contribute to reductions.

The trends of Scope 2 emissions on a monthly basis and Scope 3 emissions from upstream leased assets are shown in Charts 5a and 5b. As previously stated, the emissions for offices not under Colchester operational control are deemed to be Scope 3 emissions for upstream leased assets.

**Chart 5a: Scope 2 monthly emissions by office – Operational control offices**

## Chart 5b: Scope 3 Upstream leased assets

Source: Colchester Global Investors and Unravel Carbon Platform, 1st January 2025 – 31st December 2025.

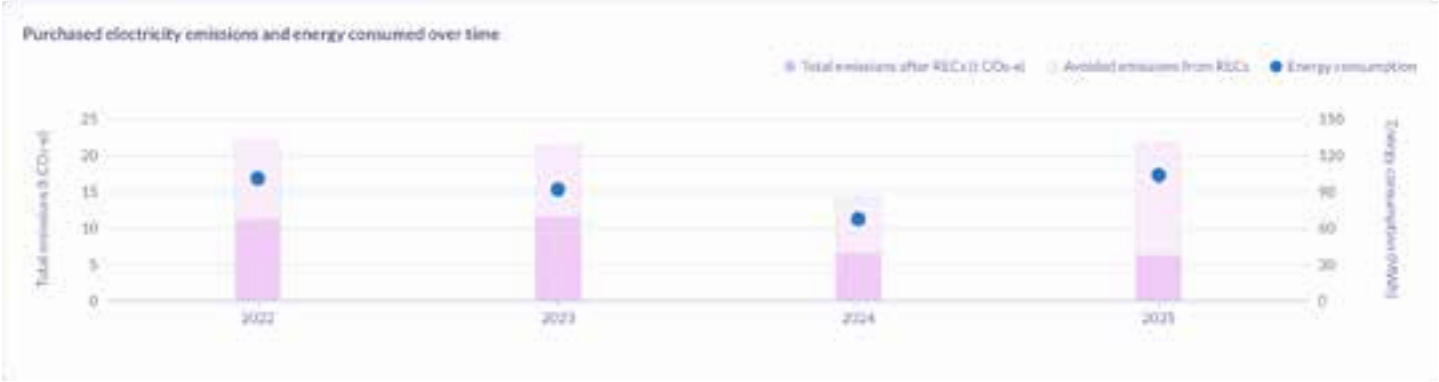
### Scope 2 Monthly Emissions by Office

The emissions estimations for New York, Sydney, Dubai, Madrid, Dublin and Munich 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 emissions associated with upstream leased assets are of course flat because they are based on floor area only. A drop was modelled during the year also as the Sydney office relocated to smaller premises.

The UK office, being the largest office, has seen the largest reduction in emissions over this time period. For the entirety of the 2025 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. Compared to the 2024 data, actual electricity consumption has increased year on year, however the use of renewable energy purchases means that emissions overall have decreased. Colchester has seen a reduction in emissions overall from electricity consumption compared to reporting back to 2019 – even before the use of renewable energy purchases.

The change in Scope 2 emissions over time is shown in Chart 6. Here we can clearly see an increase in energy consumption and in "location-based" emissions (i.e., what emissions would be using the standard grid emissions factors) but an overall decrease in market-based emissions, which take into account market-based instrument such as purchase of renewable energy.

## Chart 6: Scope 2 emissions over time




Source: Colchester Global Investors and Unravel Carbon Platform, 1st January 2025 – 31st December 2025.

The breakdown of Scope 3 emissions by category is shown in Chart 7.

## Chart 7: Scope 3 emissions over time by category

Source: Colchester Global Investors and Unravel Carbon Platform, 1st January 2025 – 31st December 2025.

### Scope 3 Emissions by Category

Business travel remains the largest contributor overall to GHG emissions at Colchester – though this has shown a large decrease compared to the previous year's data. Business travel related emissions vary greatly from month to month, depending on operational requirements, so no clear pattern can be ascertained.

Emissions associated with purchased goods and services are calculated by the Unravel Carbon platform and the results show an increase in overall purchased goods and services in 2025 compared to 2024. This increase has been driven by an increase in the base of what is reported. Previous years' reporting has used a smaller subset of purchases. This year, more information was made available from the purchasing system allowing a fuller picture of GHG emissions to be determined. Other calculated categories, such as waste and employee commuting do remain broadly consistent with previous years.

## Chart 8: Scope 3 purchased goods and services

Source: Colchester Global Investors and Unravel Carbon Platform, 1st January 2025 – 31st December 2025.

It is worth also exploring the categories of spend recorded and the impact on emission. Chart 9 shows this information. Given the nature of Colchester's work, it's not a surprise that consultancy takes up the majority of GHG emissions under purchased goods and services. Over 50% of purchased goods and services emissions are in this category.

### Chart 9: Scope 3 purchased goods and services by category

Source: Colchester Global Investors and Unravel Carbon Platform, 1st January 2025 – 31st December 2025.

## 4.4.4 Initiatives and targets

Colchester has implemented a number of initiatives that should improve the company's emissions. These include 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 increasing 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, 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:**

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

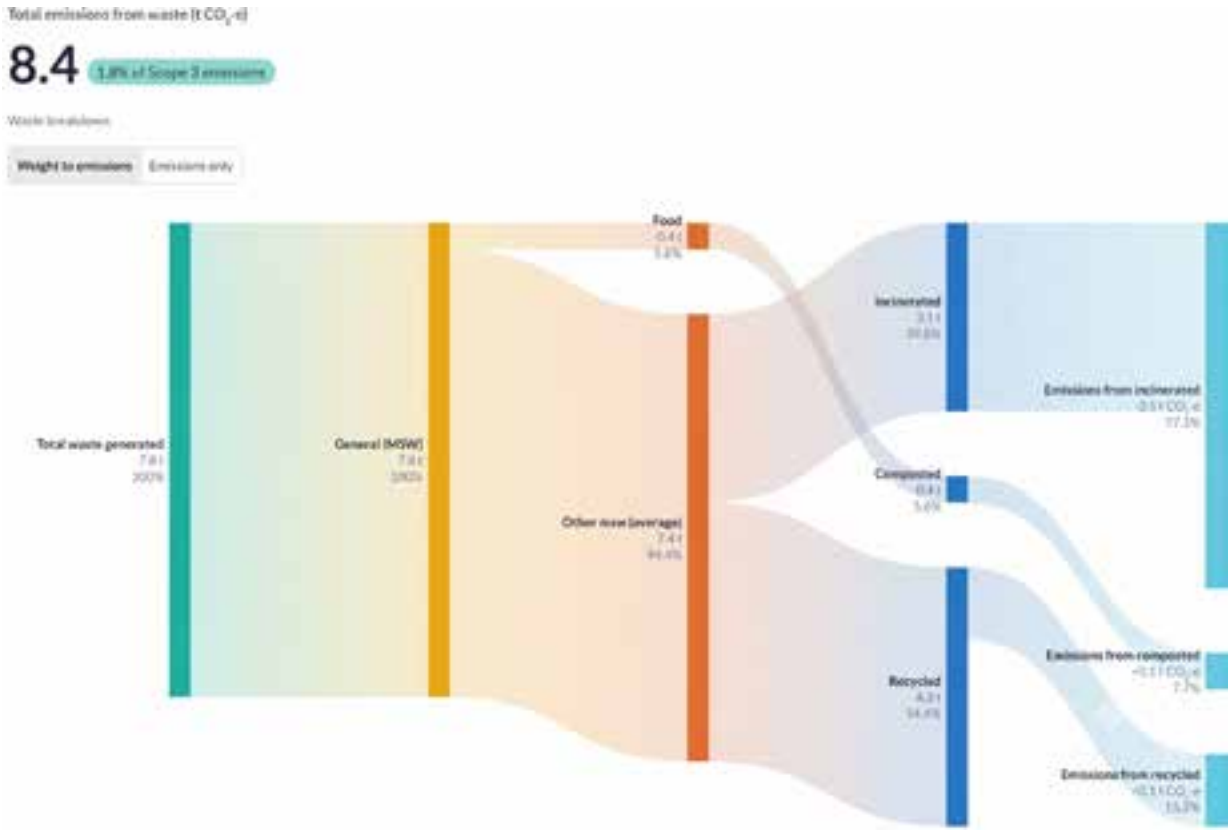
Colchester London has recycled over 54% of waste generated.

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 Microsoft 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 10: Waste flows and emissions




Source: Colchester Global Investors and Unravel Carbon Platform 1st January 2025 - 31st December 2025

### 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 metrics 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 in line 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 our Global Green Bond funds.

# 5. Evolving Global Climate-Related Regulations

Sustainability regulations remain a focus of regulators and lawmakers globally, 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 which may impact on Colchester and its global offices.

Colchester has implemented the regulatory disclosures 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. On 20 November 2025, the European Commission adopted its final proposal for a set of amendments to the SFDR, known as "SFDR 2.0". The proposals aim to simplify the rules and align disclosures with other EU sustainability frameworks, thereby increasing efficiency and cut reporting costs for firms. SFDR 2.0 introduces a number of amendments, including creating a new product categorisation regime for financial products making ESG claims, to replace the existing Article 8 and Article 9 disclosure regime. SFDR 2.0 is expected to be effective around early to mid-2028. Other key legislative developments in recent years within the EU sustainability framework include the EU Delegated Acts amending the UCITS Directive, Alternative Investment Fund Managers Directive (AIFMD) and Markets in Financial Instruments Directive (MiFID) II which 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's (FCA) ESG Sourcebook sets out rules on climate-related disclosures for asset managers, based on the TCFD. The FCA 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, with the first mandated report for Colchester being published in June 2024. Therefore, Colchester has published this Sustainability Report in line with the FCA's requirements. Also in the UK is the FCA's Sustainability Disclosure Requirements (SDR) regime, which came into effect from May 2024. SDR is primarily a product labelling regime, accompanied by disclosure requirements, an anti-greenwashing rule and guidance, and ESG marketing requirements.

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. These Guidelines have recently been supplemented by MAS's newly published "Guidelines on Environmental Risk Management – Transition Planning" which set out MAS's supervisory expectations for financial institutions to assess and manage the transition and physical risks they face from climate change as part of a sound transition planning process. These new guidelines will be effective in September 2027.

Australia also moved to mandatory climate reporting for certain larger organisations from 1 January 2025, introducing a framework for in scope companies to report on their exposure to, and management of, climate risks and opportunities, which builds on the TCFD. In New Zealand, climate-related disclosures, which largely align with that of TCFD, are now 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 recently enacted a law, the UAE Federal Decree on the Reduction of Climate Change Effects (the Decree) which came into effect on 30 May 2025, with a one year implementation period. Key provisions of the law include emissions reporting, implementation of climate change mitigation measures, emissions reduction targets, and the adoption of clean energy.

As is clear from the sustainability 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)

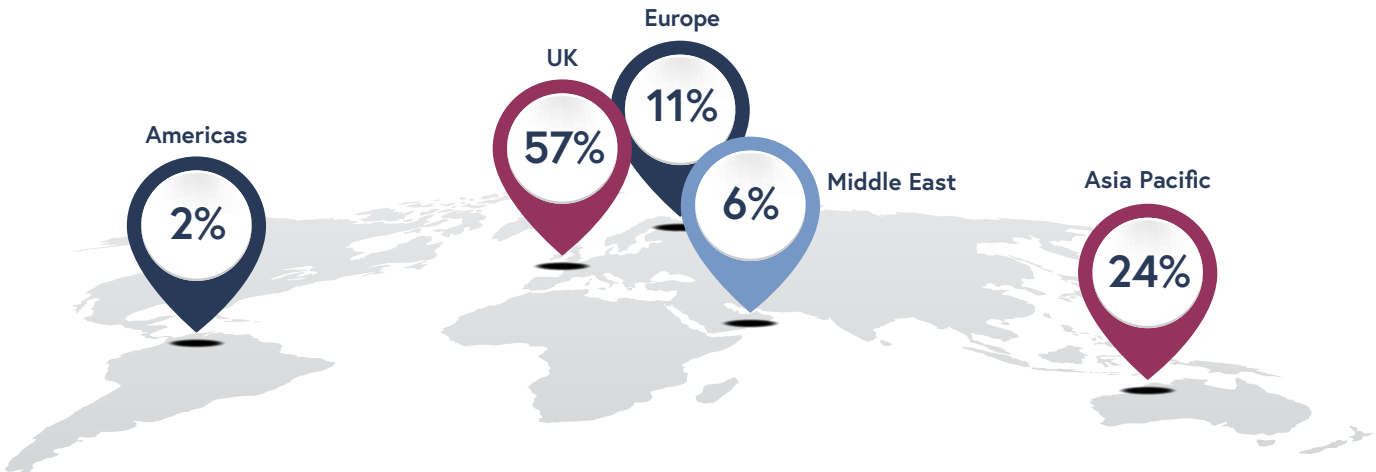
Colchester is committed to investing and operating responsibly. As a growing company we aim to manage the business with minimal waste of resources. Colchester monitors its global operational sustainability and has introduced initiatives and taken measures to reduce our use of energy, water and paper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

Colchester published its annual CSR report in May 2026. The report covered 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.

Martyn Simpson, Senior Investment Officer, Layla Barnes, Business Development Associate and Monica Hood, Head of Distribution Australia and New Zealand on the road for the Advisors Big Day Out in Australia

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 these principles into our inclusion efforts. Fostering this inclusive culture is crucial to our employees and clients who are at the heart of everything we do.

## Geographic Distribution of Employees*




Colchester® GLOBAL INVESTORS

Headquartered in London with regional offices in New York, Dublin, Madrid, Munich, Dubai, Singapore and a representative office in Australia

*As of April 2026

# Our People

Colchester's culture is anchored in a clear set of core values that shape our culture and underpin everything we do. Being an inclusive employer with a diverse workforce is integral to our organisation and to the sustainable success of our business. The wide range of perspectives, experiences and characteristics our people bring to Colchester strengthens decision making, enhances innovation and provides a vital competitive edge. Our polices and practices are designed to reflect our values and to protect, support and empower our employees.

We are committed to ensuring equality of opportunity and maintaining a workplace free from discrimination. This commitment is reflected in our Equal Opportunities and Diversity Policy, which applies across the full employee lifecycle, from recruitment and onboarding to development, progression and retention. Our policies and practices are designed to promote fairness, respect and inclusion, and to protect the wellbeing of our employees.

## Employee Facts & Figures

**42%** of our Employees globally identify as female

**50%** of our Board identify as female

**31%** of our Senior Management Team identify as female

**23%** of our Investment Officers identify as female

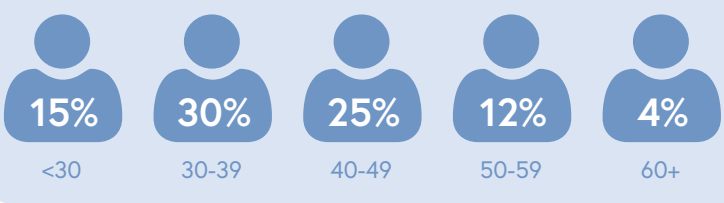
**37%** of our Employees identify as ethnically diverse

**41%** of our Employees were the first generation in their immediate family to attend University

**56%** of our Employees attended State-run or State-funded schools

**41%** of our Employees speak 2 or more languages

### Age bracket




14% prefer not to say/opt out

***Employee Snapshot (as of 1 April 2026)***

- The statistics reflected in this report include our permanent and fixed term employees only
- Senior Management Team includes Directors and Global Heads of Department who attend Management Committee meetings

### Our Global Footprint

| | |
|---|---|
| Total number of employees | 84 |
| Total number of nationalities | 21 |
| Languages spoken | 24 |

Colchester® GLOBAL INVESTORS

Integrity, trust and humility are central to our values and guide how we work together. We recognise that delivering excellence requires collaboration, teamwork and mutual respect and we actively embed these principles in our approach to inclusion. Creating an open and inclusive culture is essential to supporting our people and delivering the best outcomes for our clients, who remain central to everything we do.

At Colchester, we recognise that engaged employees are fundamental to delivering strong outcomes for our clients and supporting the long-term sustainability of the business. We aim to foster a working environment in which employees feel supported, valued and motivated to contribute to the firm's success.

Our approach to employee engagement is grounded in our core values and in a culture of collaboration, respect and shared accountability. We are committed to providing a positive and inclusive employee experience that promotes professional development, wellbeing and open communication across the organisation.

Colchester's widespread employee ownership model helps align employees' interests with the long-term interests of the firm and, ultimately, those of our clients. As "owners", our employees are directly rewarded by the overall profitability of Colchester through dividend streams. This ownership coupled with our independence provides a strong incentive for all employees as shareholders in the going concern, profitability and stability of the firm.

Acting as a responsible corporate citizen is a key priority for Colchester. We actively encourage charitable activity across all our locations and support employees in making a positive contribution to their local communities. All employees are entitled to, and encouraged to take, one day per calendar year to volunteer on community projects that are meaningful to them.

Over the 12-month period to 1 April 2026, 28% of Colchester employees globally participated in volunteering activities, contributing a total of 16 hours across the year. Volunteering ranged from working in soup kitchens to sleeping out in support of youth homelessness.

As in previous years, Colchester continued its efforts to reduce the environmental impact of business travel by encouraging the use of video conferencing, economy-class travel, and public transport where appropriate. These measures led to a reduction of 50 tonnes in long haul business travel emissions and 13 tonnes in short haul travel emissions, representing a total reduction of 63 tonnes during the 2025 calendar year. In addition, Colchester continued to promote the use of sustainable hotels where available, contributing to an overall reduction of 35% in 2025 compared with the same period in 2024.

Employees from our London office taking part in Sleep Out in support of the charity Centrepoint.

# 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**
Head of Investment Management (APAC & MEA), Managing Director (Singapore), Chair of TCFD Advisory Committee

**Alberto Martin-Martin**
Group Head of Risk & Analytics

**Vicki Pett**
Global Head of Human Resources

**Anthea Richards**
Infrastructure Manager

**Donna Putley**
Compliance Officer

## 8) Risk Disclosures

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