Colchester
GLOBAL INVESTORS

Sustainability Report

January 2022

Heathcoat House
20 Savile Row
London W1S 3PR
United Kingdom
Tel: +44 207 292 6920

885 Third Avenue
24th Floor
New York, NY 10022
United States of America
Tel: +1 646 472 1800

6 Battery Road #40-02A
Six Battery Road
Singapore 049909
Singapore
Tel: +65 3158 0222

Suite 1403, Level 14,
20 Hunter Street,
Sydney NSW 2000
Australia
Tel: +61 2 8599 2132

Index Tower, Unit 403
Dubai International
Financial Centre
Dubai, United Arab Emirates
Tel: +971 5 0463 5370

1. Foreword

Keith Lloyd
CEO & Deputy CIO

The asset management industry has both a great opportunity and responsibility to support investment and innovation with the goal of advancing economic growth, improving people's standards of living and protecting our environment. Assisting the development of countries and lifting people out of poverty is critical if we are to leave future generations a sustainable and vibrant eco-system. Climate change, food, water and resource management, global health, and equal opportunities are essential ingredients in providing better economic, social and living conditions for all.

Colchester Global Investors, a sovereign and currency only asset manager, is committed to taking on this responsibility as part of the global investing community, and to that end has been a Task Force on Climate-related Financial Disclosures (TCFD) supporter since May 2019, a United Nations Principles for Responsible Investment (UN PRI) signatory since December 2016 and has embraced responsible investing since the inception of the firm in 1999.

Since becoming a supporter of the TCFD, Colchester's own TCFD Advisory Committee has worked towards their goal of improving transparency and reporting on climate-related risks and opportunities. We are proud to share our inaugural Sustainability Report which has sought input from across the firm and been approved by the Colchester Board.

This report outlines our group-wide metrics and objectives, our planned activities to meet them, and the outcomes achieved to date; all of which will contribute to a positive impact on climate change in the short and long term, and increase the transparency of our activities, decisions and outcomes.

Colchester is committed to making meaningful change whilst ensuring full transparency in reporting how we are achieving our climate-related goals. We look forward to providing further updates as we progress along our journey.

Table of Contents

Colchester® GLOBAL INVESTORS

2. Highlights From Our Sustainability Journey

2016 — ESG Policy

- Established our formal ESG Policy Framework
- UNPRI Signatory Dec 2016

2017 — UNPRI Signatory

- Published our first voluntary PRI Transparency report

2018 — Chair of the UN PRI Sovereign Working Group

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

2019

- Launched Colchester's Global Green Bond Fund April
- 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 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)

PRI Assessment Report

Year	Strategy & Governance	Fixed Income - SSA
2017	B	A
2018	A+	A
2019	A+	A+
2020	A+	A+

3. Who We Are

Colchester Global Investors is one of the world's leading independent investment management firms, founded by Ian Sims in 1999, with an exclusive focus on sovereign bond and currency management. Colchester's rigorous application of its real yield investment strategy, supplemented with in-depth balance sheet analysis and ESG integration, has underpinned the firm's success. Colchester has assets under management in excess of US$ 40bn as at the end of December 2021 across four core strategies: Global Bond, Global Inflation Linked Bond, Local Currency Emerging Markets Bond and an Alpha Program.

Global Sovereign	$25.7bn
Global Inflation Linked	$2.2bn
Emerging Local Markets Debt	$11.7bn
Alpha Program	$0.9bn

Colchester has offices in London, New York, Singapore, Sydney and Dubai. Investment Officers are based in our London and Singapore offices with the other offices 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.

Colchester
GLOBAL INVESTORS

4. Our Approach To TCFD

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

The core elements of the TCFD Framework

Source: TCFD, 2017

Colchester's Progress in meeting TCFD Recommendations

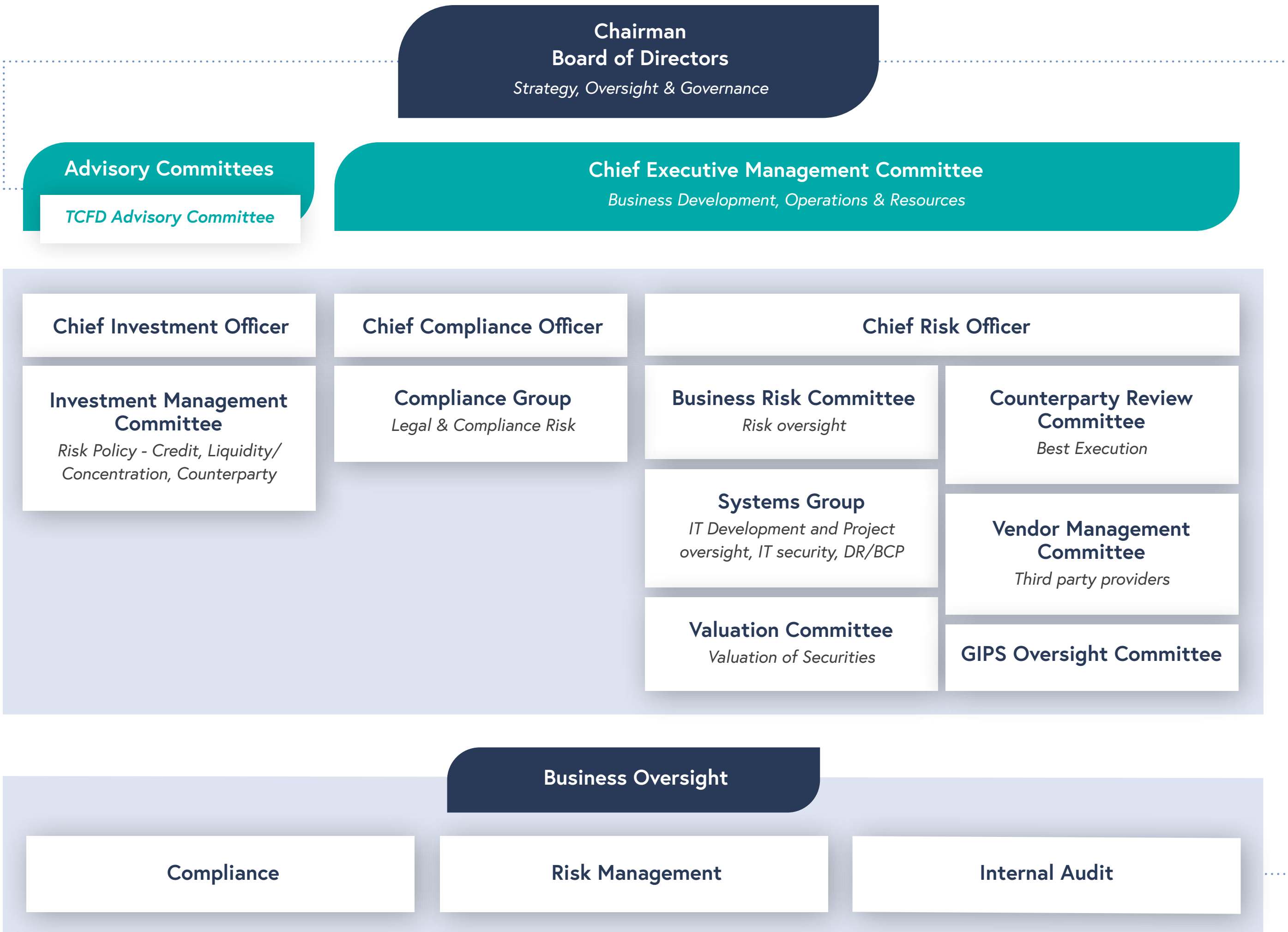
	TCFD Recommendations	Check	Sustainability Report Section
Governance	Disclose the company's governance around climate-related risks and opportunities.		
Board Oversight	Describe the board's oversight of climate-related risks and opportunities.	in progress	4.1
Management's role	Describe management's role in assessing and managing climate-related risks and opportunities.	✓	4.1 & 4.2
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
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
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.	in progress	4.2 & 4.3
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.	✓	4.4
Management of climate risks	Describe the organisation's processes for managing climate-related risks.	✓	4.4
Integration of climate risks	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	in progress	4.3 & 4.4
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.	in progress	4.3 & 4.5
Operational emissions	Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas emissions, and the related risks.	✓	4.5
Climate-related targets	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	in progress	4.5

Source: TCFD and Colchester

4.1 Our Governance Structure

Colchester's Governance and Risk Management framework consists of several executive committees, which would make the Board aware of, and would discuss, any material risk issues as and 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. 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. Some of these measures have been implemented within the financial planning and the risk framework. We see this to be a continuous journey and will report on our progress at least annually.

Governance and Risk Management Structure



Source: Colchester, December 2021.

4.2 Our Strategy

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

Sustainable growth is supported by

Infrastructure

The use of technology is a critical part of Colchester's investment process and for remote working. We use an integrated data warehouse, which includes ESG data, as a research analytics tool. We also maintain a robust technological infrastructure to support our portfolio optimisation framework as well as our risk management and client reporting platform.

Customised Client Solutions & Strategies

Our Marketing & Client Services Team and Investment Team work closely with our clients to deliver customised solutions. These may include our Global Green Bond Strategy or other sustainable investment objectives.

Cybersecurity

Colchester has a robust Cybersecurity framework to ensure the confidentiality and security of our clients' data.

Collaborations

Colchester is a signatory to the UN PRI and a supporter of TCFD. Colchester collaborates with the CFA Institute, TPI/ ASCOR, EMIA, the IDB Green Bond Transparency Platform and many other working groups to advance the sustainable investing agenda.

Responsible Investing

Colchester takes a holistic approach to the systematic integration of ESG factors into the investment process and actively engages with issuers and the industry to influence positive change.

4.2.1 Colchester's Climate-Related Risks and Opportunities

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

Opportunity	Time Horizon	Opportunities from	Potential Financial Impact	Our approach
Resource Efficiency	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.
Investment Strategies	Medium to long term	Transition	Medium to high	We have experienced increased interest in sustainable investments as investors seek to focus on climate change within their portfolios. We have created customised investment solutions to help clients achieve their climate goals and have launched a number of new strategies. We offer a low-carbon solution via our Global Green Bond Strategy. We have launched a Local Currency Frontier Markets strategy which aims to provide access to capital funding for lower income countries. We also provide customised client solutions with sustainable investment objectives. Colchester's approach to responsible investment (section 4.5.5) underpins these initiatives.
Industry Collaboration & Research	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 plays an active industry role as Chair of the PRI Sovereign Debt Advisory Committee and supports industrywide initiatives for sovereigns, such as the ASCOR Advisory Committee. The ASCOR project aims to develop an assessment framework that enables the current and future climate change governance and performance of sovereigns to be fairly and appropriately measured, monitored and compared. We are also a supporter to the IDB Green Bond Transparency Platform and a member of the Nasdaq Sustainable Bond Network.

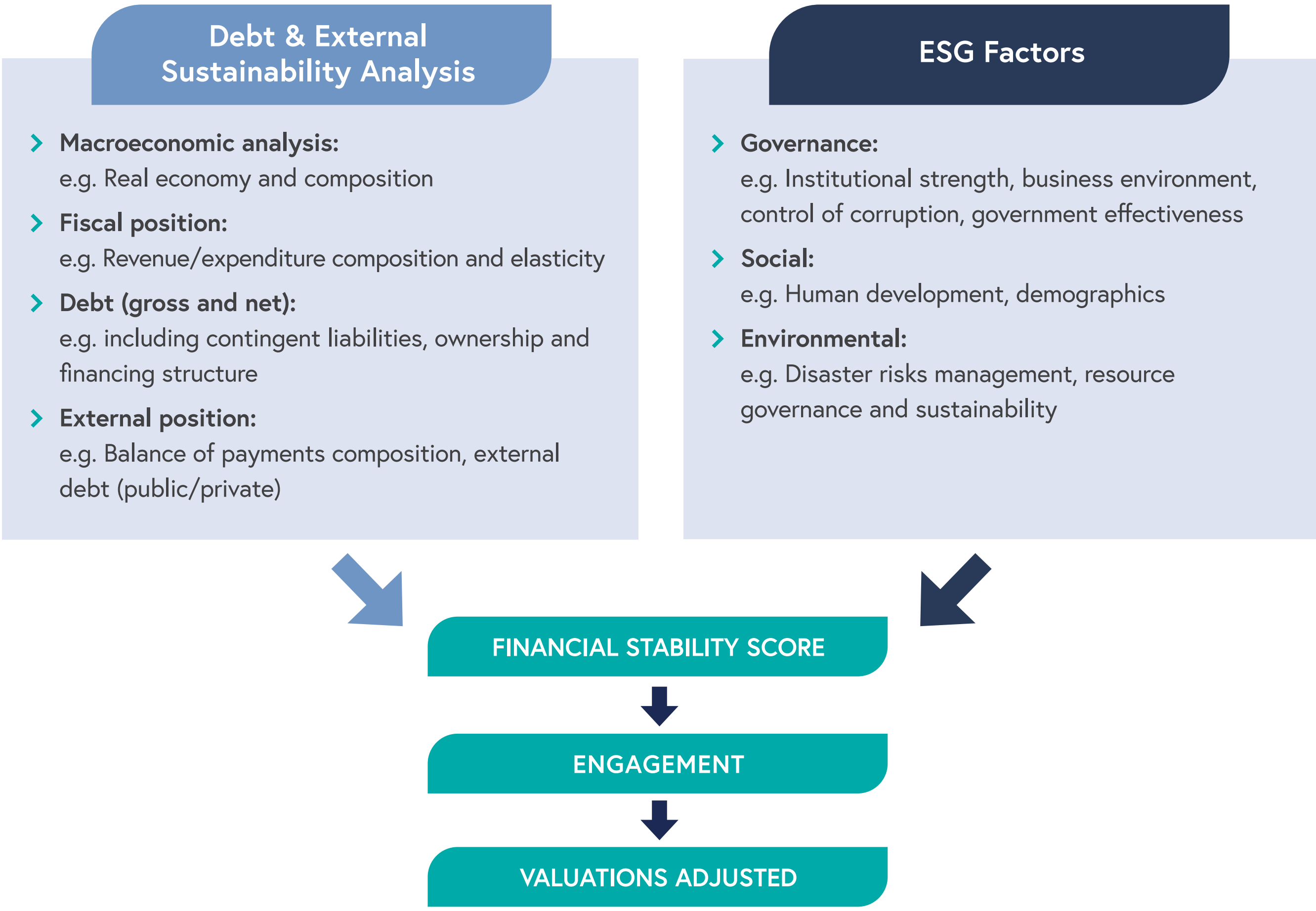
Risk	Time Horizon	Climate Risk	Potential Financial Impact	Our approach & Mitigating factors
Market	Short to medium term	Transition Risk	Medium to high	Climate-related risks can impact asset valuation as the economy adjusts towards a low-carbon economy. This can further impact Colchester's AUM and hence income. To mitigate these risks, we consider climate risk within our investment process (see more details under section 4.3 responsible investment).
Investment Strategies	Short to long term		Medium to high	The development of new strategies to meet climate-related demand from clients can expose Colchester to reputational harm, additional costs, or operational risk. Changes in client preferences and/or changes to regulation to which clients are exposed can reduce demand for standard Colchester strategies. To mitigate these risks, Colchester has launched new strategies, further detail of which can be found in the preceding table.
Regulatory & Reputational	Medium to long term		Medium to high	Environmental and sustainability disclosure requirements, or regulations (see section 5) applying 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 physical risk)	Short term to long term	Physical Risk	Low	More frequent and severe climate-related events can affect operations and business travel. Colchester has business continuity plans to facilitate ongoing business in the event of disruptions and insurance to cover travel and offices.

4.3 Our Responsible Investing Approach

4.3.1 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 overleaf).

Figure 1:



For more detail on ESG factors please see our ESG Policy.

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

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

Colchester looks at climate risk to sovereigns holistically, considering geophysical, physical, and transition climate risks, in conjunction with the governance and social aspects. We are aware that the Intergovernmental Panel on Climate Change (IPCC) released its Sixth Assessment Report in August 2021, warning that global average temperatures are expected to rise by 1.5°C by 2040. According to the report, human-induced climate change is evident in more global extreme weather, such as increases in the frequency and intensity of heatwaves, droughts, flooding, etc. This informs our perspective of the challenges facing all countries.

As investors in sovereign debt, we assess these material risks through the lens of our FSS framework, which combines both balance sheet fundamentals and ESG factors. Anthropogenic climate change is likely to impact many countries' economies via physical and transition risks over different time horizons. Whilst these outcomes are uncertain with respect to their timing and severity, they could result in economic and financial losses to corporates, households and governments. Hence, regulators and policy makers are implementing more adaptive and mitigation policies to safeguard for financial stability, amongst other considerations. Colchester believes the level of governance, level of development, and countries' willingness and ability to adjust and mitigate against climate change events, are particularly important when assessing the economic impact on countries' balance sheets. We explore some of these issues in a number of climate risk case studies.

4.3.3 Geophysical Risks within our Financial Stability Score Framework

We consider physical climate-related and non-climate-related geophysical risks, such as from earthquakes in our FSS assessment. Geophysical risks can have equally adverse balance sheet effects. Colchester has historically used external data sources such as the WorldRiskIndex[1]. This assesses a country's vulnerabilities, its adaptability as well as its emergency response capabilities, disaster recovery strategies and other contingencies and plans in the event of a natural disaster. Generally, countries with a higher level of development and standards of governance tend to be better prepared in dealing with these events and therefore tend to react more effectively to mitigate the economic impact and humanitarian loss stemming from natural disasters.

The WorldRiskIndex ranking shows the strong relationship between disaster risk, geographic location, and social aspects such as poverty, inequality, and their consequences[2] as highlighted in Table 1. Island states such as the Philippines, Vanuatu and the Solomon Islands are currently experiencing the detrimental effects of rising sea levels and are expected to continue to do so in the future. It is apparent in Table 1, that countries with higher physical exposure to climatic events and lower income countries both are more vulnerable. This is due to lower levels of financial support available and weaker governance standards to cope with and adapt to natural disasters and climate challenges.

Table 1: Median WorldRiskIndex Results 2021 by Region and Income Group

Country grouping categories		WRI	Exposure	Vulnerability	Susceptibility	Lack of coping	Lack of adaption
Continent (based on United Nations)	Oceania	15.60	28.52	49.52	29.73	79.82	44.92
	Africa	8.93	13.51	64.05	49.73	85.39	55.28
	Americas	7.88	16.52	44.84	23.74	74.36	36.26
	Asia	5.80	12.15	44.47	23.05	75.65	35.91
	Europe	3.27	11.15	30.63	16.13	56.26	21.17
Economic capacity per capita (based on World Bank)	High income	3.18	11.46	30.55	15.72	54.64	21.52
	Upper middle income	5.84	14.02	44.87	22.67	74.36	36.02
	Lower middle income	8.94	15.99	56.60	33.57	81.50	48.98
	Low income	8.93	13.31	68.00	56.27	88.53	60.11
World		6.60	13.13	46.37	23.72	75.08	38.42

Source: Bündnis Entwicklung Hilft / IFHV (2021): WorldRiskReport 2021. Berlin: Bündnis Entwicklung Hilft[1]

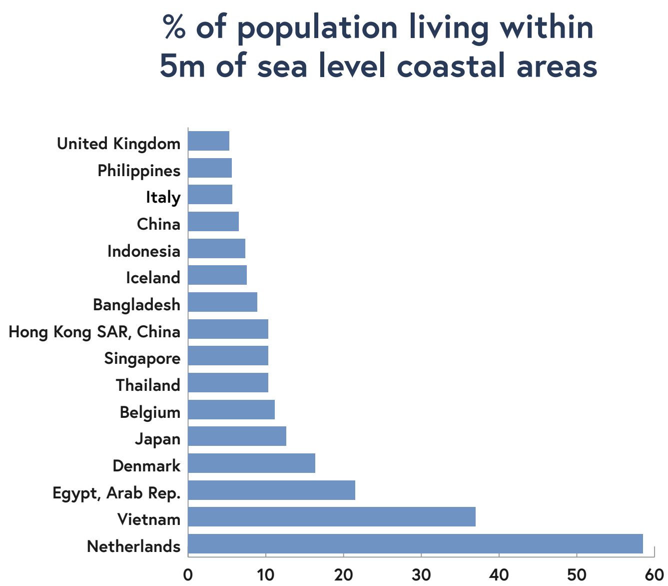
[1] The World Risk Index is the product of a close cooperation between scientists and practitioners, it was developed by Birkmann and Welle for the Bündnis Entwicklung Hilft (The Alliance Development Works). For further information, please see https://www.ireus.uni-stuttgart.de/en/International/WorldRiskIndex/

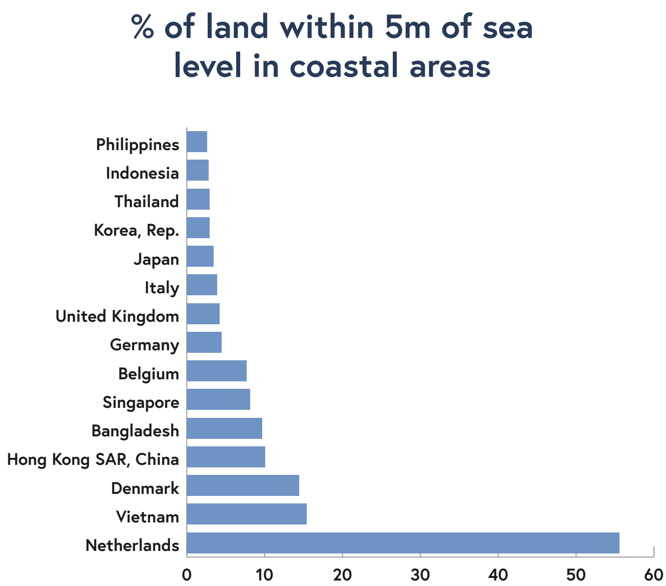
[2] WorldRiskIndex Report 2021

4.3.4 Physical Climate Risk to Sovereigns

When we consider physical climate risk to sovereigns, we consider both acute and chronic risks, and estimate how they may impact on a country's fiscal cost, macroeconomic environment and debt sustainability. The interlinkage between the fundamental balance sheet analysis and our FSS is very clear, as certain economic sectors are more vulnerable to physical climate risks, all else being equal, than others. One of these sectors more at risk of physical climate changes is the agricultural sector, which might be negatively affected in some countries by increasing temperatures, sea-level rise, and extreme weather events resulting in reduced crop yield and loss of arable land. For example, rice growers and other crop farmers in the low-lying coastal zones of Vietnam including the Mekong delta have already lost farmland or reduced production due to the ingress of saline water from sea level rise.

Indicators considered within our climate change risk framework are the estimate of the percentage of a country's population living less than 5 meters above the sea in coastal areas, as well as the percentage of coastal land less than 5 meters above the sea. These show that not only emerging countries are at risk of sea level rise, but some advanced economies as well. Of note within our investment universe, both Vietnam and the Netherlands fall into this category. The Netherlands has higher income and better governance standards than Vietnam, suggesting it should be better prepared to cope as the threats develop.





Source: World Bank, Center for International Earth Science Information Network (CIESIN)/Columbia University, 2013. Colchester, latest data available 2010.

The implications might extend beyond lower economic growth. It may result in food insecurity, or the displacement of parts of a country's population as their livelihood or means of subsistence is impaired. This can further lead to social tensions and in extreme cases to political uprises and regime changes.

It is worth noting that some economies may see parts of their agricultural sector benefit from climate change effects in the short to medium term. For example, if a country can maintain or increase output of a particular agricultural commodity despite climate change whilst other regions suffer. Similarly, a number of colder climate countries or regions may benefit as previously marginal agricultural land potentially becomes more productive.

Whilst the agriculture sector is a significant economic sector for some countries, it is responsible for around 20% or more of global GHG emissions, and therefore contributes significantly to global warming and climate change. Of note are Brazil, India and Indonesia which are amongst the top emitters from this industry. This sector over time will be subject to adaptation costs to deal with changes to climate and in some cases possibly sea-level change. Climate Smart Agriculture will need to be considered. From the perspective of a country's debt sustainability, the cost of transition and direct effect of climate change on agricultural output can be looked at as part of the ESG consideration. Therefore adaptation costs are required in both cases – from extreme weather events/sea level rises and adaptation to climate-smart agriculture (CSA), which will need to be considered within the fiscal and debt sustainability of a country.

4.3.5 Argentina - An example of the importance of considering ESG

Argentina has demonstrated how the combination of physical climate risk, weaker governance standards, high external debt and limited fiscal space can interact to change a country's debt sustainability.

Argentina defaulted on its government debt for the 9th time in its history in 2020. Whilst the background to this outcome is complex, some key points are as follows:

- Argentina's reliance on external financing to fund its fiscal and current account deficit, left it vulnerable to both access to, and the cost of, external funding.
- The US Federal Reserve started raising interest rates through 2017 and continued into 2019. Meanwhile in 2018 Argentina experienced its worst drought in 50 years, reducing wheat and soya export revenues that would typically have helped service the external debt. This occurred at the same time as the economic situation was deteriorating as the economy was increasingly weighed down by austerity measures implemented as part of an IMF sponsored adjustment program.
- Inflation was rising and the Argentinian peso started weakening. The election of a new President in the second half of 2019 prompted further capital flight out of the country and accelerated the depreciation of the Argentinian peso. Both factors exacerbated the deteriorating external position and combined with the weak economic position and reduced government revenues, contributed to the eventual debt default.

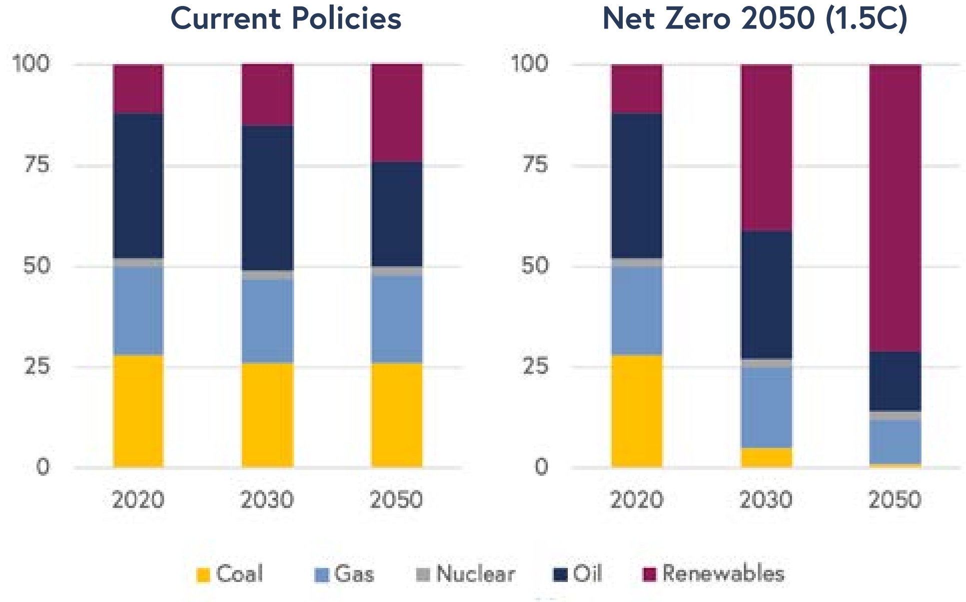
Whilst not the only factor, this example shows how weak governance standards, colliding with physical climate risk, can contribute to unsustainable debt outcomes.

4.3.6 Colchester is looking at Transition Risks and Opportunities for Sovereigns

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

The latest forecast by The International Institute for Applied Systems Analysis (IIASA) of global primary energy mix by scenario in Chart 1 shows that there will need to be changes to the global energy mix adopted to meet these commitments. Analysis performed by IIASA and included in the Network for Greening the Financial System (NGFS) document - NGFS Climate Scenarios for central banks and supervisors June 2021 - would seem to indicate that countries with fossil fuel dependent economies may be left with stranded assets in the future, and many countries utilising fossil fuels for energy will have to fund the transition to renewable or alternative energy sources.

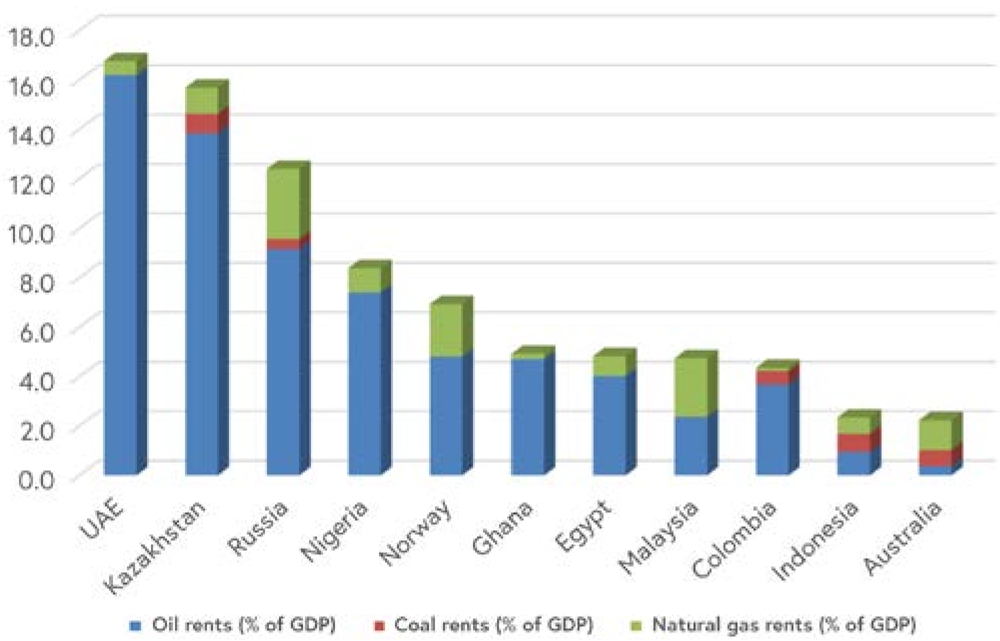
Chart 1



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

Approaches we undertake include looking at the largest GHG producers, their policy commitments as well as economic structure. Given the demand for fossil fuels is expected to decline over the coming decades based on pledges and commitments from some governments, major fossil fuel exporting countries may eventually face a loss of revenue from these commodities (depending on future market pricing) and will need to diversify into other economic sectors. Some of the economies most exposed to fossil fuels within our investment universe are shown in Chart 2.

Chart 2: Fossil Fuel Rent % of GDP as of 2019



Source: World Bank Indicators, Colchester, as of 2019. Note: "Oil or Coal or Natural gas rents are the difference between the value of crude oil or coal or natural gas production at regional prices and total costs of production," as defined by the World Bank for the purposes of this data source.

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

The importance of governance can be seen in the two different approaches taken by Norway and Russia. Both share strong balance sheet characteristics and are oil and gas-rich countries, have relatively low government debt, healthy external positions (e.g. current account surpluses and relatively high foreign currency reserves) and significant sovereign wealth funds. However, there is a clear difference between the two countries in terms of the governance of their natural resources management. Norway ranks at the top of the Resource Governance Index[3], whereas Russia is only the 50th highest ranked country out of 89. The reasons for the difference in the two countries' rankings stem particularly from the revenue management component of the index, which assesses sovereign wealth funds, national budgeting and subnational resource revenue sharing. Norway has followed a fiscal rule for its sovereign wealth fund, Government Pension Fund Global (GPFG), which grew to 358.7% of mainland GDP by the end of 2020 and has introduced policies to reduce the economy's dependency on oil and gas. In contrast, Russia has accessed funds from its sovereign wealth funds and has overruled the governing fund rules when it needed to finance new spending. Recognising this institutional weakness, the Russian Reserve Fund was merged with the National Wealth Fund in early 2018 after being nearly depleted by withdrawals, and a new fiscal rule was implemented. Uncertainty remains about the government's commitment to adhere to the new framework and this may only be tested at a point of potential fiscal stress. Along with a range of other factors, Norway's strong resource management and disciplined approach to managing oil revenues cushions its fiscal and external position and should provide resources to support the transition and underpin a more sustainable and stable debt and currency path over the longer term.

We also recognise that the transition to a lower carbon economy may provide opportunities and benefits to countries to improve their underlying structural position. The drive towards renewable energy in Morocco is one such example. It had planned on having 42% of its total energy consumption sourced from renewables by 2020. Whilst the country missed its target - partly due to the pandemic's disruption of the renewable energy sector - it had attained a credible 19% by the end of 2020. The Moroccan government promoted this shift by reforming its fossil fuel subsidy in 2014 and using the money released by the change to invest in renewable energy. This allowed Morocco to reduce its reliance on imported fossil fuels which previously accounted for over 90% of its energy consumption[4]. Morocco made use of its solar resource and the reduced cost of solar technology to build out its renewable sector. As a result, Morocco's fiscal position has benefited significantly from this transition in energy supply. The amount paid in fuel subsidies as a percentage of GDP has fallen significantly. In June 2021, the government updated its Nationally Determined Contribution (NDC) with a pledge to reduce GHG by 17-18% by 2030.

Reassessing government policies, such as in the Moroccan case, can help promote the move away from dependency on fossil fuel subsidies and imports, to domestic renewable energy. This may have significant fiscal benefits and allow for a reallocation of resources towards other government initiatives, such as those in social care, health and education.

4.3.7 Sovereign climate-related risks and evolving frameworks

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.

[3] Resource Governance Index

[4] https://www.trade.gov/country-commercial-guides/morocco-energy

An example of this industry framework development is the collaborative industry initiative 'Assessing Sovereign Climate-related Opportunities and Risk Project' – known as "ASCOR". Colchester has joined as a member of the Advisory Committee at ASCOR. This joint project pulls together the Principles for Responsible Investment (PRI), the Transition Pathway Initiative (TPI), asset owners and managers, and aims to provide investors and the authorities with a common lens and framework to understand sovereign exposure to climate risk and how governments plan to transition to a low-carbon economy. The ASCOR group aims to devise a framework and set of tools that will enable the current and future climate change governance and performance of sovereigns to be fairly and appropriately measured, monitored and compared. This assessment framework will then be used to produce an annual public assessment of the climate change governance and climate change performance of sovereigns.[5]

4.3.8 Industry Initiatives and Collaborations

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

Industry Initiatives/ Collaborations	Aka	Description
Principles for Responsible Investment	PRI	Colchester is a signatory to the PRI, a UN-supported network of investors that works to promote sustainable investment through the incorporation of environmental, social and governance considerations.
Task Force on Climate-related Financial Disclosures	TCFD	Colchester is a supporter to TCFD since May 2019 and this is our first Sustainability Report providing a status report of our progress.
Transition Pathway Initiative	TPI	Colchester is a supporter of TPI – a global, asset-owner led initiative which assesses companies' preparedness for the transition to a low carbon economy. However, as a sovereign only asset manager, we are a research funding partner to develop a sovereign climate assessment framework via the ASCOR project.
Emerging Market Investors Alliance	EMIA	Colchester is a member of the Alliance, a not-for-profit organisation that enables institutional emerging market investors to support good governance, promote sustainable development, and improve investment performance in the governments and companies in which they invest. We are a member of the steering committee of the carbon transition initiative.
Green Bond Transparency Platform	GBTP	Colchester is a supporter to the GBTP by the Inter-American Development Bank (IDB) and IDB Invest. IDB Invest is an innovative digital tool that brings greater transparency to the green bond market in Latin America and the Caribbean. GBTP supports the harmonisation and standardisation of green bond reporting, boosting investors' confidence that the proceeds from bond issuances are being spent on green projects whose impact are adequately measured.
Assessing Sovereign Climate-Related Opportunities and Risks Project	ASCOR	The project goal is to develop an assessment framework that enables the current and future climate change governance and performance of sovereigns to be fairly and appropriately measured, monitored and compared.

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

Industry Initiatives/ Collaborations	Aka	Description
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 member of the Singapore Funds Industry Group (SFIG): Capabilities and Training Working Group. This initiative tries to build industry capabilities and knowledge supporting the growth and development of Singapore's asset management industry and fund ecosystem. Furthermore, the Group is trying to identify and address capabilities gaps by introducing new and relevant training for asset management professionals, with an initial focus on ESG/green funds and digital training.
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.

As of December 2021

4.3.9 Climate change scenario modelling

Trying to assess the impact that climate change will have on economic, and other outcomes, has many uncertainties. At Colchester, we are looking to develop models to help us assess this with both the Risk Team and Investment Team working together on this project. Because of the complexities of the biophysical science parameters and their distributions, and how these might change over time it is a difficult task. Like other practitioners in the field, our work will undoubtedly have to make many assumptions and simplifications, but we believe that it will enhance our understanding and help us to better assess these risks in our overall investment framework.

4.4 Risk Management

A consistent Risk Management Framework is embedded across Colchester and all its entities, comprising of our governance, risk management process and risk appetite. Colchester's Risk Management Framework emphasises and balances strong central oversight and control of risk with clear accountability for, and ownership of, risk within each operational area. This includes risk oversight committees with clear roles and responsibilities. The three lines of defence are the risk structure deployed by the firm for the risk management, risk oversight and independent assurance that the risk framework is operating effectively. Investment Managers are responsible for evaluating environmental, social and governance risks and opportunities for all markets.

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

Business Continuity and Disaster Recovery Plan

Business Continuity ("BC") is defined as the capability that allows a business to continue production processing without material disruption to clients or client information during a business interruption. Disaster recovery ("DR") refers to those technology-related processes that facilitate recovery of the production computing environment in the event of a disaster. Typically, this involves transferring production to back-up or alternate computing devices and sites. In the event of a business interruption, Colchester has a duty of care to its staff, clients, stakeholders and the broader community. Colchester continuously invests time and resources into business continuity and disaster recovery planning so that it is able to sustain its activities in the event of an unexpected shock or dislocation. The overriding aim of Colchester's BC/DR Plan is to ensure continuation, with minimal interruption, of its critical business operations. Its BC/DR arrangements are managed by the BC/DR Committee which is led by the Chief Operating Officer.

4.5 Metrics and Targets

4.5.1 Operational metrics and targets

As part of our ongoing commitment to environmental sustainability, Colchester has completed an exercise of estimating greenhouse gas (GHG) emissions, including relevant indirect emissions, across the group. The analysis was undertaken by a third party – Engeco. The analysis shows that, Covid had a meaningful impact on energy consumption in Colchester's offices. It is anticipated that the retirement of Colchester's on-premises servers, UK disaster recovery site and adjusted travel policy will provide a positive impact on Colchester's emissions.

4.5.2 Introduction and methodology

As this is the first time that we have estimated our emissions, a three-year period was chosen to develop a view on how they have changed over time. Colchester's reporting year runs from May to April – and emissions have been estimated for the 2018/19, 2019/20 and 2020/21 reporting years.

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

When developing the GHG emissions inventory for Colchester, the first step was to set the organisational boundaries, followed by the facility boundaries. From an organisational point of view, Colchester Global Investors Limited was taken as the parent entity for the inventory. It is acknowledged that different companies exist in the corporate group under the parent organisation, but all emissions are ultimately assigned to the parent in this case. To draw the organisational and facility boundaries, the principles of the GHG Protocol[6] were used. With respect to the GHG Protocol, the principle of operational control[7] was used to determine the facility boundaries and set what is a Scope 1, Scope 2 and Scope 3 emission. As a result of a high-level assessment of operational control, it was deemed that the office locations that Colchester has make up the facilities for the purposes of GHG reporting. These are:

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

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

- United Kingdom – 1st floor, Savile Row, London
- United Kingdom – 4th floor, Savile Row, London
- Singapore - #40-02A Battery Road
- USA – Third Avenue, New York
- UAE – Index Tower, Dubai
- Australia – Hunter Street, Sydney

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

Scope 2 emissions are therefore the only contributor to the emissions inventory from these facilities. To estimate these, purchased electricity data was used – combined with the grid emissions factors available for each of the locations of the offices. As with all grid emissions factors, they do change from year to year so the relevant published information for the grid emissions intensity in each year was used.

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
- Employee commuting – emissions associated with employees travelling from home to work

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. While this was not included in this year's emissions inventory, emissions estimation methods are being developed and these emissions may form part of future emissions inventories.

To estimate the Scope 3 emissions for Colchester, the guidance provided in the GHG Protocol Scope 3 Standard was utilised. Calculations completed were in line with this guidance and used GHG Protocol tools where appropriate – supplementing with additional calculation techniques were necessary. Emissions factors used were from reputable sources and databases and noted within Colchester's emissions reporting tools.

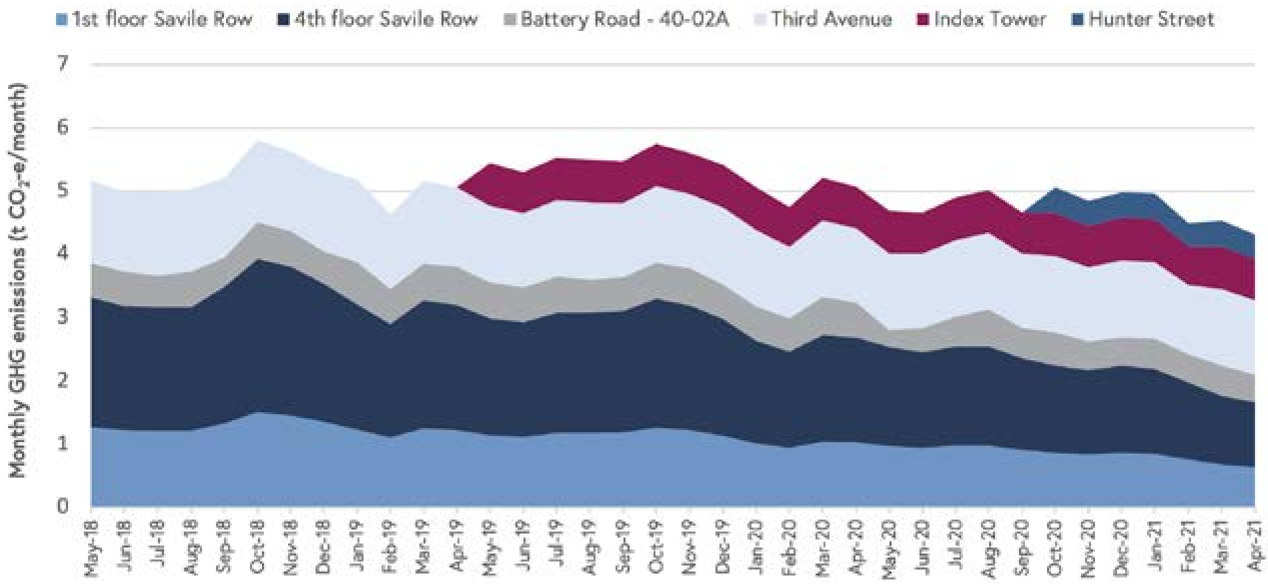
4.5.3 Key results

Across the three years included in this work, the key results for the overall emissions are shown below. All data is presented in tonnes of CO2-equivalent.

Emissions Scope	2018/19	2019/20	2020/21
Scope 2	62	64	57
Scope 3	142	305	61
Total	**204**	**369**	**118**

The trend of Scope 2 emissions on a monthly basis, organised by office is below.

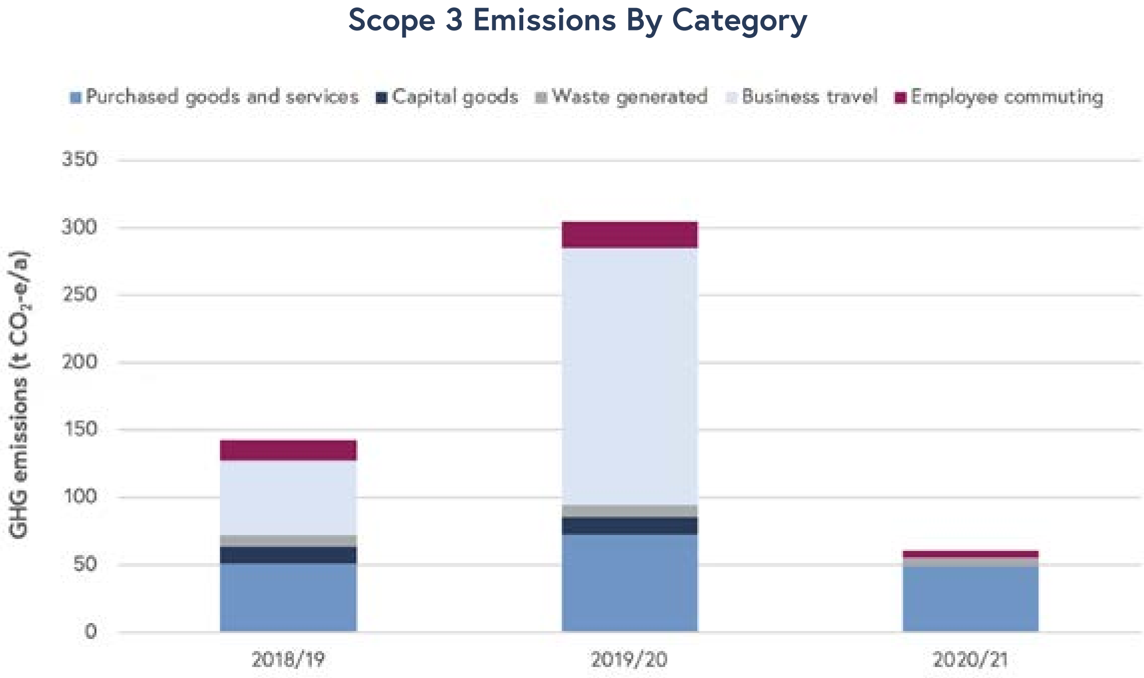
Scope 2 Monthly Emissions By Office



Note – the emissions estimations for Third Avenue, Index Tower and Hunter Street 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.

There has been a relatively clear trend of reducing energy consumption (and therefore reducing emissions) over the three years shown in the chart. Some of the reduction in the 2020/21 period may be due to the impacts of Covid and the move to working from home, but there have also been initiatives deployed by Colchester to reduce electricity consumption in the offices. In particular, Colchester has moved infrastructure to the Cloud and shut down on site servers. This has a reasonable impact on electricity consumption. Smart lighting with occupancy sensors and energy efficient bulbs have been deployed, as have hot water taps with sleep function. The UK offices, being the largest offices, have seen the largest reduction in emissions over this time period.

With respect to Scope 3 emissions, the breakdown of emissions by category is shown in the following chart.



The clear standout with respect to Scope 3 emissions is the reduction in business travel – which can be attributed to the ongoing Covid pandemic. This does provide a potential opportunity to implement structural changes in future as travel starts to return to pre-pandemic levels. Increased use of technology where appropriate and minimising business travel where possible can have a sizable impact on overall emissions. Working from home during 2020/21 has also seen a reduction in emissions associated with employee commuting. Emissions associated with purchased goods and services i.e. the operating expenditure for company operations has been relatively stable in the last two years, with an increase from 2018/19 to 2019/20 being attributable to company growth and growth in employee numbers overall, as well as the addition of our office in Dubai.

4.5.4 Opportunities and targets

Colchester has implemented a number of opportunities that can be seen across the company's emissions. This includes the energy savings and efficiency opportunities already detailed, but also opportunities around minimising business travel on an ongoing basis, recycling programs in waste management and water savings devices. Colchester has already made some progress in purchasing renewable energy from energy providers used for the various offices and more work may be done in this area. Emissions are currently calculated using grid emissions intensity factors. In the future, instruments such as renewable energy credits from energy providers could be used to change to a market-based emissions factor for Scope 2 emissions – which will reduce these emissions to zero when deployed. Colchester is exploring the potential of broadening the breadth of the Scope 3 emissions inventory and including the emissions intensity of investments in the calculations. This may also be done in conjunction with addressing aspects of climate change risk and alignment with the disclosure frameworks as developed by the Task Force on Climate-Related Financial Disclosures.

Colchester is also exploring the possibility of setting emissions reduction targets and ways to potentially achieve net-zero emissions to support international climate change and decarbonisation goals as per the Paris Agreement. In principle, this will involve reducing emissions as far as possible and then utilising high quality offsets where appropriate. We recognise however that decarbonisation and sustainability are a journey and commit to incrementally improve over time – now that this baseline of performance has been set. As a responsible corporate citizen, Colchester is committed to managing the business economically whilst working towards environmental sustainability.

Other operational measures:

Energy providers

Colchester is only able to select the energy provider for level 4 of its London office at this time and this floor has transitioned to use renewable energy. In all other instances the landlord selects the energy provider but Colchester is reaching out to these landlords to ascertain their plans to move to renewable energy.

The Cloud

Colchester has moved its infrastructure to the Cloud, using Microsoft Azure, during the first half of 2021. Microsoft has been carbon neutral across the world since 2012 and commits to being carbon negative by 2030. Their goal is to promote sustainable development and low-carbon business practices globally through their sustainable business practices and cloud-enabled technologies. This move saves on our 3 to 5 year server refresh and will make Colchester more energy efficient given the removal of on-premises servers in London, New York and Singapore.

Travel Policy

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

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. 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 landlords.

4.5.5 Sustainable product solutions

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

The Colchester Global Green Bond Program

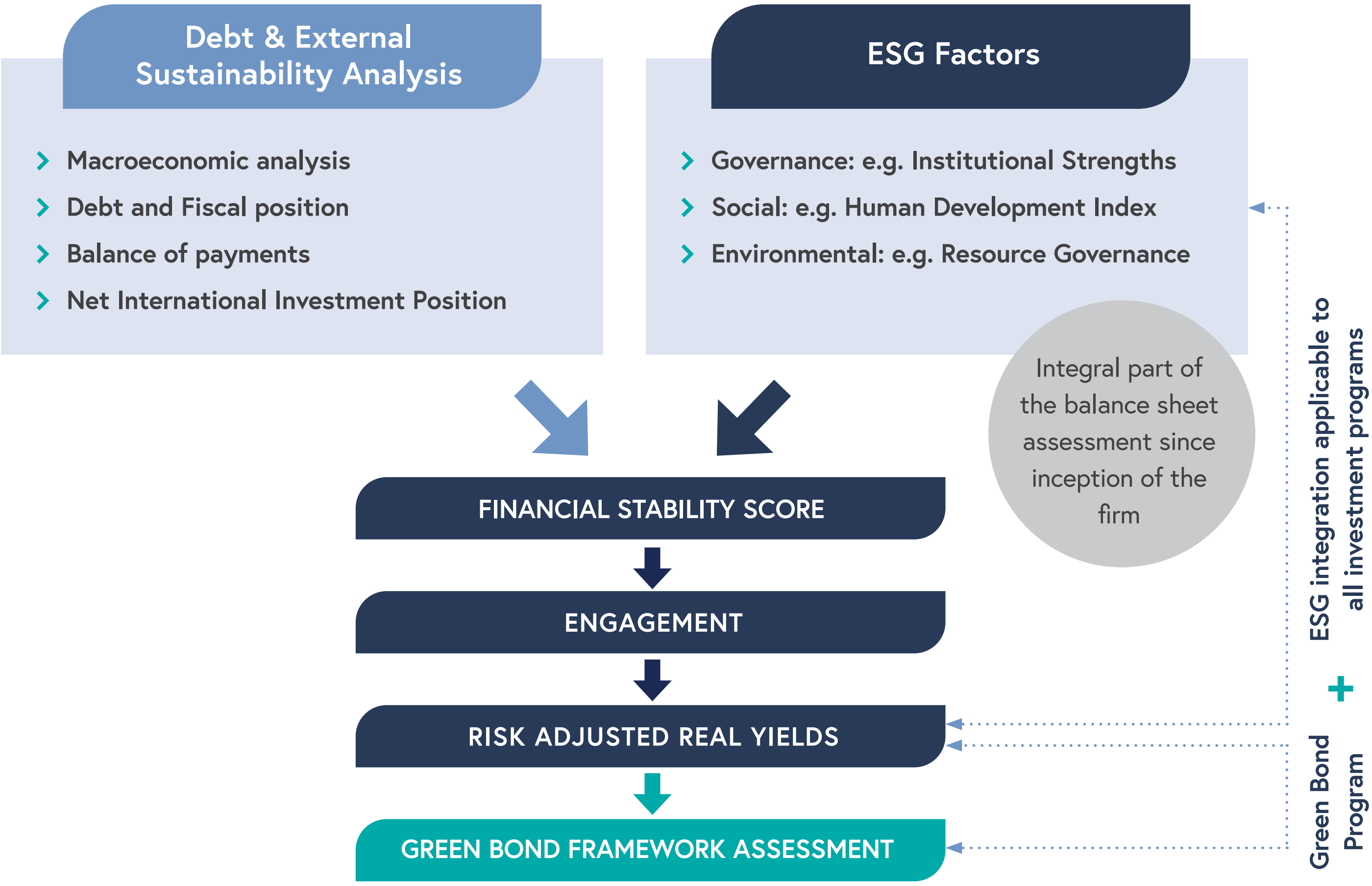
Our Global Green Bond Program uses the same valuation framework, portfolio construction and risk management techniques as our other investment programs. We then apply two additional steps that impact on which bonds are considered within the opportunity set, and our ongoing willingness to continue to hold them.

1. Firstly, we make an assessment to determine whether an issuer's green bond framework is aligned with the International Capital Market Association's (ICMA) Green Bond Principles[8] or any other national standards (including the future EU Green Bond Standard). We then assess that the issuer has arranged for an independent second party opinion on the labelling of the issue as "green". And,

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

2. Secondly, we will monitor on an annual basis issuers' use of proceeds reporting by looking at their allocation report. In the absence of an allocation report we will engage with the issuer.

Figure 2: Colchester's Green Bond Framework

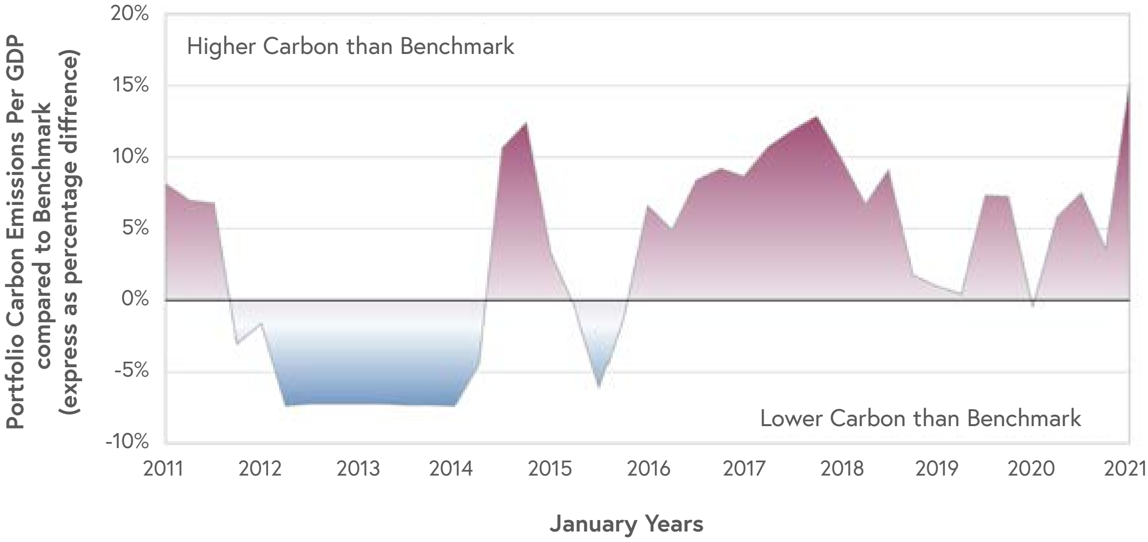


In addition to our Green Bond Program, we have been exploring how to integrate sustainable investment objectives within dedicated client portfolios and potentially launching other dedicated UCITS funds with explicit sustainable/climate mandates. Sustainable investment objectives can be used as a constraint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

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

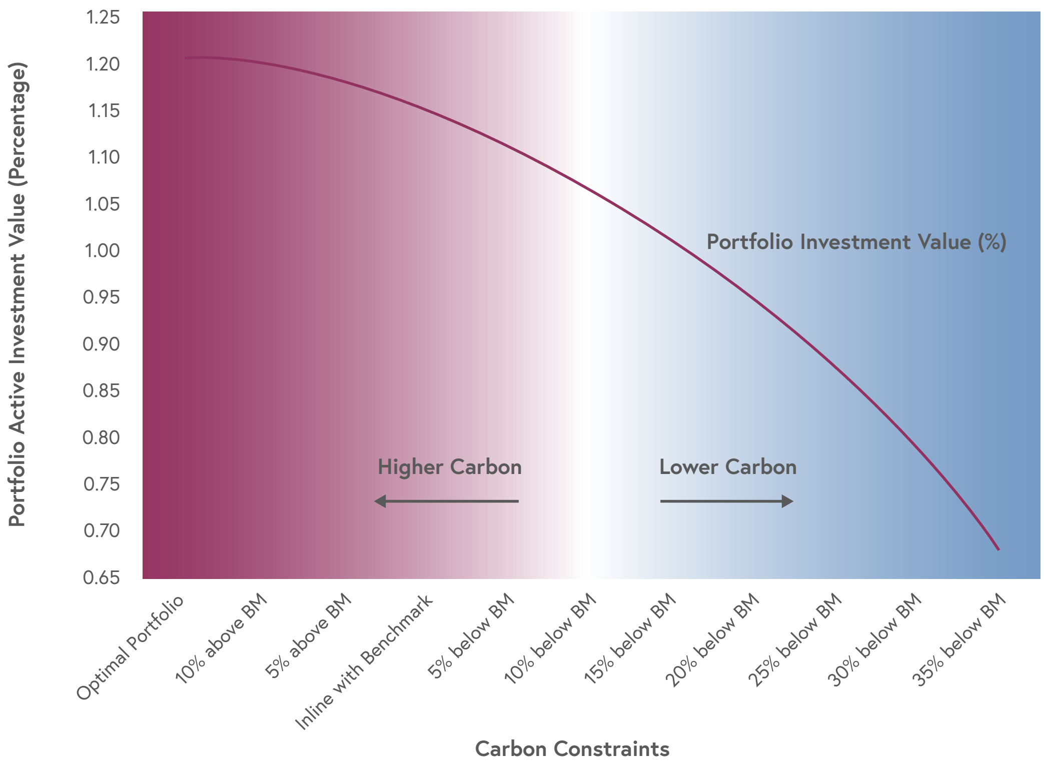
In order to calculate the historical cost of applying a carbon constraint to a portfolio, we run a simulation where we apply a constant set of country limits over time (maximum and minimum weights) for a given tracking error. The carbon emissions of this typical portfolio can be compared to the benchmark over time (Figure 3).

Figure 3:



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. Figure 4 shows the effect that the carbon constraint has on the investment value of the portfolio at various levels (as at the end of September 2021). This 'efficient frontier' highlights the impact of alternative relative benchmark constraint targets on the portfolio investment value, at the specific point in time. It illustrates that there is a potential investment value trade-off as lower carbon outcomes are envisaged.

Figure 4:



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 carbon emissions, governance, social indicators, modern slavery, etc.

5. Evolving Global Climate-Related Regulations

Regulators globally are bringing in new regulations relating to sustainability with the overall aim of reconciling economic performance with a positive social and environmental impact. Colchester is committed to keeping abreast of these new rules and ensuring ongoing compliance. To date, Colchester has implemented the regulatory disclosures which were brought in by the EU's Sustainable Finance Disclosures Regulation (SFDR) on 10 March 2021. SFDR has ensured sustainability-related disclosures are implemented across the EU and beyond by financial market participants, thus leading to greater transparency for investors and ultimately more ESG focus across the asset management industry. Additionally, the European Commission's proposal for a Corporate Sustainability Reporting Directive (CSRD) will revise and enhance the current ESG reporting rules in the Non-Financial Reporting Directive to apply to all large EU entities and listed EU companies. The aim of the CSRD is to ensure that a broader range of companies report reliable, coherent and comparable sustainability information for the benefit of investors.

Mandatory ESG disclosures and reporting requirements are being brought in in a number of other jurisdictions. In Switzerland, for example, the Federal Department of Finance is preparing for the mandatory implementation of TCFD disclosures on certain large Swiss companies. New Zealand has just passed legislation making climate-related disclosures mandatory for certain financial institutions. Likewise, in Australia, the Australian Prudential Regulation Authority (APRA) has released its prudential practice guide on climate change financial risks which has been designed to assist APRA-regulated entities in managing climate-related risks and opportunities. Such recommendations are aligned with the TCFD, and cover sound practice for governance, risk management, scenario analysis and disclosure for such regulated entities.

Similarly, the UK government has confirmed that it will be developing its own reporting regime in line with the recommendations of TCFD, with the intention to bring in mandatory reporting of climate-related financial information. Asset managers, such as Colchester, are expected to make such mandatory disclosures from 2023 and as such we are monitoring developments in this space - further enhancing our accountability towards becoming a more sustainable company. Additionally, in November 2021, the FCA published a discussion paper on 'Sustainability Disclosure Requirements and investment labels' which proposes a product classification, labelling and disclosure regime which has similar aims to the EU's SFDR.

In Singapore, the Monetary Authority of Singapore (MAS) has issued its "Guidelines on Environmental Risk Management (Asset Managers)." The MAS Guidelines aim to enhance the resilience of funds and segregated mandates by setting out sound environmental risk management practices that Asset Managers can adopt. The Guidelines are intended to drive the transition to a green economy through integrating environmental risk considerations into investment decisions. As with TCFD and other regulations, a lot 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 licence and as such will ensure to comply with the Guidelines within the mandated timeframe. In the USA, there is also a push to focus more on ESG-related disclosures from an investment perspective.

As is clear from the developing regulations globally, climate risk is an increasingly important and vital aspect of a financial market participants' 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 the minimum wastage of resources. We monitor global operational sustainability and have introduced initiatives and taken measures across all our offices to do what we can to protect the environment, improve sustainability and foster a culture of inclusivity where differences are not only respected but welcomed. In support of these commitments Colchester established a Corporate Social Responsibility Working Group in 2020, with representation from each department in the firm, many of whom also sit on the TCFD Advisory Committee. The working group is responsible for reviewing and monitoring the firm's CSR commitments, identifying and discussing emerging trends in CSR and ensuring that we are factoring these into our operational objectives.

In May 2021, Colchester published its first CSR report. The report discusses the nine elements of Colchester's approach to Corporate Social Responsibility encompassing: ESG-Integrated Investment Process; Signatory, Affiliation and Collaboration; Sovereign Engagement; Client Service and Engagement; Stewardship and Corporate Governance; Operational Resilience and Sustainability; Diversity and Inclusion; Employee Engagement and Society.

Having a varied and diverse workforce is crucial for our business, our employees and our clients, and helps to drive innovation, creativity and empathy across the organisation. Colchester is committed to fostering an inclusive environment, where our workforce is truly representative of all sections of society and our employees feel respected and confident to bring their whole selves to work each day. Recent notable initiatives include, implementing online global diversity, inclusion and unconscious bias training programmes; reviewing employment policies to ensure these are gender neutral and continually reviewing and amending our policies to be more inclusive. We have improved our internal communications and transparency around diversity data collection which has significantly increased our employee response rate, with 90% of all employees responding to our most recent monitoring exercise. As a result, we have been able to conduct much more meaningful analysis of the data and identify the key areas of focus for our Diversity and Inclusion (D&I) strategy.

Achieving gender diversity has always been a priority for Colchester and we are proud of our gender balance across all levels of the organisation with 38% of all employees, 40% of our Board and 40% of our Senior Management Team identifying as female. We recognise that there is still progress to be made on our Equity, Diversity and Inclusion (ED&I) journey, and we remain committed to building and maturing our diversity programme across all our global locations.

Acting as a responsible corporate citizen is important to Colchester. We offer all employees globally the benefit of volunteer time off to allow them to contribute their ideas, time and expertise to community activities that are important to them and make a meaningful difference to the communities they are part of.

In 2021, we partnered with the CFA Institute and became a sponsor to their Young Women in Investment, Programme in Qatar. The training programme provides young women, who may not have previously considered a career in investment management, a route of entry into our industry. In addition to our participation in this programme, we also have our own 6-week summer internship programme, and a formal 18-month rotational intern programme for recent graduates. We place a strong emphasis on professional development across all levels of the organisation and offer all staff financial assistance and study leave to support professional qualifications.

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 Operating Officer

Laura Evans - Legal Associate

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

Alberto Martin-Martin - Head of Risk & Analytics

Vicki Pett - Global Head of Human Resources

Anthea Richards - Infrastructure Manager

Risk Disclosures

Unless otherwise stated, this document reflects Colchester Global Investor's ('Colchester') views, opinions and holdings as of 31 December 2021. The information in this document is provided for illustrative purposes only and is intended only for professional clients and third-party intermediaries. Colchester makes no representation or warranty as to the accuracy or completeness of the information in this document and disclaims all liability for any direct, indirect, consequential or other losses or damages including loss of profits incurred by you or any third party that may arise from reliance on this document.

Nothing in this document should be construed as providing any type of investment, tax or other advice, or be considered a solicitation, recommendation, endorsement or offer to purchase or sell any financial instrument.

There is no guarantee that the investment approach, techniques, or strategies utilised by Colchester Global will be successful or profitable. There can be no assurance that the specific trading strategies utilised will produce profitable results. Any factor that would make it difficult to execute trades, such as reduced liquidity or extreme market developments could have an adverse effect on performance. Investing in frontier markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater liquidity, regulatory, political, tax and economic risks.

This is not a research report and is not intended as such. Certain information in this document may constitute forward-looking statements. Due to the various uncertainties and actual events, the actual performance of the markets may differ materially from those reflected or contemplated in such forward-looking statements. As a result, clients/investors should not rely on such forward-looking statements in making any investment decisions.

This document may contain information obtained from third parties, including ratings from credit ratings agencies. Reproduction and distribution of third party content in any form is prohibited, except with the prior written permission of the related third party. Third party content providers do not endorse or recommend the securities or products discussed herein, nor do they guarantee the accuracy, completeness, timeliness or availability of any information, including ratings (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs or losses caused by negligence) in connection with any use of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities for investment purposes and should not be relied on as investment advice.

FTSE Russell is a trading name of certain of the LSE Group* companies. FTSE® is a trade mark of the relevant LSE Group companies and is used by any other LSE Group company under license. "TMX®" is a trade mark of TSX, Inc. and used by the LSE Group under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication. * London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2021.

There can be no assurance that professionals currently employed by Colchester will continue to be employed by the firm or that a level of experience or past performance is indicative of future performance or success.

Information about how to make a complaint, any right to compensation and any cancellation rights will be provided to you upon request.

Regulatory Information

Colchester is an employee owned firm headquartered in London and has regional offices in New York, Singapore and Dubai and a representative office in Sydney, Australia.

Colchester is authorised and regulated by the Financial Conduct Authority in the United Kingdom. Colchester is also registered with the Securities and Exchange Commission in the USA and is registered as a Commodity Trading Advisor and Commodity Pool Operator with the Commodity Futures Trading Commission.

Colchester Global Investors Limited is licenced as a financial services provider by the Financial Sector Conduct Authority (licence number 43012) in South Africa.

Colchester Global Investors Limited is registered with the Securities Commission of The Bahamas, as the investment manager for an investment fund licensed as a Smart Fund model 003, in accordance with the provisions of the Investment Funds Act, 2019.

Colchester Global Investors (Singapore) Pte. Ltd holds a capital markets services licence in fund management issued by the Monetary Authority of Singapore. Colchester Global Investors (Singapore) Pte. Ltd also holds an offshore discretionary investment management services licence issued by the Financial Services Commission of Korea.

Please note the following in respect of Colchester's regulatory status in Australia: (i) neither Colchester Global Investors Limited nor Colchester Global Investors (Singapore) Pte. Ltd. holds an Australian financial services licence for the provision of certain financial services, and both entities are exempt from the requirement to hold an Australian financial services licence under the Corporations Act 2001 (Cwlth) in respect of the financial services Colchester provides; (ii) Colchester Global Investors Limited is authorised and regulated by the Financial Conduct Authority of the United Kingdom under UK laws, which differ from Australian laws; (iii) Colchester Global Investors (Singapore) Pte. Ltd. is regulated by the Monetary Authority of Singapore under Singapore laws, which differ from Australian laws. Therefore, Australian wholesale clients are not necessarily subject to the same types of legal protections or remedies that they would enjoy if Colchester was directly subject to the Corporations Act. Colchester is entitled to offer its financial services in Australia pursuant to an exemption from the requirement to hold an Australian Financial Services Licence under the Corporations Act, on the basis, among other things, that the clients are "wholesale clients" within the meaning of the Corporations Act.

Colchester Global Investors Middle East Limited is regulated by the Dubai Financial Services Authority for the provision of Advising on Financial Products and Arranging Deals in Investments. All communications and services are directed at Professional Clients only. Persons other than Professional Clients, such as Retail Clients, are not the intended recipients of Colchester Global Investors Middle East Limited's communications or services. Colchester Global Investors Middle East Limited is a company established in the Dubai International Financial Centre (DIFC) pursuant to the DIFC Companies Law with registration number CL 3239.

Discretionary investment management services and funds are not and will not be marketed in Argentina by means of a public offering, as such term is defined under Section 2 of Law N° 26,831, as amended. No application has been or will be made with the Argentine Comisión Nacional de Valores, the Argentine securities governmental authority, to offer funds or discretionary investment management services in Argentina.

Colchester Global Investors Inc. is a wholly owned subsidiary of Colchester Global Investors Limited. It is not permitted to provide investment advice or otherwise engage in a regulated activity.

Colchester®
GLOBAL INVESTORS