

Statement on principal adverse impacts of investment decisions on sustainability factors

31 December 2024

Financial market Participant: GIB Asset Management* LEI: 7N7YKE66OZ27KON72O26

Summary

GIB Asset Management, (United Kingdom) LEI: 7N7YKE66OZ27KON72O26, considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated principal adverse sustainability impacts statement of GIB Asset Management. This principal adverse impacts statement covers the reference period from 1 January 2024 to 31 December 2024.

A summary of the principal adverse impacts considered by GIB Asset Management, as disclosed in this statement, can be found in the tables below. GIB Asset Management considers all mandatory principal adverse impact indicators and certain additional indicators as defined by Regulation (EU) 2018/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector Sustainable Finance Disclosure Regulation ("SFDR"), subject to data availability and quality.

*GIB Asset Management is the trading name of Gulf International Bank (UK) Ltd

	Principal Adverse Indicator	Metric	Impact 2024 (Year N)	Impact 2023 (Year N-1)	Explanation	Actions Taken/Actions Planned
Climate and other environment-related indicators						
Greenhouse Gas Emissions	1. GHG Emissions	Scope 1 GHG Emissions	22.69	30.14	Sum of portfolio companies' Carbon Emissions - Scope 1 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	<p>Entity Approach</p> <p>We have a long-established index solutions business that prides itself on offering high service levels to our clients, and we have also built a sustainability focused active management business alongside this well established index solution team.</p> <p>Our <u>2023 Responsible Investment Policy</u> applies to GIB AM's asset management business, and we make every effort to implement the policy consistently, but exceptions may apply in segregated mandates where the client has specific requirements. GIB AM is committed to acting in the best interests of its clients. Within index solutions strategies, our contractual obligation and fiduciary duty to the client is often to replicate the index as closely as possible. In such cases, there is no discretion outside of this mandate to apply ESG exclusions to the portfolio.</p> <p>However, GIB AM aims to work in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all AUM. GIB AM has strong relationships with its asset owner clients and aims to discuss their decarbonisation goals with them on a regular basis.</p> <p>Our <u>2023 Responsible Investment Policy</u> covers engagement and is guided by our clients' best interests. At GIB AM, our investment teams analyse the possible or material adverse impact indicators through in-house monitoring and research of existing or potential holdings. GIB AM's investment teams may engage with companies to eliminate or alleviate existing adverse impacts or request that the investee companies provide more data where data is unavailable. The prioritisation of these indicators depends on the materialisation of the problem, the likelihood that engagement will lead to positive action eliminating or improving adverse impacts, as well as the weight of our holding in the investee company. At GIB AM, we not only consider the present sustainability barriers, but also attempt to encourage companies to act in the best interest of our clients. Our <u>2023 Responsible Investment Policy</u> also covers our Proxy Voting Policy, which adopts high governance standards and codes of conducts.</p> <p>Our actively managed funds are defined as Article 8 or Article 9. Our Article 9 Funds are managed in alignment with all mandatory Principle Adverse Impacts (PAIs), as well as relevant additional PAIs, as detailed in the Products' Prospectuses (which can be found on our website). Our Article 8 funds consider PAIs on sustainability factors, as detailed in the Products' Prospectuses (which can be found on our website).</p> <p>Outside of our Article 9 funds, GIB AM does not make product-level commitments to meet the PAIs, although GIB AM aims to incorporate the firm-wide processes as detailed in our <u>2023 Responsible Investment Policy</u>.</p> <p>To see details of action taken, see our <u>2023 Impact and Engagement Report</u>.</p>
		Scope 2 GHG Emissions	5.26	6.92	Sum of portfolio companies' Carbon Emissions - Scope 2 (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	
		Scope 3 GHG Emissions	190.16	235.99	Sum of portfolio companies' Scope 3 - Total Emission Estimated (tCO2e) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	
		Total GHG Emissions	218.11	273.03	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with the market value of the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	
	2. Carbon Footprint	Carbon Footprint	339.37	410.46	The total annual Scope 1, Scope 2, and estimated Scope 3 GHG emissions associated with 1 million EUR invested in the portfolio. Companies' carbon emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).	
	3. GHG intensity of investee company	GHG Intensity of investee companies	851.46	871.72	The portfolio's weighted average of its holding issuers' GHG Intensity (Scope 1, Scope 2 and estimated Scope 3 GHG emissions/EUR million revenue).	

Principal Adverse Indicator		Metric	Impact 2024 (Year N)	Impact 2023 (Year N-1)	Explanation	Actions Taken/Actions Planned
Climate and other environment-related indicators						
Greenhouse Gas Emissions	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	9.23%	10.42%	The percentage of the portfolio's market value exposed to issuers with fossil fuels related activities, including extraction, processing, storage and transportation of petroleum products, natural gas, and thermal and metallurgical coal.	Whilst some of the exposure to companies active in the fossil fuel sector are held within our actively managed Funds, these companies may not be involved in the areas within our exclusion policy (exclusions are sometimes subject to de minimis limits. Details can be found within each Fund's supplement and Pre-Contractual Disclosures). Any such holdings would also be largely involved in renewable energy, are operating fuel centres or warehouse ancillary in gasoline. These stocks are seen as transition stocks by the investment teams.
	5. Share on non-renewable energy consumption and production	Share of non-renewable energy consumption and production	56.82%	66.13%	The portfolio's weighted average of issuers' energy consumption and/or production from non-renewable sources as a percentage of total energy used and/or generated.	See above Entity approach.
	6. Energy consumption intensity per high impact climate sector	NACE Code A (Agriculture, Forestry, and Fishing)	0.12	0.98	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code A (Agriculture, Forestry and Fishing)	
		NACE Code B (Mining and Quarrying)	1.11	1.24	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code B (Mining and Quarrying)	
		NACE Code C (Manufacturing)	1.04	0.42	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code C (Manufacturing)	
		NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply)	6.15	7.47	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code D (Electricity, Gas, Steam and Air Conditioning Supply)	
		NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities)	0.71	1.16	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code E (Water Supply; Sewerage, Waste Management and Remediation Activities)	
		NACE Code F (Construction)	0.16	0.23	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code F (Construction)	

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Principal Adverse Indicator	Metric	Impact 2024 (Year N)	Impact 2023 (Year N-1)	Explanation	Actions Taken/Actions Planned
Climate and other environment-related indicators					
Greenhouse Gas Emissions	6. Energy consumption intensity per high impact climate sector	NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles)	0.38	0.12	The fund's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles)
		NACE Code H (Transportation and Storage)	1.41	1.35	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code H (Transportation and Storage)
		NACE Code L (Real Estate Activities)	0.33	0.51	The portfolio's weighted average of Energy Consumption Intensity (GwH/million EUR revenue) for issuers classified within NACE Code L (Real Estate Activities)
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas	10.52%*	0.16%	The percentage of the portfolio's market value exposed to issuers' that reported having operations in or near biodiversity sensitive areas and have been implicated in controversies with severe or very severe impacts on the environment.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.08	0.18	The total annual wastewater discharged (metric tons reported) into surface waters as a result of industrial or manufacturing activities associated with 1 million EUR invested in the portfolio. Companies' water emissions are apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	4.07	5.94	The total annual hazardous waste (metric tons reported) associated with 1 million EUR invested in the portfolio. Companies' hazardous waste is apportioned across all outstanding shares and bonds (based on the most recently available enterprise value including cash).

Source: MSCI One

*The increase from 0.16% in 2023 to 10.52% in 2024 is due to a methodology enhancement applied to the metric by MSCI. From 2024, the metric was enhanced to incorporate Company self-reported data, and MSCI's own assessment using the Biodiversity Screening Metrics methodology and the MSCI Asset Location Database, specifically through the new biodiversity operations sensitive areas factor.

This new factor identifies companies with three or more known physical assets in areas considered biodiversity sensitive (e.g., Healthy Forests, Intact Biodiversity Areas, Prime Conservation Areas, or Deforestation Fronts). As a result, more companies were assessed based on internal geospatial analysis, leading to a broader and more accurate identification beyond self-reported disclosures. This explains the increase in reported values in 2024 compared to 2023.

Principal Adverse Indicator		Metric	Impact 2024 (Year N)	Impact 2023 (Year N-1)	Explanation	Actions Taken/Actions Planned
Indicators for Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery						
Social and Employee Matters	10. Violation of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.13%	0.59%	The percentage of the portfolio's market value exposed to issuers with very severe controversies related to the company's operations and/or products.	The exposure to UNGC violators is through holdings within our Index Solutions strategies. In accordance with the exclusion policy (which can be found within each Fund's supplement and Pre-contractual Disclosures), UNGC violators are not held within our actively managed funds.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.32%**	53.47%	The percentage of the portfolio's market value exposed to issuers that are not signatories in the UN Global Compact.	See above Entity approach.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	9.97%	11.98%	The portfolio holdings' weighted average of the difference between the average gross hourly earnings of male and female employees, as a percentage of male gross earnings.	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	34.49%	33.92%	The portfolio holdings' weighted average of the percentage of board members who are female.	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.02%	0.03%	The percentage of the portfolio's market value exposed to issuers with an industry tie to landmines, cluster munitions, chemical weapons or biological weapons. Note: Industry ties includes ownership, manufacturing and investments. Ties to landmines do not include related safety products.	The exposure to controversial weapons is through three holdings within our Index Solutions strategies held during 2024. One of these holdings has since been sold, the remaining two continue to be held.

Source: MSCI One

**The significant decrease from 53.47% in 2023 to 0.32% in 2024 is a result of an enhancement in methodology for Principle Adverse Indicator 11. Previously, the approach flagged any issuer not signatory to the UN Global Compact. Under the updated 2024 methodology, issuers are now evaluated based on a wider range of criteria:

- A policy covering at least human rights, labor due diligence, or anti-bribery,
- Monitoring systems to assess compliance (e.g., audits or due diligence evaluations), or
- A grievance/complaints handling mechanism.

This broader assessment allows companies to pass the metric even if they are not a Global Compact signatory, provided they meet the above conditions. Hence, the significant reduction reflects a more nuanced and inclusive approach, rather than a change in the holding universe.

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Principal Adverse Indicator	Metric	Impact 2024 (Year N)	Impact 2023 (Year N-1)	Explanation	Actions Taken/Actions Planned	
Additional Climate and other Environmental-related indicators						
Water, Waste, and Material Emissions	7. Investments in companies without water management policies	Share of investments in investee companies without water management policies	31.11%	31.91%	The percentage of the portfolio's market value exposed to issuers without evidence of setting water reduction targets, measuring water footprint, implementing water conservation measures, or other initiatives focused on water management.	See above Entity approach.
	13. Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average	79.88	135.20		
Additional indicators for Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery Matters						
Social and Employee Matters	3. Numbers of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	0.16%	0.08%	The total Workdays Lost Due to Workplace Accidents or Illness associated with EUR 1 million invested in the portfolio. It is calculated as the weighted average of Workdays Lost Due to Workplace Accidents or Illness per company divided by the company's most recently available enterprise value including cash (EVIC).	See above Entity approach.

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Data sources:

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