COLCHESTER INVESTMENT FUNDS

Climate Statements

31st March 2025

Prepared by FundRock NZ Limited in

Compliance with the Aotearoa New Zealand Climate Standards

CONTENTS

1. INTRODUCTION

FundRock NZ Limited ("FundRock") has prepared these climate statements (the "**Statements**") for Colchester Investment Funds (the "**Scheme**") in collaboration with Colchester Global Investors (Singapore) Pte. Ltd ("**Colchester**") and in compliance with the requirements of the Aotearoa New Zealand Climate Standards (the "**Standards**"). These Statements cover the reporting period between 1st April 2024 and 31st March 2025 (inclusive) and the following Funds:

- Colchester Global Government Bond PIE Fund (the "**Global Government Bond Fund**"); and
- Colchester Global Green Bond PIE Fund (the "**Global Green Bond Fund**").

FundRock is a fund hosting business; we issue and manage funds on behalf of investment managers who want to provide Aotearoa New Zealand investors with access to their investment solutions via Portfolio Investment Entities (PIE funds) under our MIS ("managed investment scheme") manager licence. FundRock's goal is to provide Aotearoa New Zealand investors with access to leading global and boutique domestic investment managers. Our funds cover all major asset classes and a broad variety of strategies.

While FundRock retains sole authority over all aspects of fund management, all decisions about investments are made by Colchester, in accordance with the Investment Management Agreement. These statements reflect this arrangement: certain sections are focused on how FundRock manages Climate-Related Risks and Opportunities ("**CRR&O**"); certain others, on how Colchester Global Investors (Singapore) Pte. Ltd does it; and still others – in fact, most –present both. It is important when reading these statements to consider these arrangements, and the respective responsibilities, to understand the Fund's strategy in relation to CRR&O.

FundRock is part of the Apex Group, which has published a Sustainability Report where more details on the group's approach to sustainability can be found. At the level of schemes and funds (that at which these Statements were prepared), FundRock's approach to climate-change varies and is strongly influenced by the Funds' investment manager.

The investment manager for the Scheme is Colchester Global Investors (Singapore) Pte. Ltd, as detailed in the Scheme's governing documents and the Product Disclosure Statement for the Funds.

1.1. Adoption Provisions

In preparing these Statements, FundRock relied on the following adoption provisions found in the Aotearoa New Zealand Climate Standard 2 (the "**CS2**"):

(A) Adoption provision 2 (Anticipated financial impacts);
(B) Adoption Provision 4 (Scope 3 GHG emissions);
(C) Adoption provision 5 (Comparatives for Scope 3 GHG emissions)
(D) Adoption provision 6 (Comparatives for metrics);
(E) Adoption provision 7 (Analysis of trends); and
(F) Adoption provision 8 (Scope 3 GHG emissions assurance)[1].

1.2. Cautionary Note and Limitations

This report is a summary of FundRock's assessment of future CRR&O and its resulting strategy. It contains FundRock's current assessment of the future CRR&O which could affect its business and customers, as well as its current planning to address these risks. This process necessarily involves estimates, projections, and assumptions about the future, which are inherently uncertain and are not forecasts of future performance.

[1] FundRock relied on Adoption Provisions 4, 5, 6 and 8 in respect of the Global Government Bond Fund only – for more details, see Section 5 below.

This report contains statements that are, or may be deemed to be, forward looking statements, including climate-related goals, targets, pathways, ambitions, and related risks and opportunities, as well as FundRock's current planning to address related risks. By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, many of which are beyond our control and give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct, and that our objectives, vision, commitments, goals, targets, and strategies to mitigate and adapt to CRR&O will not be achieved. FundRock has set out the basis and limitations of its analysis in these Statements and reserves the right to revisit its assumptions and assessments as it develops its understanding of CRR&O and its response to climate change. This section should be read together with the limitations identified elsewhere in these Statements. Many of the assumptions, standards, metrics, and measurements used in preparing these Statements continue to evolve and are based on assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees.

In light of the above, while FundRock has taken due care in preparing these Statements, including its scenarios and assumptions, FundRock makes no representation as to their accuracy, completeness, or reliability, in particular in relation to FundRock's assumptions regarding future events. FundRock expressly disclaims responsibility for, and makes no representation, and gives no warranty, assurance, or guarantee, as to the accuracy, completeness, or reliability of any contents of these Statements. To the greatest extent possible under New Zealand law, FundRock also expressly disclaims all liability for any loss (direct, indirect, consequential, or otherwise) or damage arising from the use of these Statements. We recommend you seek independent advice before acting or relying on any information in this report. FundRock reserves the right to revise statements made and its strategy or business activities described in these Statements without notice.

1.3. Directors' Approval and Statement of Compliance

Signed on 28 July 2025 by the Directors identified below on behalf of FundRock, approving compliance with the Standards:

Hugh Stevens
_____
Hugh Stevens

_____
Jeremy Valentine

2. GOVERNANCE

2.1. Governance Body

FundRock's Board of Directors (the "**Board**") is the governance body for the Scheme (as well as all the schemes and funds managed by FundRock). It is accountable for the long-term stewardship and resilience vis-à-vis potential impacts of climate change.

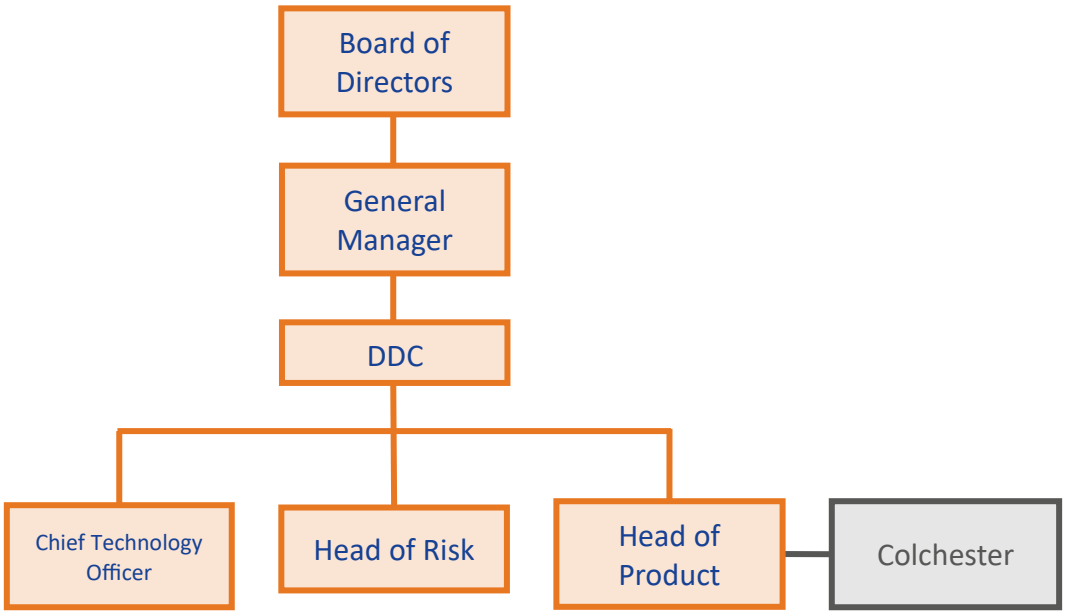
The Board takes into account compliance and regulatory risks arising from possible changes to the regulatory framework of Aotearoa New Zealand's investment industry when developing and overseeing the implementation of FundRock's strategy. CRR&O that are specific to a scheme or fund (such as those associated with the assets held by a fund) are addressed at the management level.

2.1.1. CRR&O Governance Structure

The Board engages quarterly with FundRock's General Manager, who reports on the most material entity-level CRR&O. These reports are reviewed by the Due Diligence Committee (the "**DDC**") prior to being made available to the General Manager. The DDC also reviews key deliverables of the Climate Related Disclosure ("**CRD**") regime (including these Statements) and either approves them or attests their orderliness for submission to the Board.

For CRD purposes, the interactions with Colchester are managed by the Product team (led by the Head of Product). As part of its role, the team engages with Colchester' regarding their climate-related practices and objectives.

The chart below illustrates the structure described above:

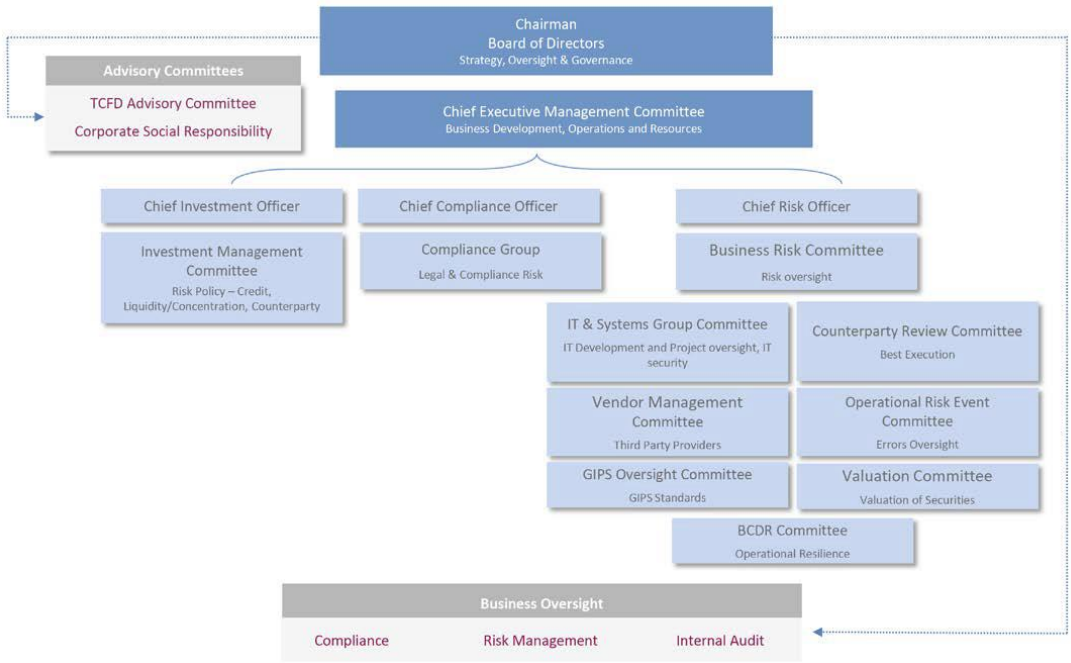


- **Board**: performs the role of governance body, as described in this Statement.
- **General Manager**: ensures project is adequately resourced, defines success, and acts as liaison between the Board and FundRock management.
- **DDC**: manages CRD-related activities, as described in this Statement.
- **Head of Product**: leads the execution of CRD-related activities.
- **Head of Risk**: leads the management of CRD-related compliance risks and provision of risk management expertise.
- **Chief Technology Officer**: leads the provision of IT support and data expertise.

2.1.1.1. Colchester

The Funds' CRR&O are managed by Colchester, as the Funds' investment manager and risk manager. The Funds are part of Colchester's risk management framework, which is embedded across Colchester and all its entities, comprising Colchester's governance, risk management process and risk appetite. 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, including CRR&O, as they impact on Colchester's funds, including the Funds. 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 certain heads of departments and senior managers. The TCFD Advisory Committee provides Colchester's board with a report on a bi-annual basis.

On the investment side, the Funds only invest in sovereign or supranational issuers. Environmental, Social and Governance ("**ESG**") factors are an integral part of Colchester's investment process for the Funds. Colchester integrates ESG factors into the investment decision process on a continuous basis through the integration of ESG factors through an ESG Scoring Framework. To assess a country's financial stability, the investment management team undertakes classic macro-economic and balance sheet analysis, as well as consideration of material ESG factors relevant to a country. Climate risk is only one part of this ESG assessment which Colchester integrates into the risk adjusted valuation for each country.



2.1.2. Skills & Competencies

The Board continues to develop the skills and competencies of its members in respect to CRD and CRR&O. There were two changes to the Board's composition in August 2024, including the investiture of a director with extensive experience in ESG and assurance. The Board remains committed to receiving training on CRD and CRR&O at its quarterly meetings (see p 6 above).

Colchester's Investment team receives ESG training on an annual basis. Additionally, Claudia Gollmeier, Managing Director (Singapore) & Head of Investment Management (APAC & MEA), chairs the PRI Sovereign Debt Advisory

Committee and provides the investment team with industry insights on ESG matters. As a result, ESG training for the investment team, as well as companywide, is ongoing throughout the year.

2.1.3. Metrics & Targets

The General Manager will report to the Board quarterly on the Funds' performance against their metrics (to the extent that the Funds are publishing metrics and data is available) and targets (if any).

The Board has not set CRD or CRR&O-related targets or key performance indicators for any of FundRock's staff or the Scheme. Nonetheless, the investment manager may choose to set such targets or indicators for the Scheme or Funds; for more about this, see Section 5 below.

2.2. Management

The DDC reviews key deliverables of the CRD regime as they are prepared, and the most material CRR&O (at the entity level) quarterly (see p 6 above). It also engages with the Product team regarding the work on CRD in the relevant reporting period and associated risks and opportunities. The Product team, in turn, is in contact with Colchester throughout the reporting period and receives updates on their CRD-related processes and their status.

Colchester's investment management committee ("**IMC**") reviews and implements the responsible investment approach, and this receives final sign off by Colchester's Chief Investment Officer or his designee. To assess a country's financial stability score ("**FSS**")[2], Colchester undertakes traditional sovereign credit analysis, as well as consideration of material ESG factors relevant to a country – climate risk is only one part of this ESG assessment which Colchester integrates into the risk adjusted valuation for each country. FSS provides risk adjusted valuation inputs to the Funds' optimization framework. In addition, Colchester's risk team, with input from the legal and investment management teams, annually reviews the firm's risk register, which compiles relevant climate risks, and these are reported to Colchester's business risk committee, which in turn reports to Colchester's board.

Section 4 – Risk below provides more details on the risk management process.

[2] See Section 3.1 for more details on FSS.

3. STRATEGY

3.1. Current Impacts

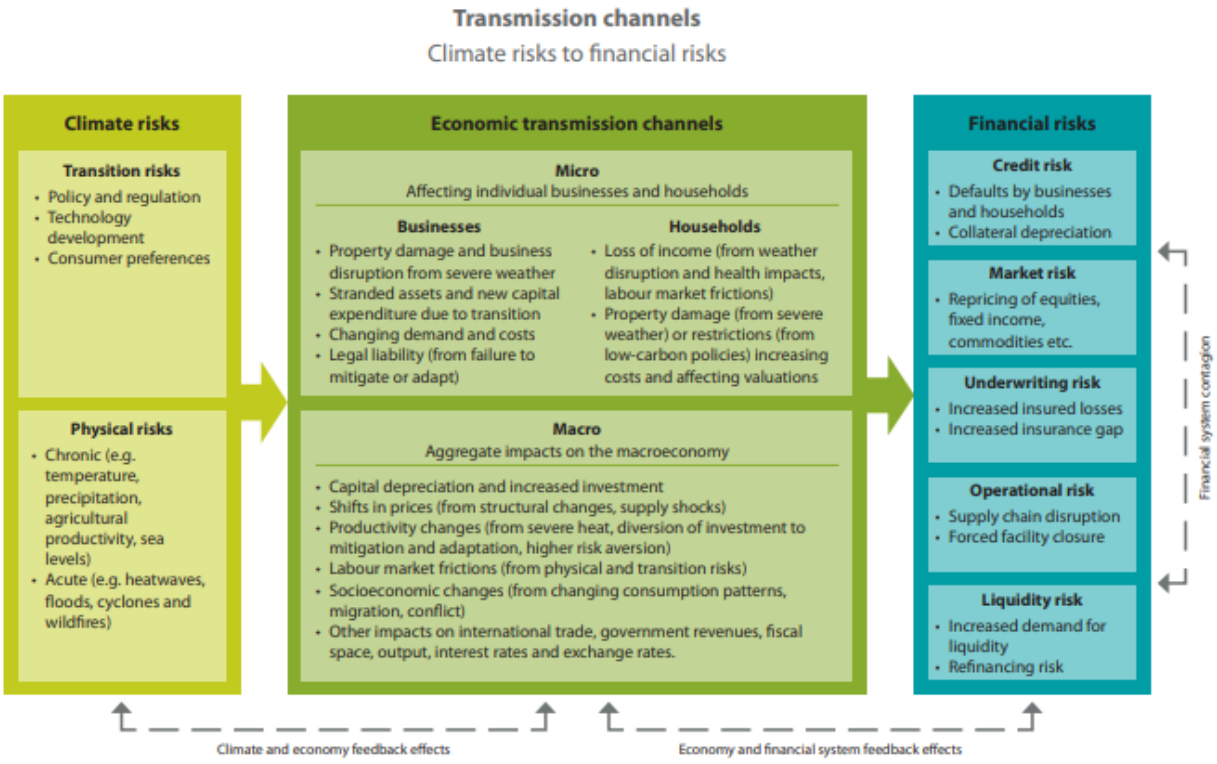
At the entity level, the costs of compliance with CRD regulations continue to be the most significant impact of CRR&O. FundRock and Colchester have dedicated material resources to ensure compliance with it, and the cost of data for the metrics in Section 5 below remains significant. While these costs may not be passed on to the investors directly, mounting regulation may lead to fee increases.

Given the interconnectivity of ESG factors (including climate change) with a country's balance sheet factors, it is difficult to break the ESG component out, and even more difficult to do so for the climate aspect on its own. This was noted by the United Nations supported Principles for Responsible Investment's ("**PRI**") Sovereign Debt Advisory Committee's latest paper, *Considering Climate Change in Sovereign Debt*[3] in which the following was noted:

> "*Quantifying the exact impact of climate change on sovereign debt yields or returns is very difficult. In particular:*
>
> - *Bond yields depend not just on credit risk but also on inflation, interest rates, term structures and currency risk.*
> - *Some climate risks – and the policies to address them – play out over a time horizon that is too long to be relevant for short-dated sovereign bonds.*
> - *Countries differ in their ability to withstand climate risk: for example, economies that are larger and more diversified can absorb these physical and transition risks more easily. The strength of a country's finances and of its institutions also matters here.*"

As per Colchester's investment process, the FSS includes both balance sheet assessment and ESG factors (including climate change). These factors are applied to the respective yields which provide the Funds with risk adjusted yields (valuations) and forms one of the input factors into the Funds. As noted above, it is difficult to break out the precise climate impact due to the interconnectivity of these factors. For example, a heavy fossil fuel-dependent economy's fiscal revenues might be negatively impacted over the medium and long term in the absence of a more diversified economy. In assessing the impact, Colchester's modelling utilises the climate scenarios published by The Network for Greening the Financial System ("**NGFS**"), under three different temperature pathways: Net Zero 2050, Below 2C, and Nationally Determined Contributions ("**NDCs**"). These feed specifically into each country's FSS, which lead to adjustments to the yields based on the estimated climate cost of this country, amongst other factors. 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. The Transition risks and Physical risks are set out in further detail below under section 3.2 'Scenario Analysis'.

[3] https://www.unpri.org/download?ac=19484



3.1.1. Current Financial Impacts

FundRock is unable to provide a meaningful, reliable, and quantifiable measure of the financial impacts that climate change had on the Scheme or Funds during the current reporting period for the following reasons.

The price of a financial asset reflects investors' expectations of its returns for an undetermined future period. These expectations are based on all material information regarding the asset that is publicly available, and it is impractical to segregate the impact of one piece of information from that of another. A price movement can sometimes be linked to a specific event, but this is ephemeral: new developments eventuate, and soon it becomes impossible to establish a quantifiable connection between the asset's price and the event of interest. In addition, using an arbitrary timeframe to measure the impact of events would produce arbitrary results[4].

These challenges are *in addition* to the challenge of determining what is an event caused by climate change. Diversified investment funds have dynamic holdings, the real-world assets that sit under their portfolios (i.e., the facilities, infrastructure, etc. connected to its investees) are geographically dispersed, and the universe of events affecting them is too broad for meaningful analysis. It took more than a year after cyclone Gabrielle hit Gisborne in early 2023 for a team of scientists to conclude that it was made 10% worse by climate change[5]; FundRock is not equipped to determine (with reasonable certainty and within the timeframe available to complete these Statements)

---

[4] An example is the Deepwater Horizon explosion and consequent oil spill. The explosion happened on 20 April 2010, local time – before the London market opened on the 21st. The shares of BP plc, owner of the platform, closed at GBP 6.42 on 19 April, GBP 6.48 on 21 April, GBP 4.35 on 20 October (six months from the event), and GBP 4.66 on 20 April 2011 (a year from the event) (prices were sourced from yahoo!finance UK and may differ from other sources). The amount of a hypothetical investor's loss with the event would depend on which of these dates is chosen to measure it.

[5] See Stone, Dáithí A. *et alii*, *Cyclone Gabrielle as a Design Storm for Northeastern Aotearoa New Zealand Under Anthropogenic Warming*, available at https://doi.org/10.1029/2024EF004772 (consulted on 11 Sep 2024).

which, of all events that affected the assets it holds in a certain year, can be linked to climate change – let alone to quantify their effects.

These reasons also mean that it is difficult to provide a qualitative assessment of the current financial impacts of climate change.

3.2. Scenario Analysis

3.2.1. Physical Risks

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 Colchester's general ESG country analysis..

3.2.2. Transition Risks

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[6]:

> *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 2C, and NDCs.

3.2.3. Scenarios

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

(A) **Net Zero 2050**. This scenario involves the greatest transition risk and aims to limit average temperature rises to less than 1.5C.

(B) **Below 2C**. This is a middle ground outcome, with net zero targets 80% achieved and temperature rises contained to less than 2C.

(C) **Nationally Determined Contributions (NDCs)**. This is a "hot house" disorderly scenario, with the least transition risk and temperatures rising in the 2.5-3C range.

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

		Physical risk	Transition risk			
Quadrant	**Scenario**	**End of century (peak) warming** *(model averages)*	**Policy reaction**	**Technology change**	**Carbon dioxide removal** -	**Regional policy variation** +
Orderly	Low Demand	1.1 °C (1.6 °C)	Immediate	Fast change	Medium use	Medium variation
	Net Zero 2050	1.4 °C (1.7 °C)	Immediate	Fast change	Medium-high use	Medium variation
	Below 2 °C	1.8 °C (1.8 °C)	Immediate and smooth	Moderate change	Medium use	Low variation
Disorderly	Delayed Transition	1.7 °C (1.8 °C)	Delayed	Slow/Fast change	Medium use	High variation
Hot house world	Nationally Determined Contributions (NDCs)	2.3 °C (2.3 °C)	NDCs	Slow change	Low use	Medium variation
	Current Policies	3.0 °C (3.0 °C)	None – current policies	Slow change	Low use	Low variation
Too-little-too-late	Fragmented World	2.4 °C (2.4 °C)	Delayed and Fragmented	Slow/Fragmented change	Low-medium use	High variation

Colour coding indicates whether the characteristic makes the scenario more or less severe from a macro-financial risk perspective ^

- Lower risk
- Moderate risk
- Higher risk

- 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_2eq.
^ This assessment is based on expert judgment 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.

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 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.

3.2.4. 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.

Colchester assumes 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 portfolios, 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 Colchester is assessing an instantaneous price shock The NGFS data doesn't decompose the yield curve shocks by physical and transition risk, hence Colchester only displays one portfolio outcome per scenario.

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.

3.2.5. Methods & Assumptions

Colchester accepts that its climate change assumptions will need to be updated over time, but the scenarios do give it some insight into the scale of the potential contingent liabilities on each country's financial balance sheets. Over time, Colchester will look to improve its analysis by incorporating the country specific cost of migrating towards clean energy sources. Colchester recognises that, over time, the cost of investment in new technologies might fall and hence it

could be that its estimated costs are overestimated. Equally, the physical risks that Colchester outlines could be larger or smaller and may impact government balance sheets sooner or later than Colchester has anticipated. The financial stability analysis is evidence-based, and Colchester will probably revise its assumptions as and when Colchester receives new information.

3.2.5.1. Time Horizons

Colchester's scenario analysis does not set out specific time horizons at this stage, as the data sets are not yet available. However, Colchester continues to monitor new data availability and as such may break down the specific time horizons in the future.

3.2.5.2. Scenario 1: Meeting of Net Zero (≤1.5°C)

As referenced above, Colchester refers to NGFS's orderly "Net Zero 2050" scenario. This scenario involves the greatest transition risk and aims to limit average temperature rises to less than 1.5C.

3.2.5.3. Scenario 2: Divergent from Net Zero (2°C)

As referenced above, Colchester refers to the NGFS's disorderly "Delayed Transition" scenario. This is a middle ground outcome, with net zero targets 80% achieved and temperature rises contained to less than 2C.

3.2.5.4. Scenario 3: Disorderly away from net zero (≥3°C)

As referenced above, Colchester refers to the NGFS's Disorderly away from net zero >=3°C scenario. This is a "hot house" disorderly scenario, with the least transition risk and temperatures rising in the 2.5-3C range.

3.2.6. Scenario Analysis Process

Colchester developed the initial scenario analysis internally, using publicly available data sources. Colchester recognizes this is an evolving process and hence Colchester will keep updating it, if and when appropriate.

3.2.6.1. Integration & Governance

Colchester's scenario analysis is integrated into the investment process via the ESG Scoring Framework, which has been set out in further detail in Section 3.3.4 below, and in Colchester's ESG Policy[7]. The table below sets out the ESG indicators, including the scenario analysis, which are ultimately integrated into a countries FSS.

[7] https://colchesterglobal.com/wp-content/uploads/esg-policy-august-23.pdf

	Pillar	Risk Factor	Indicator	Measurement	Source
Environmental	Transition Risk	Decarbonisation	Renewable Energy	% of total electricity generation	Bloomberg NEF/Our World in Data
			Coal/Oil rents	% of GDP	World Bank
			GHG emissions per capita	Mt	EDGAR
			Total GHG emissions	% 5yr change	EDGAR
			Scenario Analysis*	Impact on Debt/GDP ratio	Colchester Global Investors
	Physical Risk	Environmental	Air Quality	index level	YALE Environmental Performance Index
		Damage	Sanitation & Drinking Water	index level	YALE Environmental Performance Index
			Biodiversity	index level	YALE Environmental Performance Index
		Vulnerability to	Vulnerability Index	index level	Notre Dame Global Adaptation Initiative
		Climate Change	Scenario Analysis*	Impact on Debt/GDP ratio	Colchester Global Investors
Social	Social Cohesion	Political Stability/	Voice and Accountability	Level and 3yr change	Worldwide Governance Indicators
		Representation	Political Stability & Absense 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	Government	Government Effectiveness	Level	Worldwide Governance Indicators
	Effectiveness	Effectiveness	Regulatory Quality	Level	Worldwide Governance Indicators
		Corruption/	Freedom from Corruption	Level	The Heritage Foundation
	Rule of Law	Property Rights	Rule of Law	Level	Worldwide Governance Indicators
			Property Rights	Level	The Heritage Foundation
			World Press Freedom	Level	Reporters Without Borders
	Economic	Economic Freedom	Trade Freedom	Level	The Heritage Foundation
	Environment		Investment Freedom	Level	The Heritage Foundation
			Financial Freedom	Level	The Heritage Foundation

3.2.6.2. External Stakeholders

Colchester undertakes scenario analysis, as described above, and has developed this initial work internally with the use of publicly available data.

3.3. Climate-Related Risks and Opportunities (CRR&O)

The risk of policy and regulatory impacts is material for all schemes and funds managed by FundRock, including those in these Statements scope:

Name	Type	Term	Sector/Geography	Description
Policy & Regulatory Impacts	Transition	Short/Medium	Aotearoa New Zealand	Increasingly stringent climate change regulations (e.g. disclosure, emissions reduction, green buildings requirements, etc.) creating additional processes and costs.

The publication of mandatory climate-related statements is an early manifestation of this risk (as mentioned in Section 3.1 above).

Colchester looks at climate risk to sovereigns holistically, considering physical and transition climate risks, in conjunction with the governance and social aspects. The IPCC's Sixth Assessment Report (from August 2021) and second part of the Report, Climate Change (from February 2022) warn of increased average global temperatures, and climate change effects can already be seen with more global extreme weather events. As investors in sovereign debt,

Colchester assesses these material risks through the lens of its FSS framework, which combines both balance sheet fundamentals and ESG factors (including climate change).

The ESG analysis is reviewed on a continuous basis by the investment management team. Whilst the ESG methodology is a systematic and structured approach to assessing sovereign ESG risks, the translation of this into a country's FSS involves an element of judgement. This qualitative assessment may include a consideration of a government's policy programme, its' commitment to improving ESG metrics, and/or conclusions derived from the Colchester's engagement with sovereign issuers. Colchester believes this qualitative aspect to the investment process is important, as no systematic or model-based approach can be expected to capture all relevant information. Significant changes to a country's ESG risk profile may result in an adjustment to the relevant valuation, and potentially changes to the Funds' investments.

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.

A table highlighting material climate risks for the Funds can be found in Schedule A below.

3.3.1. Physical Climate Risk

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

3.3.2. Transition Risks and Opportunities

Transition risks are associated with transitioning to a lower carbon economy and tend to be of slower speed and have more medium to longer term uncertain economic implications for sovereigns. Net Zero 2050-70 target commitments, along with other pledges, require countries to reduce their greenhouse gas ("**GHG**") emissions. The International Institute for Applied Systems Analysis ("**IIASA**") forecast of global primary energy mix by scenario[8] 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 NGFS document[9] - NGFS Climate Scenarios for Central Banks and Supervisors June 2021 - would seem to indicate that countries with fossil fuel dependent economies may be left with stranded assets in the future, and many countries utilising fossil fuels for energy will have to fund the transition to renewable or alternative energy sources. However, Colchester notes that in this space, things are changing constantly.

It is also worth noting that not just the structure of the economy is important to mitigate transition risks, but that resource governance also has an important part to play.

[8] IIASA Network for Greening the Financial System (NGFS) Climate Scenarios Database, June 2021
[9] IIASA Network for Greening the Financial System (NGFS) Climate Scenarios Database, June 2021

3.3.3. Definitions of Short-, Medium-, & Long-Term

Timeframe	Duration
Short	< 5 years
Medium	5-10 years
Long	10-30 years

The exact time frame and quantification of the impact of climate change on sovereign debt yields or returns is very difficult, because bond yields do not only depend on credit risk but also on inflation, interest rates, and yield curves. Some climate risks and government policies which address this risk may play out over a time horizon that is too long to be relevant for short-dated sovereign bonds.

3.3.4. CRR&O & Decision Making

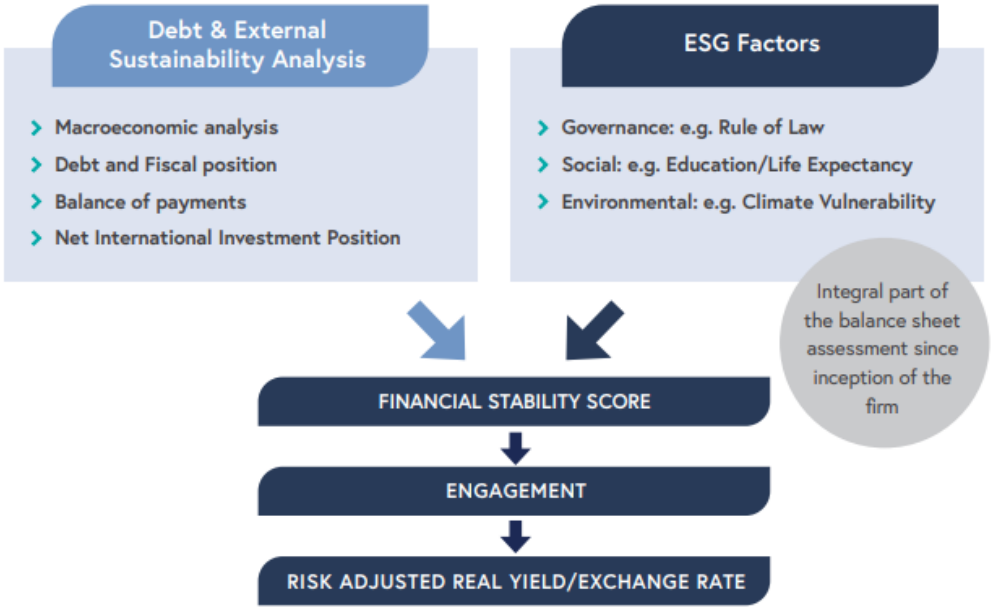
Management of entity-level CRR&O has been integrated into FundRock's overall risk management framework. That framework involves discussing risks in a monthly risk controls meeting attended by the General Manager. If the relevant risk cannot be properly addressed at this level, they may be highlighted in the quarterly Board reports (see Section 2.1.1 above). Should the Product team identify the need for reviewing the level of resources dedicated to addressing climate risks, it would express its view to the General Manager in the relevant monthly meeting or through the Board report. Senior management and directors would consider said needs within the context of FundRock's goals and the environment in which it operates, and make capital deployment decisions as required by their duties, taking into account the Apex Group's policies.

At FundRock, entity-level CRR&O receive the same treatment as all other risks and opportunities in all risk-related process and procedures and at all levels of the organization. As a rule, risks are prioritized based on their likelihood and expected impact.

Colchester believes that responsible investment supports its medium-term value-driven investment process. Colchester believes that countries with higher governance standards, and healthier and better educated workforces, should, on average, generate better economic and financial outcomes. Countries with better ESG standards are therefore associated with stronger balance sheets. Colchester never makes investment decisions based solely upon ESG factors, but Colchester does believe that these factors are an important determinant of identifying sustainable value, and as such, is in the best interests of its clients.

ESG factors are integrated into Colchester's valuation framework. Countries are assigned a proprietary FSS that combines an assessment of their overall balance sheet strength and ESG factors (Figure 1 below). Bond and currency scores are determined through an extensive assessment of the macro-economic environment, policy framework, ESG standards, and other country specific factors. The ESG data is standardised into a proprietary ranking or ESG score for each country, which in turn is incorporated into the overall FSS along with the assessment of balance sheet strength and qualitative analysis.

Figure 1: Financial Stability Score a function of Balance Sheet and ESG Factors



Whilst there are strong interlinkages between ESG factors and traditional balance sheet or "credit" metrics, Colchester has developed a sovereign ESG Scoring Framework to measure and compare countries' exposures specifically to ESG risks (including climate related risks). A series of publicly available metrics are used to assess ESG risks under a variety of categories. For example, environmental metrics consider a country's vulnerability to climate through two lenses, namely physical risk and transition risk. The percentage of electricity generated from renewable sources is one metric Colchester considers to assess transition risk. Social characteristics of a country are assessed via Human Capital i.e. the knowledge, skills and experience of the population, and Social Cohesion, i.e. the levels of trust, accountability and equality prevailing in society. Governance standards such as the rule of law, property rights, and financial freedom are also measured. The indicators and risk factors considered are set out in below in the table in p on page 14 above.

Additionally, in respect of the Global Green Bond Fund, Colchester applies its Green Bond Framework. The Global Green Bond Fund invests, via an underlying fund, in a globally diversified portfolio of Green Bonds and currencies. 100% of the fixed income securities held by the underlying fund will be in Green Bonds. Green Bonds are bonds issued by governments, supra-nationals, agencies and other types of issuers to fund projects that benefit the environment. For investments in Green Bonds, Colchester applies the following Green Bond Framework:

(A) Firstly, Colchester makes an assessment to determine whether the Green Bonds are aligned with the International Capital Market Association ("**ICMA**")'s Green Bond Principles[10]. In the event that the issue is not explicitly aligned with the ICMA Green Bond Principles, Colchester 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.

[10] Green-Bond-Principles-June-2022-060623.pdf

(B) Secondly, that Colchester is satisfied with the issuer's allocation report, or information obtained following engagement, or its other determinations in relation to the use of proceeds for each Green Bond, based on Colchester's investment criteria.

3.4. Anticipated Impacts

From an institutional perspective, FundRock continues to see changes to the cost of compliance with climate-related policies and regulations as the main anticipated impact of CRR&O. The review of NZ CS 2 in late 2024 reduced the cost pressure for the current reporting year. Looking ahead, FundRock sees substantial uncertainty as both the Ministry for Business, Innovation, and Employment and XRB have opened or indicated their intention to open consultations on the future of the CRD regime. There is a chance that legislation and regulations emerging from these consultations will stabilize the cost of compliance with CRD requirements. Nonetheless, as it is the data on GHG Emissions will be subject to assurance from the 2025/2026 reporting period onwards. This would significantly increase compliance costs.

To estimate anticipated impacts, Colchester uses the same methodology described in Section 3.1 above. The investment manager continues to improve its integration framework for ESG factors (including climate change) and leverage its ESG database to facilitate product and regulatory reporting requirements. Colchester engages with various stakeholders on many ESG factors, which feed back into Colchester's investment decision making, where relevant, and semi-annually Colchester publishes its engagement efforts. Colchester plays an active industry role as Chair of the PRI Sovereign Debt Advisory Committee and supports industry wide initiatives for sovereigns, such as the ASCOR Advisory Committee. Colchester is also a supporter to the IDB Green Bond Transparency Platform and a member of the Nasdaq Sustainable Bond Network.

3.5. Transition Plan Aspects of Strategy

FundRock is a fund hosting business. We provide services to domestic and international investment managers who want to operate in Aotearoa New Zealand but would prefer to outsource fund management to us, normally because they believe this to be the most cost-effective way of offering their services in the country.

Our business model is very resilient to investment risks (climate-related or otherwise) thanks to the broad variety of schemes and funds we can accommodate. As long as there is continued demand for managed investment schemes in Aotearoa New Zealand, we can evolve and adapt to political, economic, and societal changes: we can work with existing investment managers to make strategic adjustment to their products, and whenever this proves impractical, new products (more aligned with prevailing market winds) may be developed in collaboration with current or new investment managers, replacing those retired.

FundRock's knowledge of and experience in Aotearoa New Zealand's investment funds market will be invaluable in the process of identifying the adaptations required and assessing the viability of both existing and prospective products. Understanding the CRR&O specifically associated with this market must be part of this.

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. The investment approach is therefore based on the analysis of inflation, real interest rates and real exchange rates, supplemented by an assessment of sovereign financial balances—fiscal, external, monetary and Environmental, Social and Governance (ESG) factors. Portfolios are constructed to benefit from those opportunities with the greatest relative investment potential for a given level of risk. Sovereign bonds form the majority of Colchester's portfolios.

Colchester's primary focus is on determining 'value' at the individual country, sector and security level. While real interest rates are a powerful investment tool alone, Colchester believes that its real return estimates are improved by

taking account of the financial health of each sovereign bond issuer. Much as an equity analyst assesses the quality of a company's balance sheet, assets, cash flow, etc. when forecasting earnings potential, Colchester believes that an assessment of a country's current account, fiscal balance, external debt, etc., improves the quality of its return estimates. This recognises that a country may have higher real interest rates for a reason - say in response to a structural fiscal deficit – and incorporates this factor into the calculation of expected returns.

As has been noted throughout the report, Colchester integrates ESG factors into the investment process through its ESG Scoring Framework, which takes into account various environmental, social and governance indicators and risk factors (including climate change) of each country in the investment universe.

Additionally, in respect of the Global Green Bond Fund, Colchester applies its Green Bond Framework – see p 17 above for more information.

3.5.1. Current Business Model & Strategy

As noted, 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.

Colchester employs a value-based investment approach and integrates ESG risks into its valuation framework for sovereign debt. Countries are assigned a proprietary FSS which combines an assessment of balance sheet and economic strength, with an assessment of ESG risks and potential opportunities (including CRR&O). Each bond and currency market within the Funds' investment universe is assigned a FSS and this translates into a premium or discount being applied to the market's valuation (see more details in Section 3.3.4 above). The metrics used in the ESG Scoring Framework are distilled into a blended score for each country, which feeds into the FSS and hence the valuation of each bond and currency market. A country with stronger ESG metrics and a more robust balance sheet than its peers will therefore be a more attractive investment, all things being equal.

As a sovereign debt investor, Colchester recognises the inherent dilemma in considering whether or not to exclude countries from its investment universe based on an assessment of sustainability metrics. In many instances, such metrics are positively correlated to income per capita, and hence such exclusions run the risk of cutting off access to international capital for lower income countries. Such countries are often highly dependent on foreign capital to develop infrastructure, build human capital, and underpin social stability. Hence, Colchester will give careful consideration of the implications on a particular sovereign issuer when assessing whether to include it in the Funds' investment universe. It should be noted that while ESG integration is a binding element of the investment process for the Fund, Colchester's investment decisions are not based solely on ESG matters.

Colchester also employs its Green Bond Framework to the Global Green Bond Fund as set out in Section 3.3.4 above.

For further information on Colchester's approach to ESG, including country examples, please see the case study of Indonesia in Colchester's Sustainability Report[11].

3.5.2. Transition Plan

Given the resilience of FundRock's business model expressed above, it currently has no plans to change its strategic direction based on CRR&O or adopt any targets for itself. Our core concern will continue to be regulatory transition risks, which have already been integrated into our risk management (see Section 3.3.4 above) and governance (see Section 2.1.1 above) processes.

[11] See https://colchesterglobal.co.nz/wp-content/uploads/2024/02/colchester-sustainability-report-dec-23.pdf, p 20.

Going forward, FundRock expects that the level of resources dedicated to address CRR&O will increase to accommodate assurance requirements. Otherwise, resourcing and costs are likely to remain stable (in real terms). We expect the funds to pay for all costs associated with the CRD regime and CRR&O via the fees charged from investors. We have not yet increased fees to address these costs, but we may have to do this if they do not stabilize.

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. It is continuing to explore the possibility of setting emissions reduction targets. It recognises however that decarbonisation and sustainability are a journey and commits 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.

4. RISK MANAGEMENT

FundRock manages entity-level CRR&O directly. We have identified them by referencing applicable regulations, and assessed them by appraising their expected impact, the processes and controls we have in place, and the resources of which we dispose. The processes for monitoring and managing said CRR&O are summarised in Section 3.3.4 above.

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

This risk assessment and risk register along with proposed actions is presented at the Business Risk Committee & TCFD Advisory Committee on an annual basis. The Risk department utilises the risk register to perform their ongoing independent measurement of the risk and the efficacy of the controls for the risk mitigants. The Investment Team is 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 consistent with the investment process. This helps to ensure that such risks are understood and deliberate. Internal audit provides independent assurance of the effectiveness and adequacy of the risk management, control and governance processes employed.

4.1. Prioritisation Process

FundRock prioritizes entity-level risks based on their likelihood and expected impact. Risks are classified across both axis and assigned a risk rating. Both inherent and residual ratings are considered[12].

These risks are reassessed monthly according to the processes summarised in Section 3.3.4 above.

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. Colchester does not prioritise climate risks relative to other risks as this is not considered appropriate.

4.2. Short-, Medium-, and Long-Terms

For CRR&O, FundRock uses the following time horizons:

[12] An *inherent* risk is that before any controls or mitigations are applied, while a *residual* risk is that left after this is done. The inherent risk of losing a house to a fire is that of simply moving into it; the residual risk is that after smoke detectors and sprinklers have been installed and fire insurance has been acquired.

Term	Time Horizon
Short	1-3 Years
Medium	5-10 Years
Long	30 Years

For Colchester's view on time horizons, see Section 3.3.3 above.

4.3. Parts of Value Chain Not Included

The risk assessment process considered fund management, investment management, and the Funds' investments. Distribution risks were not considered because they do not directly pertain to the Funds and FundRock does not believe their analysis would provide material information for the Funds' investors.

4.4. Assessment Frequency

FundRock assesses entity-level risks monthly, following the processes summarised in Section 3.3.4 above. Colchester assesses its entity level risks on at least an annual basis.

5. METRICS & TARGETS

In determining which metrics to publish in the Statements, FundRock has considered guidance published by the TCFD[13], and XRB[14] and the sustainability standards published by the International Accounting Standards Board (IFRS[15]). We have also engaged with data providers and the investment managers with whom we work to learn about their views on appropriate metrics.

The set of metrics published below reflects the conclusions from this process. In selecting it, FundRock has considered the following criteria:

- **(A)** **Conceptual Integrity**: certain metrics rely on concepts on which agreement is either limited or non-existing. This makes for metrics with low comparability or prone to manipulation.
- **(B)** **Cost**: acquiring the metrics is costly, and the Funds investors may (directly or indirectly) pay for this cost.
- **(C)** **Expected Impacts**: diversified and dynamic investment vehicles such as managed funds are expected to be more heavily impacted by risks affecting a broad range of investees, as opposed to risks that are specific to a certain sector of the economy or geography.

Metrics tables can be found in Schedule A below, and further details on the methodology for the metrics are found in Schedule C.

Colchester does not adopt any sustainability targets for the Global Government Bond Fund, as it does not have a sustainability objective and so it would not be appropriate to apply targets to it or the the Scheme as a whole. The Global Green Bond Fund has a sustainable objective to fund projects that benefit the environment through investing 100% of fixed income securities in Green Bonds. Green Bonds are bonds issued by governments, supra-nationals, agencies and other types of issuers to fund projects that benefit the environment.

All metrics below marked as *2025* refers to 31 March 2025.

5.1. On the Global Government Bond Fund

FundRock has decided not to publish metrics for Global Government Bond Fund in these statements.

In late 2024, Adoption Provision 4 was amended to exempt climate-reporting entities from publishing Scope 3 emission in their first *and second* reporting period[16]. In the statements for its first reporting period, FundRock opted *not* to use this adoption provision; however, changes in circumstances have led to a review of this decision. While FundRock was aware that MIS managers may have been exempted from publishing GHG emissions in their first reporting period, at the time it was uncertain whether this was an acceptable interpretation of legal and regulatory requirements. It has since become clearer that all funds' emissions are considered Scope 3 from perspective of the CRD regime, allowing FundRock to reconsider this decision.

Specifically regarding GHG emissions, FundRock relies on the exemption granted by Adoption Provision 4. FundRock considered publishing metrics in other categories[17] and has come to conclude that (under current circumstances) they are not material for Global Government Bond Fund, for the following reasons:

---

[13] *TCFD, Guidance on Metrics, Targets, and Transition Plans, October 2021*; and *TCFD, Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures, October 2021*.

[14] *XRB, Climate-Related Disclosures Staff Guidance – MIS Managers, August 2023*.

[15] *IFRS S2 Climate-Related Disclosures—June 2023*.

[16] See CS2. Note that MIS Managers are not required to disclose Scope 1 and 2 GHG emissions because S461O of the Financial Markets Conduct Act 2013 defines MIS Managers as climate reporting entities in respect of the schemes they manage, and those schemes do not have Scope 1 and 2 GHG emissions. In accordance with the Greenhouse Gas Protocol (GHG Protocol), all the emissions of the investee companies are considered Scope 3 (financed) emissions for the Fund[s].

[17] Transition risks, physical risks, climate-related opportunities, capital deployment, internal emissions price, and remuneration, as per CS1, 22.

(A) **Lack of Comparability**: while GHG emissions metrics have shortcoming which makes it difficult for investors to compare the values reported by different fund managers, these challenges are exponentially increased when it comes to other metrics. There is little to no consistency on which metrics are reported, and even metrics that share a name (such as climate value at risk or temperature alignment) can vary significantly with data provider.

(B) **Lesser Utility**: thanks to the higher reliability of GHG emissions, they are generally seen as the standard by which funds' climate performance is assessed. They also provide context for the interpretation of other metrics. Publishing other secondary metrics only (without the underlying GHG emissions data) would not allow investors to make informed decisions – in fact, they could be misleading, as investors may not appreciate their shortcomings.

(C) **Lesser Relevance**: the Global Government Bond Fund make no ESG, sustainability, or "green-ness" claims. FundRock does not expect climate metrics to play a material role in investors and prospective investors' decisions to invest in or divest from Global Government Bond Fund. Furthermore, since the publication of the climate statements for the previous reporting period FundRock has seen no evidence that investors are interested in this data.

(D) **Cost**: there are substantial costs associated with acquiring climate metrics from data providers, which are borne by Global Government Bond Fund investors. Given the above, FundRock does not believe these costs to be justified.

These decisions will be reviewed for the next reporting period.

5.2. Financed GHG Emissions[18]

5.2.1. Gross Financed Emissions

The charts in Schedule C contain data on gross GHG emissions (in metric tons of CO_2e) for the Global Green Bond Fund's investees. These figures are strongly influenced by fund size; to compare funds of different sizes, investors should use the data on emissions intensity (see Section 5.2.2 below).

5.2.2. Emissions Intensity

Carbon Footprint is a measure of GHG emissions (in metric tons of CO_2e) by millions of New Zealand dollars invested[19], while Weighted Average Carbon Intensity ("**WACI**") is a measure of GHG emissions by revenue (*investees* revenue, in US dollars). Emissions intensity metrics allow for comparison between funds of different sizes. It is based on the total gross emissions figures.

5.3. Transition Risks

FundRock and Colchester have measured the Global Green Bond Fund's exposure to transition risks by assessing the carbon budgets of its investees under different scenarios, their potential carbon liability, and their emissions reduction requirements. All these metrics are further explained below.

All values for the Global Green Bond Fund's transition risk metrics are weighted averages of the values for the fund's investees.

---

[18] MIS Managers are not required to disclose Scope 1 and 2 GHG emissions because S461O of the Financial Markets Conduct Act 2013 defines MIS Managers as climate reporting entities in respect of the schemes they manage, and those schemes do not have Scope 1 and 2 GHG emissions. In accordance with the Greenhouse Gas Protocol (GHG Protocol), all the emissions of the investee companies are considered Scope 3 (financed) emissions for the Funds. The breakdown of the investees' emissions into Scope 1, 2, and 3 in these Statements reflects industry practices and takes the perspective of the investees themselves.

[19] Carbon footprint is exclusive of Scope 3 Emissions, as recommended by TCFD (*Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures*, p 53).

5.3.1. Carbon Budget Overspend

The tables in 0 below show the amount (in metric tons of CO_2e) by which the Global Green Bond Fund's investees exceed their carbon budget in the relevant year, in each scenario[20].

5.3.2. Potential Carbon Liability

Similar to the carbon budget overspend, to calculate this metric Emmi (on FundRock and Colchester's behalf) assigns a carbon budget to investees, under which they would have to operate in a certain scenario. This budget is based on certain factors, which reflect **(i)** how governments might apply a price to GHG emissions from investees[21] and **(ii)** the investees' financial resilience against the implementation of any such costs. The difference between current instrument price and their adjusted values is the percentage value erosion reported as potential carbon liability.

5.3.3. Emissions Reduction Requirements

The reduction requirements figures illustrate the rate by which the GHG emissions of the Global Green Bond Fund's investees would have to be reduced to align with the GHG budget for the relevant temperature increase target, by the year therein indicated. They are essentially the other side of carbon budget overspend (see Section 5.3.1 above): while the latter expresses by how much (in metric tons of CO_2) a fund is over (or below) their carbon emissions budget for a given scenario, emissions reduction requirements communicates by how much (as a percentage) the Global Green Bond Fund must reduce its emissions to align itself to it carbon budget in a given scenario[22].

5.4. Management Remuneration

FundRock has not elected to link any part of management remuneration to CRR&O.

5.4.1. Colchester

All employees across Colchester set annual performance objectives which influence Colchester's 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 Colchester's 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 Colchester's core values and risk management controls.

5.5. Other Metrics: Temperature Alignment

This metric assesses investees against global carbon budgets based on IPCC scenarios, placing their emissions on a spectrum between 1.5°C and 4°C. Emmi calculates the emissions reduction requirements (see Section 5.3.3 above), which identifies deviations from the IPCC budgets, and then assesses the results against multiple IPCC scenarios to place them along a spectrum.

---

[20] The three scenarios used to calculate the transition risk metrics are SSP1-RCP1.9 (the 1.5°C scenario), SSP2-RCP2.6 (2°C scenario), and SSP2-No Policy (3-4°C scenario).

[21] No assumption is made on how this liability would be paid by investees. It could be (e.g.) via direct carbon taxes or a requirement for mandatory acquisition of credits in carbon trading schemes.

[22] Or, should a Fund be below its budget, by how much it can increase its emissions and remain within said budget.

SCHEDULE A. MATERIAL CRR&O

The below sets out the material risks applicable to the Funds but is not exhaustive.

A.a. Global Government Fund and Global Green Bond Fund

Name	Type	Term	Sector/Geography	Description
Environmental Damage	Physical Risk	Medium/Long	Global	• Acute and chronic physical risks. Acute and chronic risks may impact on a country's fiscal cost, macroeconomic environment and debt sustainability. • Acute events are isolated extreme weather events. Small or poor countries are potentially more vulnerable, partly due to weaker governance and lack of financial resources. Recurring disasters may weigh on economic growth over time which in turn may lead to lower revenues and higher public expenditures and potentially increase its funding costs. • Chronic events are longer-term changes in the climate, such as rising sea-levels, rising temperatures and altered precipitation patterns. These can lead to changes in economic activity, for example making certain commodity sectors more or less economically feasible or changing tourism patters; migration within and between countries due to land becoming inhospitable; increased government expenditure, for example on flood defences.
Vulnerability to Climate Change	Physical Risk	Medium/Long	Global/	• Certain countries may be more vulnerable to climate change, for example those which rely heavily on the agricultural sector, which might be negatively affected by increasing temperatures, sea-level rise, and extreme weather events resulting in reduced crop yield and loss of arable land.
Government Effectiveness/Regulatory Quality/ Voice of Accountability	Transition Risk	Medium/Long	Global	• Assessment of institutional framework with regards to policy effectiveness, implementation and having accountability elements for climate related risks and others.

Name	Type	Term	Sector/Geography	Description
Fossil Fuel Dependent Economies	Transition Risk	Medium/Long	All fossil fuel dependent countries i.e. UAE, Kazakhstan, Nigeria and Norway;	• Countries with fossil fuel dependent economies may be left with stranded assets in the future, and countries utilising fossil fuels for energy may have to fund the transition to renewable energy or alternative energy sources.
Adaptation & Mitigation Costs	Transition Risk	Medium/Long	Global	• Adaptation and mitigation costs associated with long term changes in climate are likely to be borne by national governments rather than the private sector. These risks may have fiscal balance implications and may increase funding costs.
Social Impact of Policy Response to Climate Change Factors	Transition Risk	Medium/Long	Global	• Government policies to mitigate the risks of climate change, for example cutting fossil fuel production or building infrastructure adapted to extreme weather events, may impact on economic growth and social cohesion. • Rapidly transitioning away from fossil fuels to low-carbon energy may have negative implications such as a failure to manage the transition in a way that ensures reliable, affordable energy supplies which may cause social and political upheaval.
Political Stability	Transition Risk	Medium/Long	Global	• Risks factors to economies being most vulnerable to climate change, might include political stability, financial development and fiscal capacity.
Physical Risk Impacting Government	Physical Risk	Medium/Long	Global	• Physical risk increasing governmental expenditure due to increased costs of infrastructure, increased demand on emergency services, and greater reliance on government for financial support. This is exacerbated by (i) the impacts of physical risk on the private sector reducing governmental revenue (decrease in income collected from taxation due to a weaker economy); and (ii) in extreme cases, difficulty in obtaining finance due to decreasing government bond credit ratings.

SCHEDULE B. GLOBAL GREEN BOND – METRICS

B.a. Financed GHG Emissions

Fund	Scope 1 Gross Emissions	Carbon Footprint[23]
Global Green Bond Fund[24]	5,084	115

B.b. Transition Risks

B.b.i. Carbon Budget Overspend

Fund	2030	2050
1.5°C Scenario	1,722	144
2°C Scenario	78	46
3-4°C Scenario	0	0

B.b.ii. Potential Carbon Liability

Fund	2030	2050
1.5°C Scenario	6%	1%
2°C Scenario	0%	0%
3-4°C Scenario	0%	0%

B.b.iii. Emissions Reduction Requirements

Fund	2030	2050
1.5°C Scenario	38%	4%
2°C Scenario	1%	1%
3-4°C Scenario	0%	0%

B.c. Temperature Alignment

Fund	Temperature Alignment
Global Green Bond Fund	1.53°C

[23] Carbon footprint is exclusive of Scope 3 Emissions, as recommended by TCFD (*Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures*, p 53).

[24] The Global Green Bond Fund is fully invested in sovereign debt assets. Sovereign entities, by their very nature, do not have Scope 2 or 3 emissions associated with them. For the same reason, the fund has no WACI score.

SCHEDULE C. FURTHER DETAILS ON METRICS

C.a. GHG Emissions

MIS Managers are not required to disclose Scope 1 and 2 GHG emissions because S461O of the Financial Markets Conduct Act 2013 defines MIS Managers as climate reporting entities in respect of the schemes they manage, and those schemes do not have Scope 1 and 2 GHG emissions.

C.a.i. GHG Emissions Measurement Standards

Financed emissions were calculated using PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

C.a.ii. GHG Emissions Consolidation Approach

Financed emissions have been consolidated using the financial control approach.

C.a.iii. Source of Emissions Factors

Financed emissions factors were sourced from the GHG Protocol. They reflect the 100-year time horizon global warming potentials (GWP) relative to CO_2 and were adapted from the IPCC Fifth Assessment Report[25].

C.a.iv. Summary of Exclusions

No asset or asset class was excluded from financed emissions calculations.

C.a.v. Methods & Assumption

FundRock has partnered with Emmi Solutions Pty ("**Emmi**") to calculate all the metrics found in these Statements. FundRock has provided Emmi with data on the Global Green Bond Fund, dated as of 31 March 2025, and Emmi has used this data to produce the metrics found herein. These metrics are subject to Emmi's limitations and assumptions summarised in this section of the climate statements. Further detail can be found in Emmi's website[26].

Emmi takes a waterfall approach to estimate Scope 1, 2, and 3 financed emissions for investee companies, selecting the most robust available method for each investee. Emmi starts with emissions reported by the investee. Where reported emissions are unavailable, Emmi uses estimations based on physical activities (e.g., investees' energy consumption), or estimations based on economic activity (e.g., investees' industry). To perform estimations, Emmi uses certain business metrics, such as revenue and geography, and relies on machine learning: their models are trained on data from public companies gathered from CDP and sustainability reports.

Calculating metrics nonetheless requires trade-offs between coverage and robustness. The results of these trade-offs are summarized in the coverage and PCAF data quality figures in the table below:

Fund	Coverage	PCAF Score
Global Green Bond Fund	99.80%	1

PCAF[27] scores range from 1 to 5 and provide a summary of the data's quality. A score of 1 reflects the best quality data and means that the investee company has performed an emissions calculation based on the GHG Protocol that has

[25] See Fifth Assessment Report — IPCC.

[26] The referred website contains a link to a page on climate scenario analysis methodology – this product was not used by FundRock.

[27] *Partnership for Carbon Accounting Financials*.

been verified by a third-party. A score of 5 is the most uncertain and means that estimates of the emissions of the investee company based on sector and region averages or benchmarks have been used[28]. The PCAF score reported above is a weighted average of the PCAF score for the Global Green Bond Fund's investees.

C.a.vi. Quantification Uncertainties & Their Effects

As mentioned above, financed GHG emissions data relies on estimations, which are reflected on the PCAF scores. A score of 3 or higher implies that estimations have been performed, which means that actual financed emissions may differ from those reported above; the closer the score is to 5, the larger the estimation uncertainty.

Additionally, coverage (even after relying on estimations) may be lower than 100%, which means that the actual gross financed emissions are likely to be higher than reported above.

Note that the availability of data is something over which FundRock, Colchester, or Emmi do not exercise any control; availability is reliant upon investees publishing or making available data on their emissions.

C.b. Transition Risks

C.b.i. Carbon Budget Overspend

Emmi (on FundRock and Colchester's behalf) calculates carbon budgets by:

- **(A)** Comparing investees' financial metrics (such as earnings, market cap, and net assets) to their carbon emissions, establishing ratios.
- **(B)** Comparing said financial metrics to key global economic metrics (such as GDP, global wealth, and global debt) to assess how much of the global economy is represented by the investees.
- **(C)** Scaling emissions for investees according to the ratios established in steps (A) and (B).
- **(D)** Comparing investees' earth-scale emissions to the 1.5°C, 2°C, and 3-4°C scenarios global carbon budgets to calculate the investees' emissions reductions requirements as a percentage of the global carbon budget.
- **(E)** Scaling down the earth-scale carbon budget overspend back to the investees' actual size.

Emissions are assumed to remain constant at their 2023 levels. Consequently, an overspend will almost inevitably be reported in the 1.5°C and 2°C scenarios, as they require substantial emissions reduction. This is intentional: this and the other transition risks metrics illustrate the maximum risk of not reducing emissions, not the potential rewards for doing so.

C.b.ii. Potential Carbon Liability

Through this process, Emmi sets GHG emissions thresholds, which could create a carbon liability for investees if exceeded. The impact of this overspend on the relevant asset's valuation is then calculated:

- For fixed interest instruments, yearly carbon emissions overspend are multiplied by the applicable carbon prices until the instrument's maturity, and the results are brought to their present value using its yield to maturity as the discount rate. Such present value is then deducted from the instrument's current price.

As with carbon budget overspend, emissions are assumed to remain constant at their 2023 levels.

[28] PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

C.c. Price per CO2 Tonne

Emmi sources base carbon prices (in US dollars) from the CSIRO[29] 2°C carbon price modelling and using this to imply carbon prices for specific carbon trajectories. The carbon prices used were:

Year	1.5°C Scenario	2°C Scenario	3-4°C Scenario
2010	10	10	10
2030	218	36	10
2050	821	115	10

[29] *Commonwealth Scientific and Industrial Research Organisation*, an Australian Government agency responsible for scientific research.