Waste: an investment opportunity on the other side of consumption

Regnan Sustainable Water and Waste Strategy

PRIMER

September 2021

Brought to you by J O Hambro Capital Management

Regnan

Regnan

Key take-aways

- Waste generation is expected to grow at double the rate of the global population by 2050
- Regulation and environmental awareness are catalysts for change
- Investment in waste management infrastructure and systems is essential – put simply 'there is no sustainable economy without waste management'
- The waste sector offers an array of long-term secular growth opportunities
- Historically the waste sector has grown faster than global GDP

As identified in the Regnan Water primer the following long-term fundamental growth drivers support the investment case for Waste:

- the increasing urbanisation and concentration of the global population;
- the consumption-driven economy;
- the need for infrastructure adaptation for developed and developing countries;
- a supportive regulatory environment;
- a physically constrained world.

Regnan Sustainable Water and Waste Strategy

Our Thematic Investing team joined Regnan in April 2021 ahead of the launch of the Regnan Sustainable Water and Waste Strategy in September 2021. Combining exposure to both water and waste-related companies makes this strategy a distinctive thematic investment proposition with diversification benefits.

Bertrand Lecourt
Senior Fund Manager

Saurabh Sharma, CFA, CAIA
Fund Manager

Will we ever learn?

Almost 50 years of waste awareness…the waste has changed but our habits haven't

Reading Festival 1973…
Recyclable waste…
Image source: www.flashbak.com

Reading Festival 2021…
Not really recyclable waste…
Image source: www.dailymail.co.uk

Contents

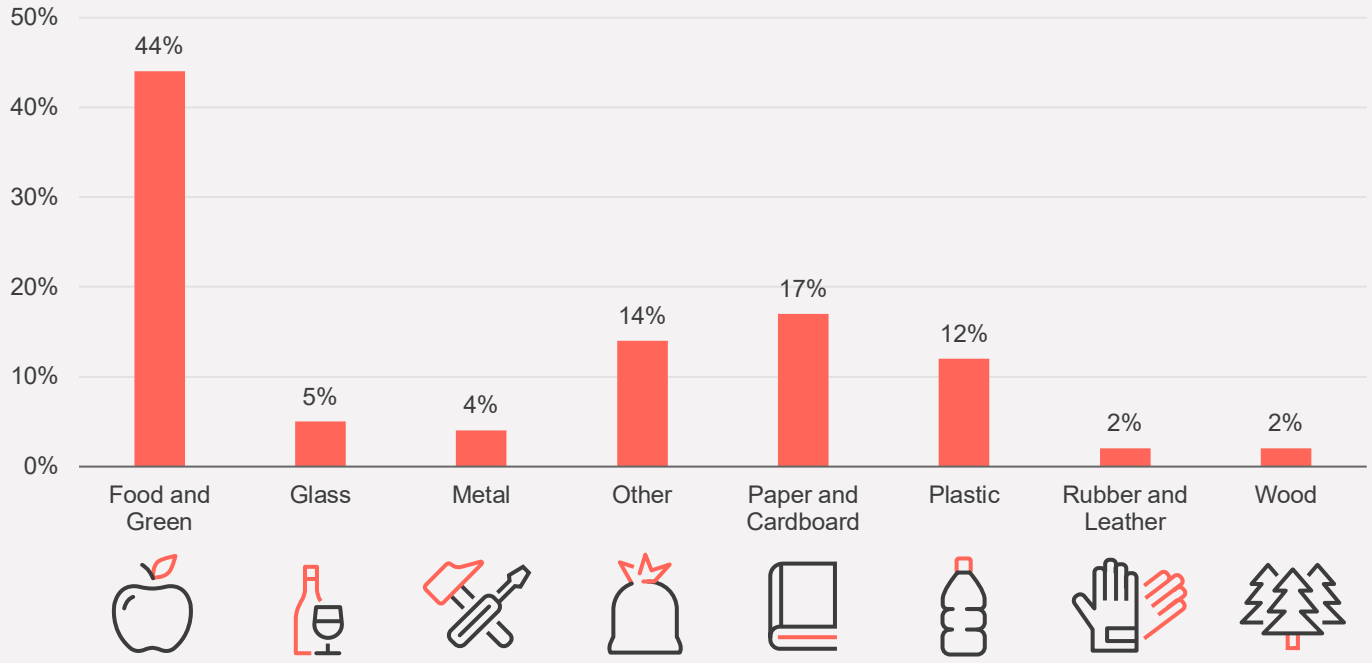
Regnan

The waste challenge

Growing global consumption means growing waste. Waste management is one of the key issues facing towns, cities and governments across the world. The world generates 2 billion tonnes of municipal solid waste annually. At least 33% of that waste is not managed in an environmentally-safe manner. Worldwide, waste generated per person per day averages 0.74kg, but this ranges widely by country, from 0.11 to 4.54kg.[1]

Waste composition differs across income levels, reflecting varied patterns of consumption. High-income countries generate relatively less food and green waste, at 32% of total waste, and generate more dry waste that can be recycled, including plastic, paper, cardboard, metal and glass, which account for 51% of waste. Middle- and low-income countries generate more food and green waste, with the proportion of organic waste increasing as economic development levels decrease. In low-income countries, materials that could be recycled account for only 20% of the waste stream. On average, food and green account for roughly 44% of global waste.

Global waste composition



Source: www.openknowledge.worldbank.org

[1]www.datatopics.worldbank.org

Regnan

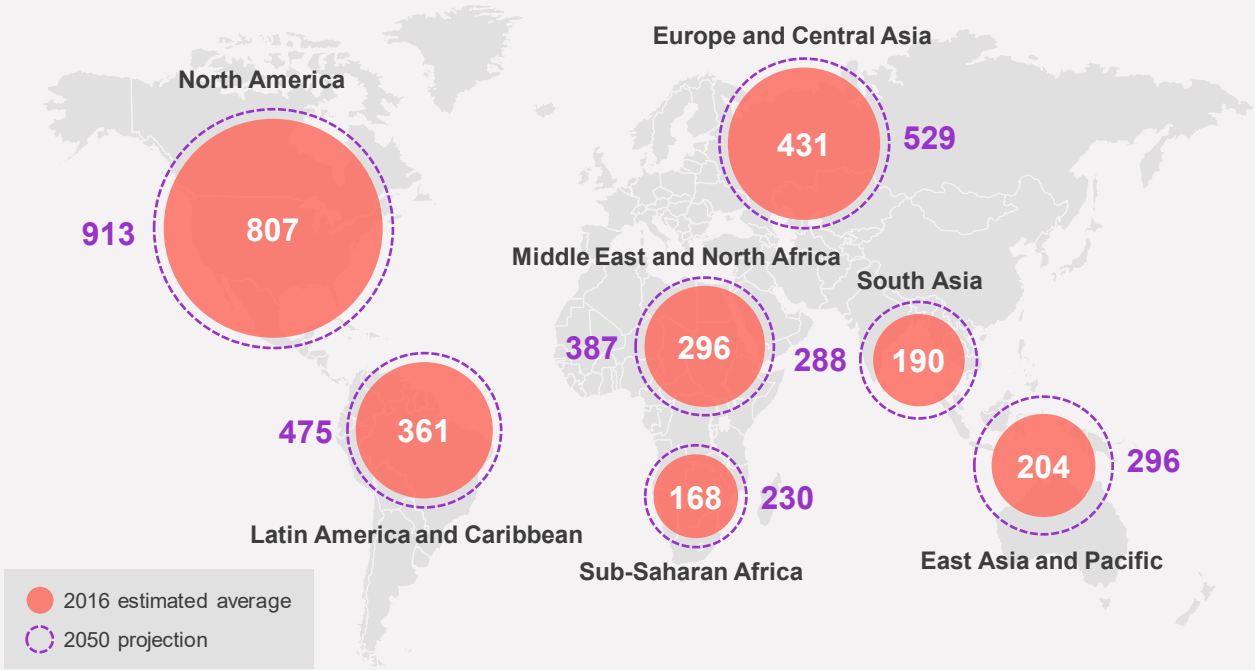
Waste everywhere

When humans first started to build cities, the first thing they did was to look for a water body to build the city around. The second thing they did was to build a good sanitation system. This story has not changed for thousands of years and will be the same for millennia to come. Humans create waste. To illustrate the extent of our waste generation capability, one just needs to look up – estimates suggest that there may be a million pieces of space junk or debris, weighing roughly 9,000 tonnes, currently orbiting the earth.[2]

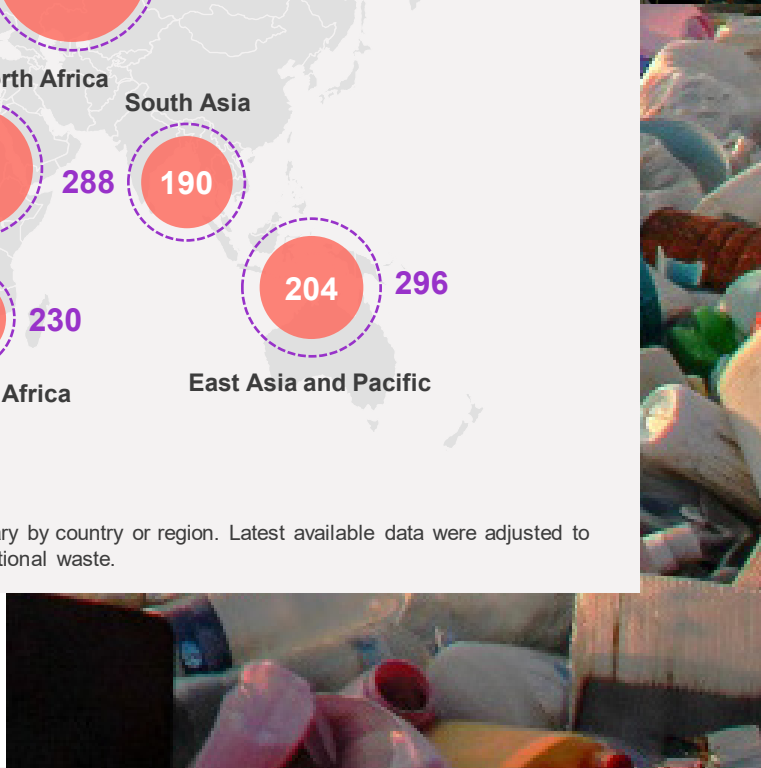
Back on the ground, humans generate more than two billion tonnes of municipal solid waste every year, according to the World Bank. Global waste is expected to grow to 3.4 billion tonnes p.a. by 2050, more than double global population growth over the same period.[3]

Waste generation is rising globally

Kilograms of solid waste each person creates a year



Source: Bloomberg / World Bank. Note: Data availability and methodology vary by country or region. Latest available data were adjusted to 2016 for comparison. Figures include only residential, commercial and institutional waste.



[2]www.bbc.co.uk
[3]www.openknowledge.worldbank.org

Regnan

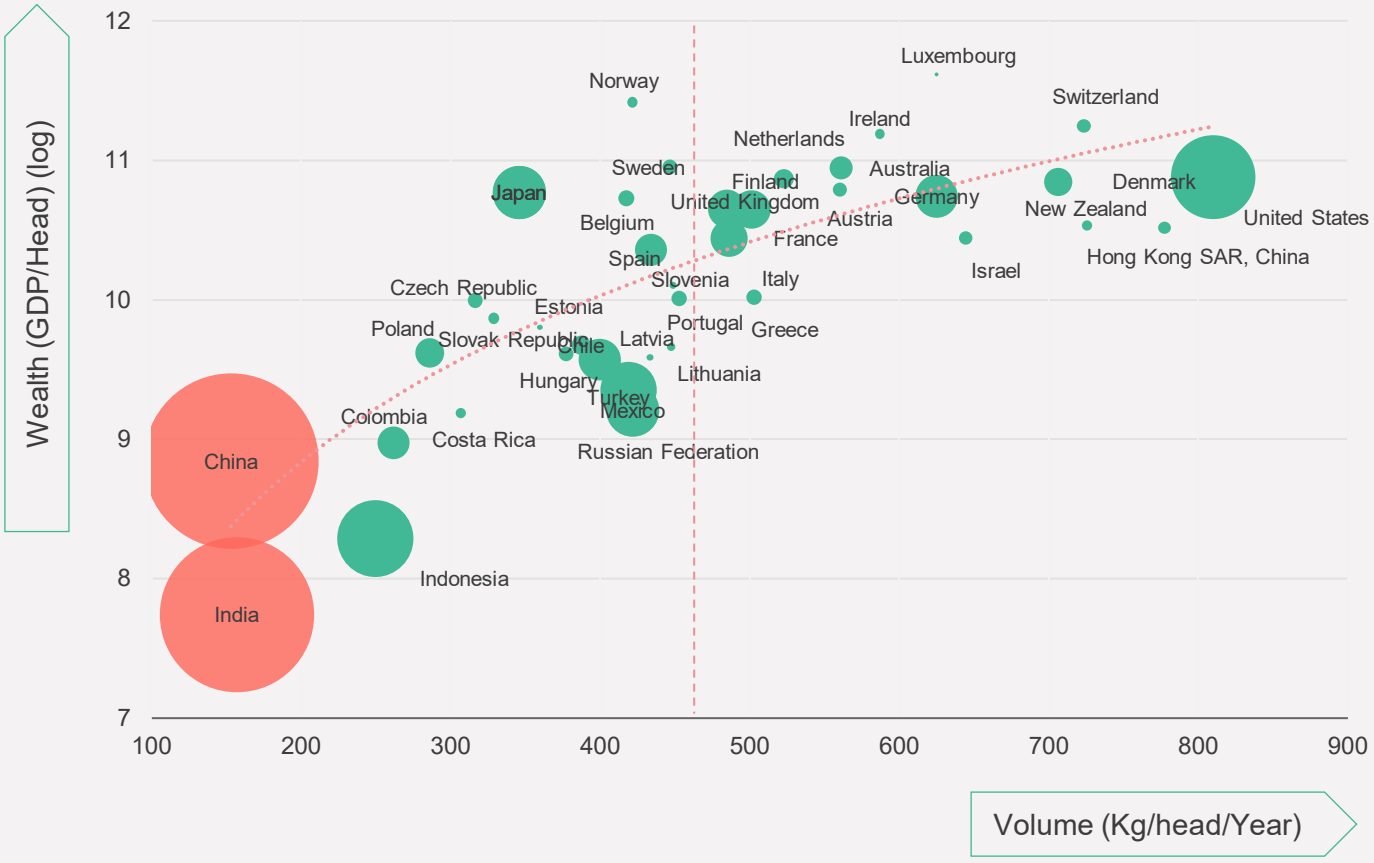
Waste generation

Population growth, an increase in urbanisation, and increased wealth and consumption are a few of the many factors that have contributed to the rapid increase in waste generation. These structural trends are expected to drive growth in waste-related investment opportunities in the coming decades. Long-term GDP growth is a particularly important structural driver, given the positive correlation between income levels and waste generation.

Daily per capita waste generation in high-income countries is projected to increase by 19% by 2050. On the other hand, as low- and middle-income economies grow at a faster rate and increase their wealth per capita, waste generation in these regions is expected to increase by approximately 40% or more over the same time period.

Waste generation and gross domestic product

Municipal Waste in Kg/Head/year vs. GDP/Head (Log) vs. Population size (bubble)



Source: Regnan, OECD, World Waste Survey, 2008. Chart includes OECD plus a few select big economies and excludes Iceland and Singapore.

Regnan

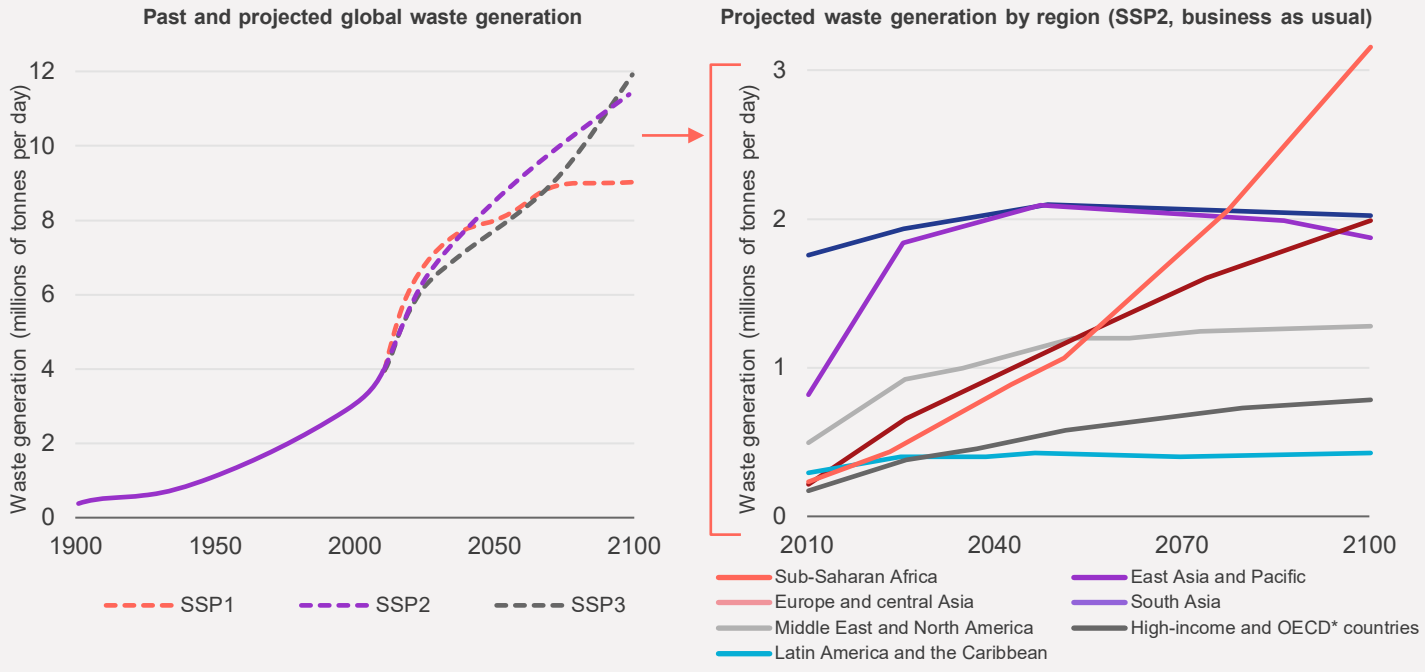
No peak in sight

We are unlikely to reach peak waste this century (according to the Nature International Journal of Science). Even using the most conservative estimates, waste generation in cities is set to almost double by 2030. Handling this growing volume of waste sustainably will become a pressing issue as societies, governments and companies attempt to minimise environmental, social and economic costs.

With 40% of global waste still being illegally dumped or unregulated, the waste management market offers considerable potential for investors.

When will the waste peak?

Three projections to 2100 for waste generation spell very different futures. In the first Shared Socioeconomic Pathway scenario (SSP1), the 7bn global population is 90% urbanised, development goals are achieved, fossil-fuel consumption is reduced and populations are more environmentally conscious. SSP2 is the 'business-as-usual' forecast, with an estimated population of 9.5m and 80% urbanisation. In SSP3, 70% of the world's 13.5bn live in cities and there are pockets of extreme poverty and moderate wealth, and many countries with rapidly growing populations.



Source: Regnan, OECD 2013, Nature 31 October 2013. All opinions and estimates constitute the best judgment of Regnan as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Regnan. *Organisation for Economic Co-operation and Development. *Organisation for Economic Co-operation and Development.

Waste: ubiquitous and enduring

In many ways the economy reflects human biology. Both can be thought of as input/output models – what you put in affects what you get out. Failure to operate these models efficiently can put the entire system at risk.

The process of transforming raw materials into goods is not always an efficient one. It often generates unwanted by-products which are frequently discarded as waste. This waste can take the form of gas (carbon dioxide, methane), liquids (contaminated water, waste oil) or solids (metal, dust).

Most of the products we consume are discarded in less than three years. This waste is usually discarded without recovering the still useful and valuable substances within.

In a linear economy discarded waste does not disappear overnight…

In the absence of efficient recovery, most of our waste tends to stick around, creating not just flow management issues but also a global stock issue with a significant impact on our health and the environment.

Most of our waste decomposes over time but only a small amount is fully biodegradable or fully re-usable by our economic systems. Only metals are recyclable on a perpetual basis allowing waste to become a new commodity. Due to the increasing technological content in the goods we consume, we are facing real constraints in dealing with the volume of waste and its capacity to decompose quickly.

As an example, some plastic foam cups can take more than 50 years to breakdown… So is there a 'green' alternative? Reusable glass? China cups? For these solutions we need water to wash them for reuse.

Waste footprint – How long to decompose?

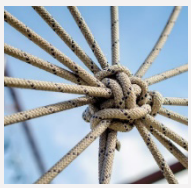
Train Ticket

2 Weeks

Cotton Shirt

6 Months

Rope



3-14 Months

Wool Jumper

1-5 Years

Milk Carton

5 Years

Cigarette Butt

10-12 Years

Leather Shoe

25-40 Years

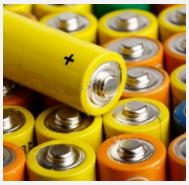
Foam Plastic Cup

50 Years

Tin Can

50 Years

Battery

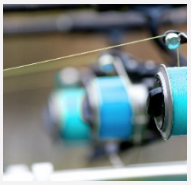


100 Years

Sanitary Pad

500-800 Years

Fishing line



600-1k Years

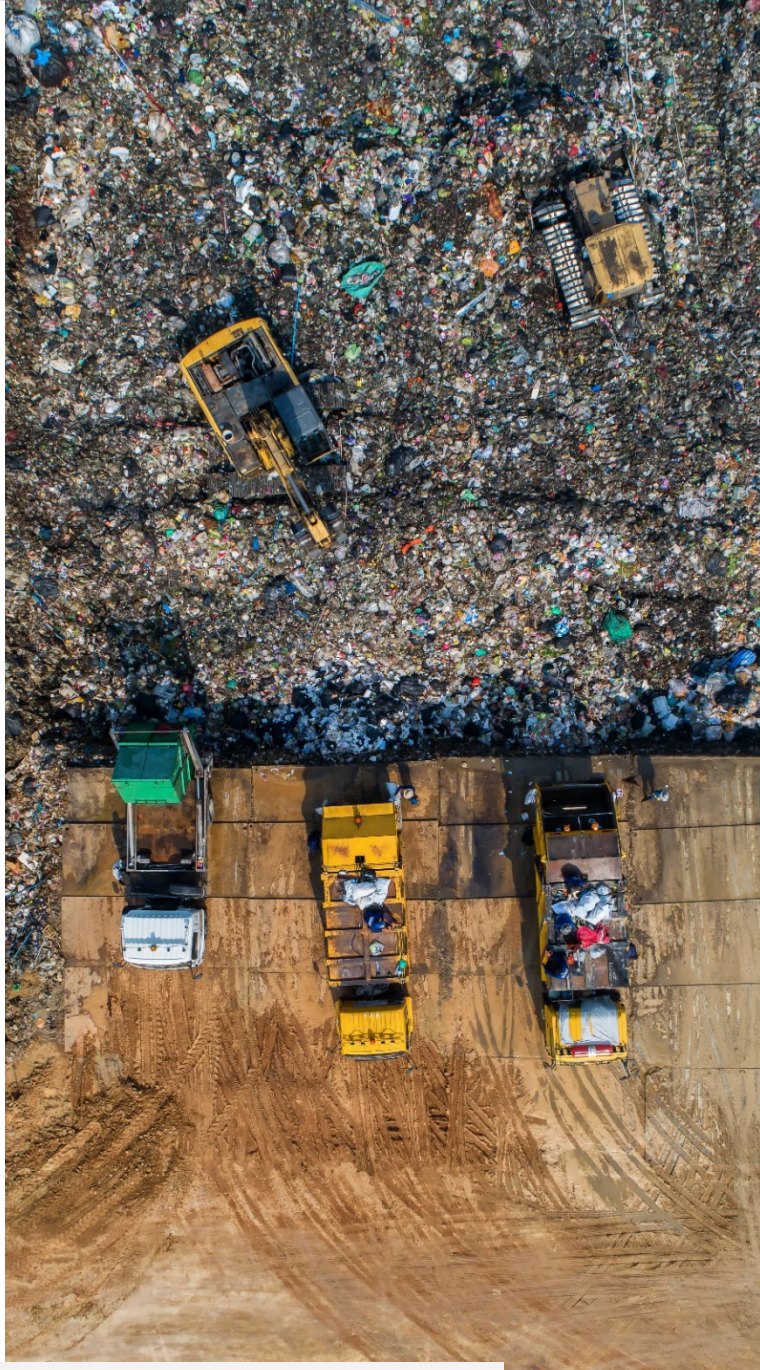
Source: Regnan; thebalancesmb, saveonenergy, roadrunnerwm.

Regnan

Waste collection

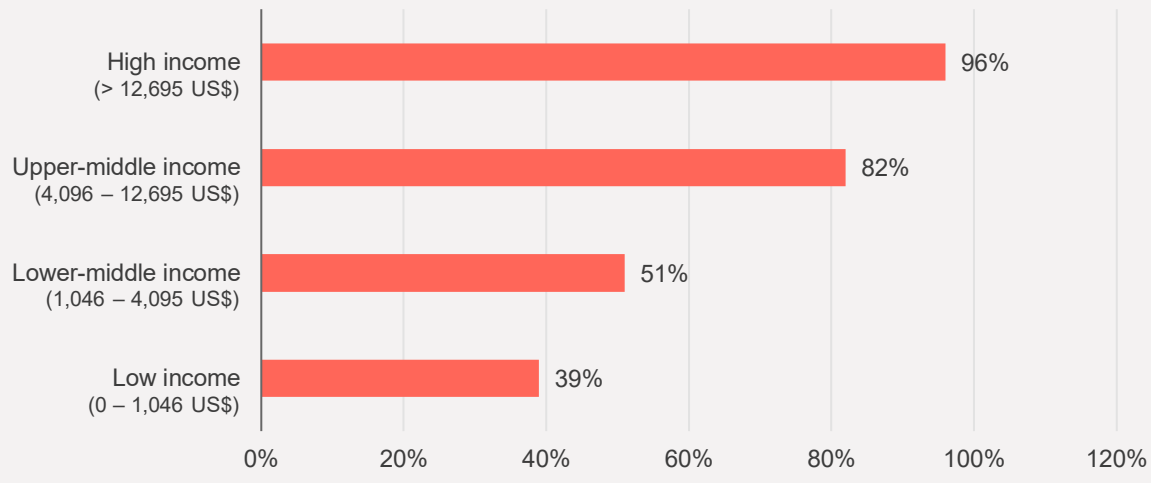
In the developed world, we take it for granted that all waste is collected in some form. However, the reality is very different when looking at global waste collection averages including emerging markets. High- and upper-middle-income countries provide nearly universal waste collection. In contrast, low-income countries collect less than 50% of waste in cities. And the number drops to around 25% outside of urban areas.

The development of waste management infrastructure is going to be a critical factor if emerging economies are to achieve long-term sustainable economic growth. Some governments are taking steps to address waste. Waste treatment is high on the Chinese government's agenda. It has set ambitious targets, including 100% treatment for the capital cities of provinces, 90% for all cities and 70% for all counties. Consequently, capacity installation needs to exceed underlying waste volume growth in the short to medium term. Countries like India, Brazil and Mexico will also have to invest heavily in waste infrastructure as urbanisation and rising consumption lead to elevated waste generation.

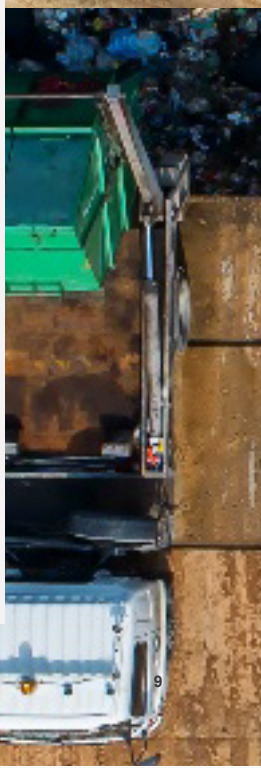


Waste collection rates

Collection rates by country income level



Source: www.openknowledge.worldbank.org. www.worldbank.org. Income levels based on GNI per capita in current USD.



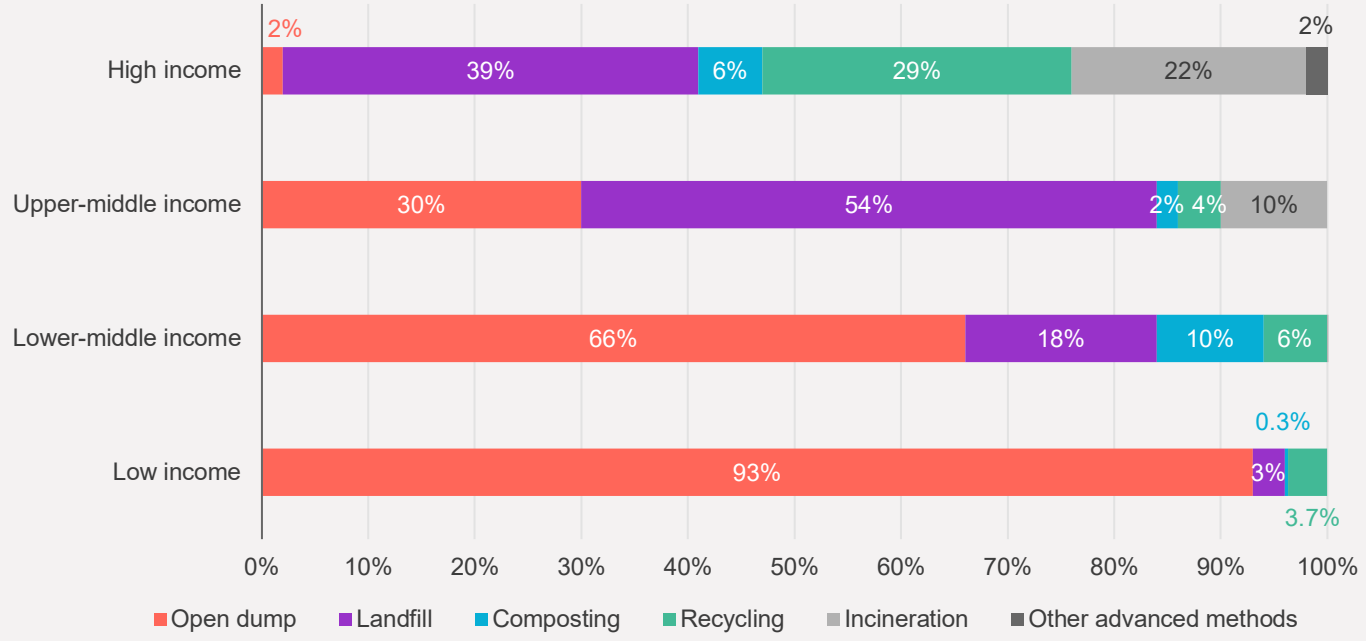
Regnan

The increasing value of waste

We believe the waste market is set for an overhaul of business models as regulation and environmental awareness catalyse change. Once governments commit to addressing the issue of waste, they need to develop a suitable waste strategy. The waste sector follows the well-known waste hierarchy: reduce, reuse, recycle and recover. This hierarchy seeks to minimise greenhouse gas (GHG) emissions. The most sustainable form of "treatment" is outright waste reduction, although waste will always exist and other methods also mitigate environmental damage.

For emerging economies, waste management methods mainly include waste collection and removal services provided by local operators. By contrast, mature economies often encompass more sophisticated solutions and services, which can include biological treatment, energy recovery and material recovery (sorting and recycling).

Disposal methods by country income level



Source: www.openknowledge.worldbank.org

Meeting the waste challenge

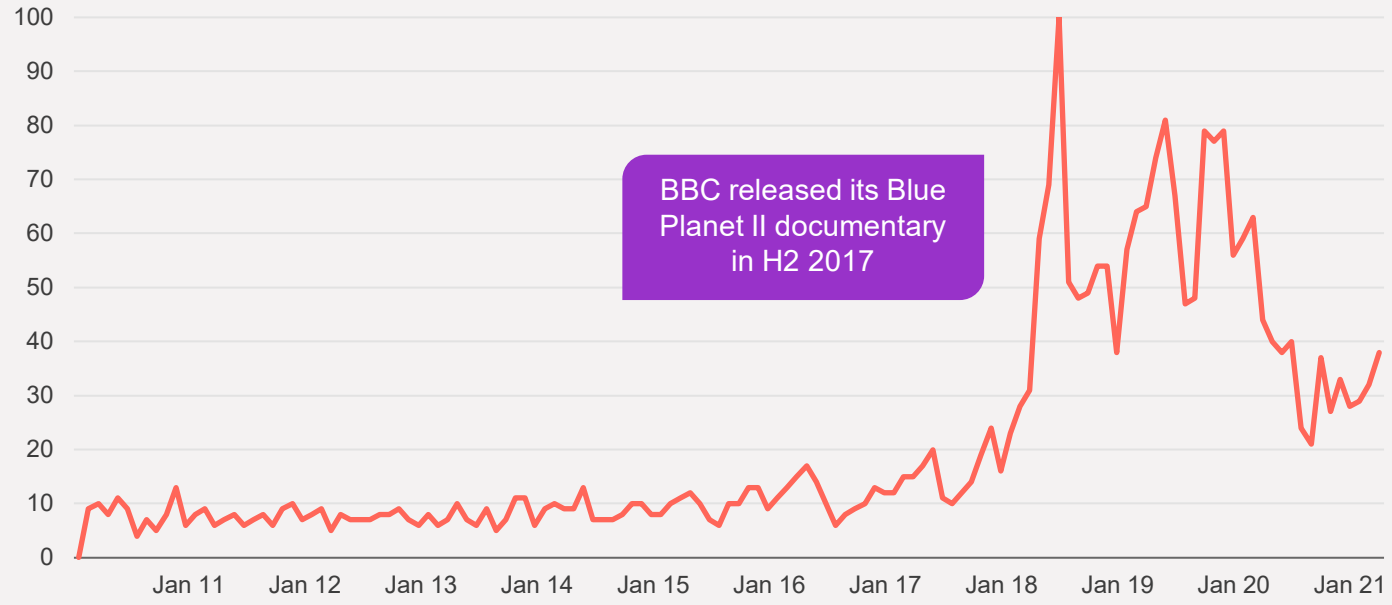
The volume of waste is expected to double in a matter of years for many countries. This presents numerous challenges for societies, governments and companies. In some cases governments are being forced to take extreme action. In Indonesia, the army was called in to remove plastic from a river in the country's third-largest city, Bandung.[4]

The consequences of ignoring waste are grave. The costs of inaction include elevated healthcare costs, lost productivity and flood damage. The economic damage to business and tourism can be up to five to ten times greater than the cost of proper waste management in middle and low-income countries. In Europe, improved resource efficiency could result in savings of up to €1.8 trillion per year by 2030.[5]

Consumers are also a driving force and are increasingly demanding greater sustainability. Increased awareness of the negative impact of plastic and other waste is changing consumer behaviour and increasing demand for recycling, sustainable packaging and other enhanced waste management practices.

Rising consumer interest in issue around waste

Google search popularity for 'plastic pollution'



Source: Google Trends.

[4]www.weforum.org
[5]www.mckinsey.com

Regnan

Regulation drives adoption

Governments around the world are waking up to the waste conundrum and beginning to take action. Regulation drives adoption, and Europe has taken the lead on this front, including restrictions on plastic (as per the examples in the table below). Other regions are following suit.

1	**Regulation**	**China's 'National Sword' policy**
	Details	In 2018, China banned waste imports of 24 categories of recyclable materials. In 2019, it banned 32 types of scrap materials.[6]
	Impact	Until its ban, China imported around 45% of the world's waste.[7] Developed countries who have been diverting their waste to China will have to build their own infrastructure to manage their waste. Exporting the waste to emerging countries is no longer a long-term solution.
2	**Regulation**	**EU's Directive on single-use plastics**
	Details	Signed in 2019, the directive comes into force in July 2021, It will ban 10 plastic products including cotton bud sticks, cutlery, plates, straws, stirrers and balloon sticks. It also includes a 77% separate collection target for plastic bottles by 2025, increasing to 90% by 2029.[8]
	Impact	EU rules on single-use plastic products aim to prevent and reduce the impact of certain plastic products on the environment, in particular the marine environment, and on human health. It also opens up opportunities for sustainable packaging companies and for companies involved in recycling PET (polyethylene terephthalate, the plastic most commonly used in single-use plastic water bottles).
3	**Regulation**	**EU's Circular Economy Package**
	Details	The package sets out a large number of initiatives and led to the adoption of new targets: 55% of municipal waste to be recycled and prepared for reuse by 2025, 60% by 2030 and 65% by 2035.[9]
	Impact	For many years, the EU has been leading the charge of setting out ambitious targets and achieving them on time. As in the past, this is expected to drive other countries to follow on the sustainability path, opening up new opportunities for companies across the waste value chain.
4	**Regulation**	**China Soil Ten Plan**
	Details	China aims to curb worsening soil pollution by 2020 and stabilise and improve its soil quality by 2030.
	Impact	With decades of industrial growth, China's arable land has witnessed serious contamination, with c.16% of soil exceeding state pollution limits.[10] China's land area is 27 times larger than Japan's, whose current market is valued at ¥200–300bn p.a. (about US$1.83bn -2.75bn).[11] China's soil and underground water remediation industry is well-positioned to develop into a subsector worth hundreds of billions of renminbi.

[6]www.recyclingtoday.com
[7]www.geographical.co.uk
[8]www.ec.europa.eu
[9]www.eea.europa.eu
[10]www.reuters.com
[11]www.goldmansachs.com

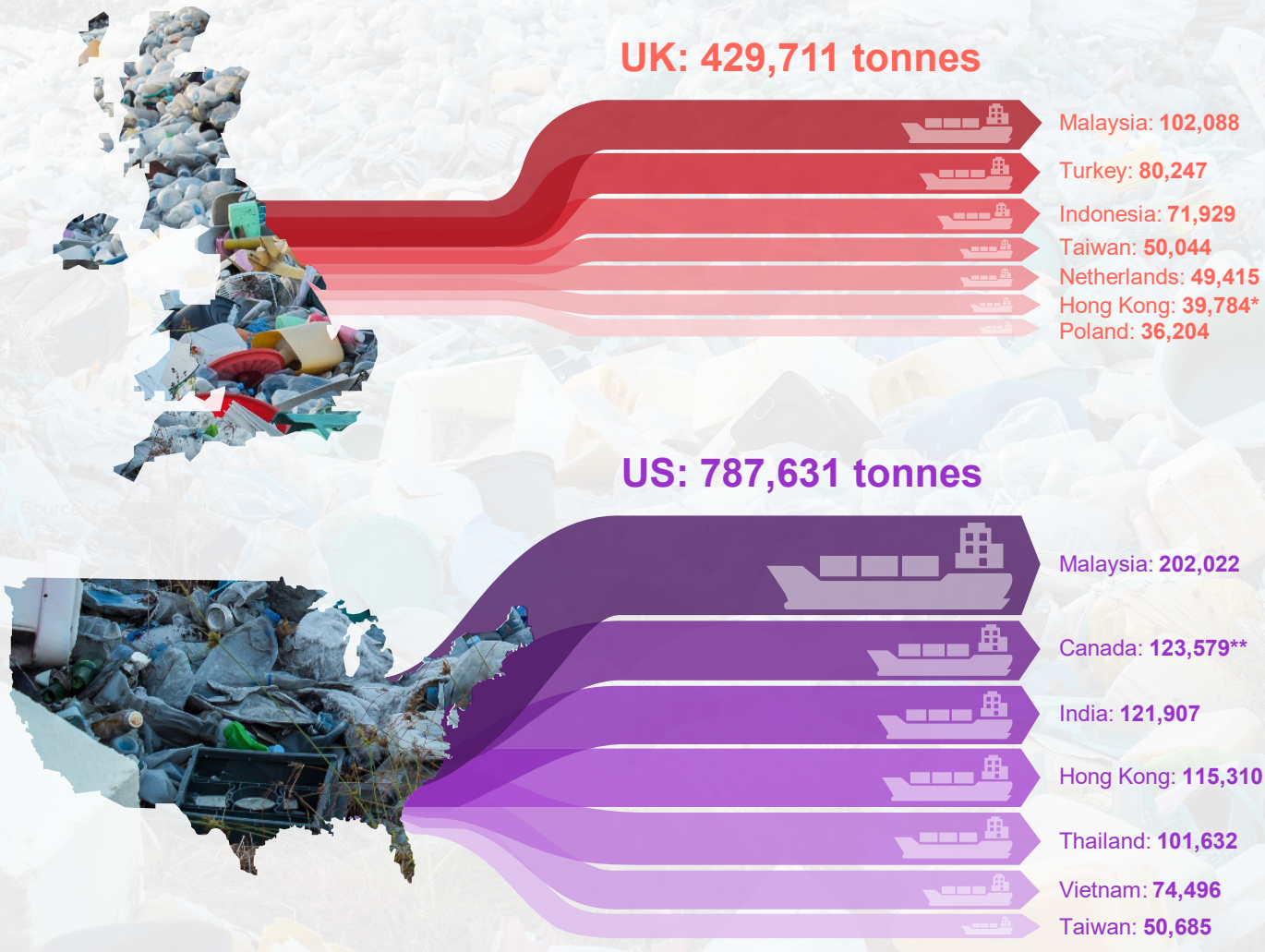
China's 'national sword' policy: a potential catalyst for the global waste industry

Since China stopped taking in the developed world's waste in 2018, developed countries have been trying to find a new destination for their waste. Plastic waste from these nations has become a global hot potato, passed from one country to another. The environmental and human health impacts have led many importing countries to restrict or ban imports of plastic scrap.

Both Thailand and Malaysia have announced bans on imports of plastic scrap by 2021. Indonesia has restricted imports of non-recyclable waste. Current diversion policies are only a short-term solution. Countries will have to build out their capacity to manage this waste.

Where the UK and the US send their plastic scrap

Total plastic waste exports from the UK and US and their seven largest destinations, (in tonnes, 2018)



Source: www.boell.de

*Figures for Hong Kong are high because it is a transhipment point for global waste.
**Mainly to nearby processing facilities across the border in Canada.

Regnan

Waste and sustainable growth

Solid waste has several direct and indirect impacts both on the environment (through emissions or pollution) and on society at large (such as health effects). While individuals and companies are becoming more waste conscious, it remains an inevitable by-product of consumer life. Waste solution providers play a critical role in helping customers dispose of waste in the most environmentally responsible and cost-effective ways. The magnitude of the problem is overwhelming, but it also presents some attractive investment opportunities.

Waste management, especially in urban areas, can have a significant economic cost. For many administrations in low-income countries, dealing with waste can be the largest budget item, comprising nearly 20% of municipal budgets, on average. Solid waste management typically accounts for more than 10% of municipal budgets in middle-income countries and about 4% in high-income ones.

The costs of collection are significant. However, the costs of ignoring waste are potentially much greater. A study focused on Southeast Asia estimated the economic cost of uncollected household waste that is burned, dumped, or discharged to waterways to be US$375 per metric tonne (McKinsey 2016). For the same region, the World Bank estimated the integrated waste management costs for basic systems meeting good international hygienic standards to be US$50–100 per metric tonne.[12] On this basis, there is a clear economic rationale for implementing sound waste management programmes.

[12]www.ubs.com

Waste and the Sustainable Development Goals (SDGs)

Solving the challenge of waste is intrinsically linked to achieving many of the United Nations Sustainable Development Goals (SDGs).

Waste transects a number of the goals – SDG 14 seeks to protect marine life by addressing the staggering amounts of plastic in the ocean. Estimates from the Ellen Macarthur Foundation suggest there will be more plastic in the oceans than fish by 2050.

But perhaps the most direct link between waste management and the SDGs is in achieving SDG 11, sustainable cities and communities, and SDG 13, taking urgent action to combat climate change and its impacts.[13]

If we want clean water and sanitation (SDG 6), we need to be addressing waste. And there are opportunities from waste too. As materials break down in landfill, they produce gas that can be processed into renewable energy sources (SDG 7). Closed landfills can also be used for a variety of beneficial purposes, such as solar farms or recreation space.

[13]www.ccacoalition.org

The investment opportunity

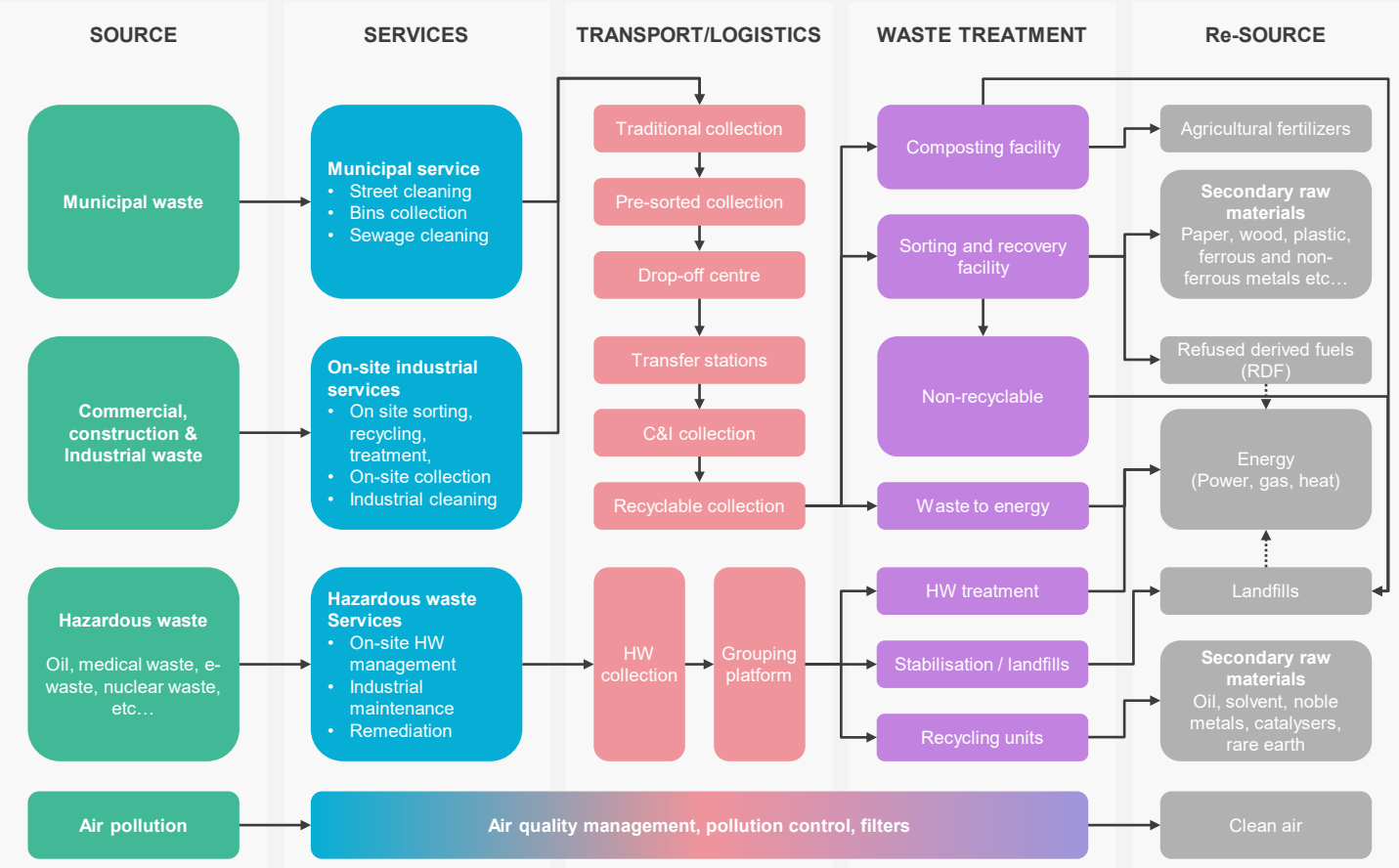
Waste value chain

The waste management sector is complex. Clients requiring waste management services come from a very broad cross section of society and economies and therefore often have different challenges and requirements. Variability comes in the form of effluents, volume, location, geography and local infrastructure.

These broad and differentiated needs present opportunities for flexible businesses that create innovative solutions along the value chain.

The breadth of the waste management value chain is depicted below.

Investing in the waste value chain

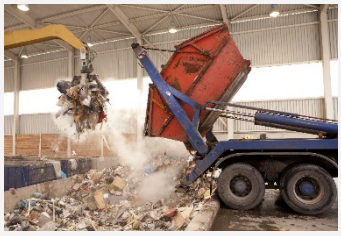


Source: Regnan.

Investment opportunities across the waste value chain

In our view, the waste market can be categorised into four segments: general waste, speciality waste and services, energy related waste, recycling and re-use.

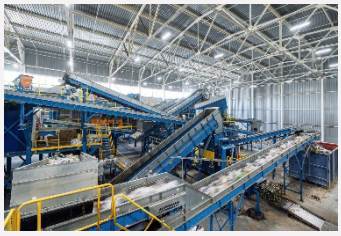
We provide an overview of each market category in the following summaries:



General waste business

These are integrated waste companies that offer multiple services including waste collection, despatching, disposals, recycling and other services. They tend to have exposure to industrial, commercials and municipal clients, whereby contracts can be renewed annually or over a period of three or more years. The contracts often include price indexation and escalation.

General waste companies grow faster than GDP and sometimes volumes are linked to industrial production and consumption volumes, which provides the potential for cyclical upside. Prices typically rise faster than inflation on an integrated level. These businesses are typically more sensitive to price than volume, leading to high cash conversion over time and therefore tend to exhibit sound return on capital with cash flow visibility. The market tends to be fragmented and the larger, dominant players in this space can benefit from continuous consolidation.



Recycling and re-use

Certain waste can easily be recycled, especially ferrous and non-ferrous waste (aluminium can be re-used infinitely). Companies operating in this segment collect waste and clean, transform and sell the output as a new resource. Recycling offers multiple revenue streams, as there are numerous points to add value during processing, not just at the point of effective resale. Moreover, once sorted, recycled products are cheaper and more efficient to produce than virgin materials. Volumes in the segment are linked to industrial output by sub-industry groups, such as the car or steel industries. While prices are linked to market evolution: commodity prices, paper prices, plastic prices, precious material, etc.

Recycling companies tend to behave like early cyclical businesses, and marginal valuation is sometimes linked to underlying raw material prices. Volume depends on industrial production (GDP+) and capacity increases (more factories lead to more recycling).

Speciality Waste & Services

Companies in this segment offer specialised services including on-site cleaning, collection and solution of speciality waste material. Examples include waste oil collection, cleaning and recycling, medical waste collection and incineration, and industrial and commercial site cleaning.

The performance of these companies is most closely linked to industrial production. Higher regulation in the area offers new opportunities for outsourcing trends. We expect more value will come from specialised service as companies need high-value solutions. Given the niche nature of their business, these companies tend to offer robust margins.

Energy related waste

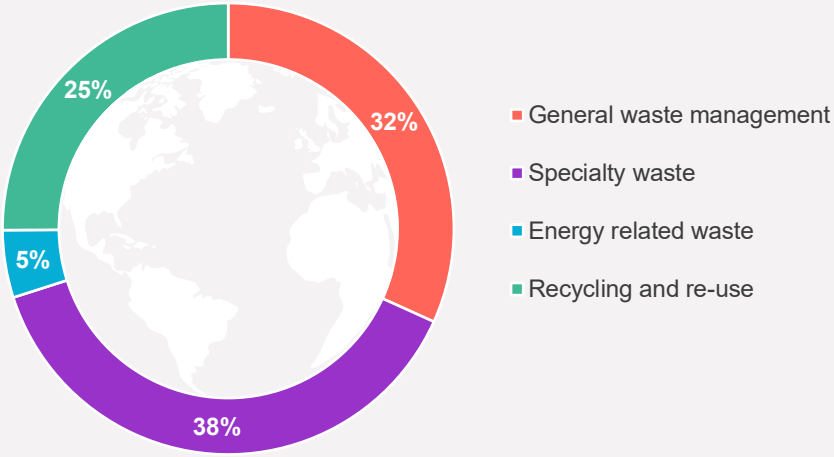
If waste cannot be reused/recycled, then its material content can be used as energy. Waste-to-energy facilities take waste volumes and sell output power or steam at the market for contracted prices over the life of assets (>30 years). The outlook for these companies looks strong as countries divert waste from landfills that have high tariffs. When properly managed, the process is not damaging to human health and generates relatively cheap energy. In our view, this sub-sector offers investors one of the most attractive opportunities in waste, with typically stable returns and fewer production risks than traditional energy sources. The US Environmental Protection Agency (EPA) has estimated that for each tonne of municipal solid waste sent to a waste-to-energy plant, one tonne of greenhouse gasses emissions is avoided.[14] In developed markets, there is already strict environmental regulation for waste-to-energy plants. This ensures they use devices such as filters, scrubbers and precipitators to minimise pollution. A significant proportion of the initial investment in these plants is dedicated to putting adequate systems in place to control toxic emissions. This means the risks of harmful environmental impacts are heavily mitigated upfront.

Output prices generally depend on power market prices (coal, gas or oil as price-setters). This business is an infrastructure play, with strong cash flow generation and capacity to generate operational efficiency.

[14]www.americanprogress.org

Investment opportunities across the waste value chain

Investable global equities waste market



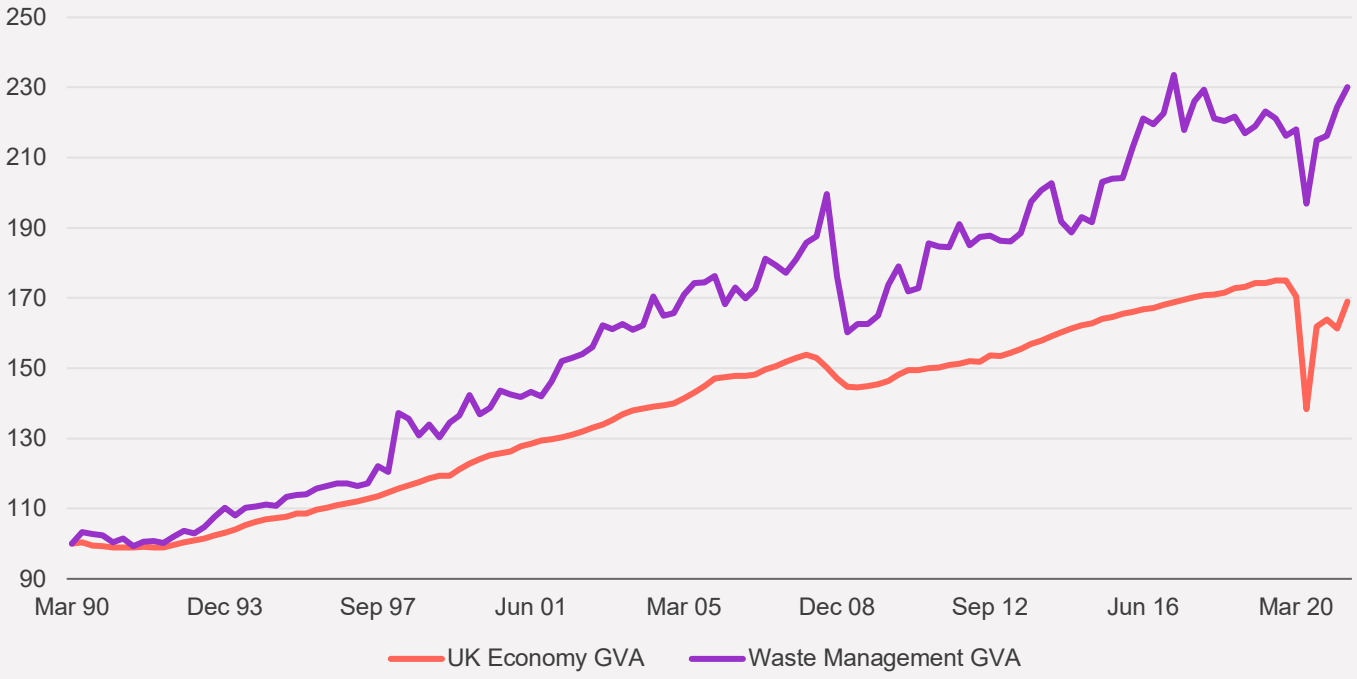
Source: Regnan as at March 2021. Based on market cap and subjective assessment.

Waste grows faster than GDP

The waste management sector tends to grow at a faster rate than GDP, which makes it an attractive area to look for investment opportunities. In the UK, the gross value added (GVA) of the waste and resource management sector has grown at a much faster rate than the wider economy over the past three decades.

While volumes are a key driver for many regions, recycling and resource recovery are helping many countries to extract more value from waste. These trends are expected to accelerate in the coming years.

The UK waste management sector has grown faster than the UK economy since 1990



Source: Regnan, Bloomberg as at 30 June 2021. Rebased to 100.

Regnan

Waste stocks have outperformed the broader market

Helped by the long-term structural drivers behind the theme, waste companies have outperformed the broader global stock market in the last 15 years. To illustrate such companies' long-term performance, we can look at the chart of the BNP Waste Management Index versus the MSCI All Country World Index, which shows waste stocks consistently outperforming the broader market.

These stocks have historically demonstrated a solid up-down capture showing resilience during down markets and rallying with the market in a bullish environment. This depicts the superior historical risk/return profile of these stocks.

Historical performance of Waste

Waste Index vs. MSCI All Country World Index (net total return)

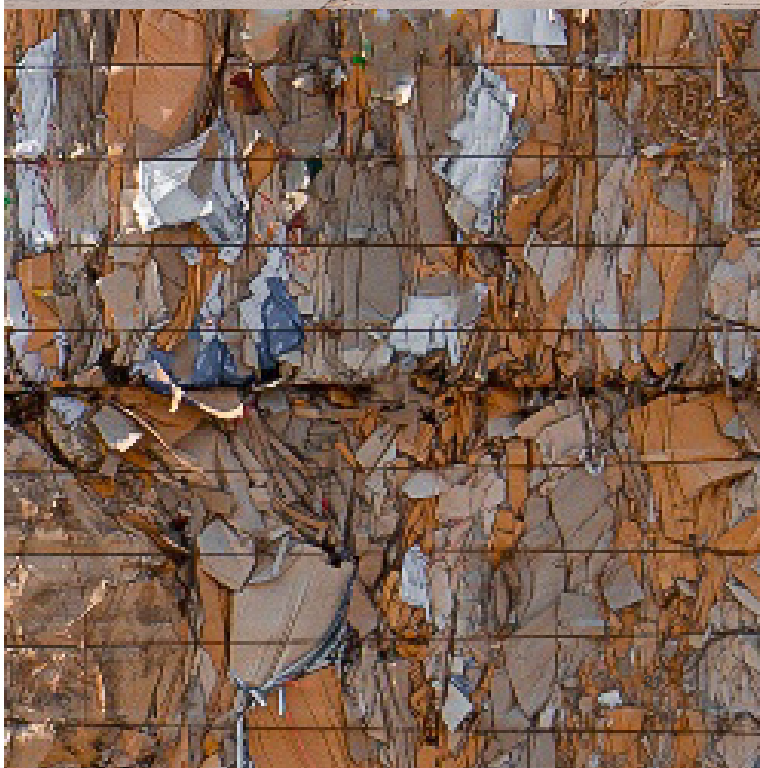
Source: Bloomberg as at 16 August 2021. Waste Index represents BNP Paribas Global Waste Management Total Return Index USD. All Indices in USD.

Regnan

Attractive investment characteristics

Waste companies have exhibited solid fundamentals with steady revenue growth, strong pricing power, robust operating income and expanding net income margins. These characteristics, combined with structural thematic supports, have resulted in the strong share price performance for the theme. We expect these trends to continue as economies start to reopen and recover from the Covid-19 crisis.

The Regnan Sustainable Thematic Investment team has a strong track record of analysing these stocks and pioneered an investment strategy focused on waste. We also have the in-house expertise of performing detailed sustainability analysis on these companies.



Regnan

About Regnan

Regnan is a responsible investment leader with a long and proud history of providing insight and advice to investors and industry bodies such as the UNPRI.

In 2020 Regnan expanded into responsible investment funds management, backed by the considerable resources of Pendal Group.

Our strategies:

Regnan Global Equity Impact Solutions

The Regnan Global Equity Impact Solutions strategy is a solutions-first approach, focused on investing in mission-driven businesses that address underserved environmental and social challenges and deliver real, systematic change for the better. It is a high-conviction, global, multi-capitalisation portfolio with low turnover and a strong emphasis on driving impact by engaging companies to improve measurable outcomes.

Regnan Credit Impact*

The Regnan Credit Impact Strategy is an actively managed portfolio of mainly investment grade impact bonds (green/climate, social & sustainability) that support positive societal and/or environmental outcomes including advancement of the United Nations Sustainable Development Goals.

Regnan Sustainable Water and Waste

Our Thematic Investing team joined Regnan in April 2021 ahead of the launch of the Regnan Sustainable Water and Waste Strategy in September 2021. Combining exposure to both water and waste-related companies makes this strategy a distinctive thematic investment proposition with diversification benefits.

*Available to Australian investors only.

CONTACTS

J O Hambro Capital Management Ltd
Level 3
1 St James's Market
London SW1Y 4AH
T: +44 (0) 20 7747 5678
E: info@johcm.co.uk

Tjeerd Voskamp
Head of Sales and Distribution – UK, Europe and Asia
T: +44 (0) 20 7747 8961
E: tvoskamp@johcm.co.uk

UK Intermediary Sales:

Gavin White
Head of UK Intermediary Sales
T: +44 (0) 770 277 7318
E: gwhite@johcm.co.uk

Richard Turner
Sales Director
T: +44 (0) 7515 596 988
E: rturner@johcm.co.uk

Bryan Horne
Sales Director
T: +44 (0) 7841 899 535
E: bhorne@johcm.co.uk

James Allcorn-Austen
Sales Manager
T: +44 (0) 7834 309 021
E: jallcorn-austen@johcm.co.uk

David Firth
Associate Sales Manager
T: +44 (0) 7960455734
E: dfirth@johcm.co.uk

Germany, Austria & Switzerland:

Annabelle Wegner
Director of European Sales
T: +44 (0) 20 7747 5652
E: awegner@johcm.co.uk

France, Italy & Spain:

Valentina Maggio
Sales Support
T: +44 (0) 20 7747 5679
E: vmaggio@johcm.co.uk

Netherlands & Scandinavia:

Patrick Aylwin
Sales Manager
T: +44 (0) 20 7747 5619
E: paylwin@johcm.co.uk

Asia:

Andrew Ang
Director of Asian Sales
T: +65 6511 6313
E: aang@johcm.com

Institutional Sales:

EMEA

James Elks
Director, Institutional Business
T: +44 (0) 20 7747 5653
E: jelks@johcm.co.uk

Disclaimer

THIS DOCUMENT IS FOR PROFESSIONAL INVESTORS ONLY. IT SHOULD NOT BE CIRCULATED TO OR RELIED UPON BY RETAIL INVESTORS.

This is a marketing communication. Information on the rights of investors can be found here.

Issued and approved in the UK by J O Hambro Capital Management Limited ("JOHCML") which is authorised and regulated by the Financial Conduct Authority. Registered office: Level 3, 1 St James's Market, London SW1Y 4AH.

Issued in the European Union by JOHCM Funds (Ireland) Limited ("JOHCMI") which is authorised by the Central Bank of Ireland. Registered office: Riverside One, Sir John Rogerson's Quay, Dublin 2, Ireland.

References to "JOHCM" below are to either JOHCML or JOHCMI as the context requires.

Regnan is a standalone responsible investment business division of Pendal Group Limited (Pendal). Pendal is an Australian-listed investment manager and owner of the J O Hambro Capital Management Group. Regnan's focus is on delivering innovative solutions for sustainable and impact investment, leaning on over 20 years of experience at the frontier of responsible investment. "Regnan" is a registered trademark of Pendal.

The Regnan business consists of two distinct business lines. The investment management business is based in the United Kingdom and sits within J O Hambro Capital Management Limited, which is authorised and regulated by the Financial Conduct Authority and is registered as an investment adviser with the SEC. "Regnan" is a registered as a trading name of J O Hambro Capital Management Limited. The Regnan Insight and Advisory Centre of Pendal Institutional Limited is based in Australia and has a long history of providing engagement and advisory services on environmental, social and governance issues. While the investment management teams will often draw on services from and collaborate with the Regnan Centre team, they remain independent of the Regnan Centre team and are solely responsible for investment management.

The distribution of this document in jurisdictions other than those referred to above may be restricted by law ("Restricted Jurisdictions"); therefore, this document is not intended for distribution in any Restricted Jurisdiction and should not be passed on or copied to any person in such a jurisdiction. No person in any Restricted Jurisdiction should rely on this document and persons into whose possession this document comes who are in a Restricted Jurisdiction should inform themselves about and observe any such restrictions. Any such distribution could result in a violation of the law of such jurisdictions.

This report, including any expression of opinion, is for information purposes only and is given on the understanding that it is not a recommendation and is not to be published or otherwise made available to any person other than the party to whom it is provided. No representation or warranty, express or implied, is made or given by or on behalf of JOHCM or any other person as to the accuracy or completeness of the information or opinions contained in this document, and no responsibility or liability is accepted for any such information or opinions (but so that nothing in this paragraph shall exclude liability for any representation or warranty made fraudulently).

The registered mark J O Hambro® is owned by Barnham Broom Holdings Limited and is used under licence. JOHCM® is a registered trademark of JOHCML.

Telephone calls to and from JOHCM may be recorded. Information on how JOHCM handles personal data which it receives can be found in the JOHCM Privacy Statement on its website: www.johcm.com

Information on how JOHCM handles personal data which it receives can be found in the JOHCM Privacy Statement on our website: www.johcm.com