GIB ASSET MANAGEMENT

GIB AM
European Focus Fund
Annual Climate Report
2024

1. Introduction

Gulf International Bank (UK) Limited, trades under the name GIB Asset Management (GIB AM). GIB AM is the investment manager of the GIB AM European Focus Fund* (The Fund). The Fund's investment objective is to achieve capital growth**.

This report provides an overview of the GIB AM European Focus Fund's impact on climate change, as well as the Fund's exposure to climate-related risks, consistent with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), and this product report aligns with GIB AM's entity level climate-related financial disclosure.

TCFD has developed climate related financial disclosures to help investors assess the climate related risks and opportunities within their investments.

This report is designed to provide investors with information on the emissions generated by the companies that the GIB AM European Focus Fund invests in. The report is based on the recommendations of the TCFD as per the rules and guidance issued by our regulator, the Financial Conduct Authority (FCA). This report covers the reporting year 01 January 2024 to 31 December 2024 and metrics have been calculated as at 31 December 2024.

For the purpose of comparison, we calculate the same metrics for the MSCI Europe Index (the Benchmark), the Fund's performance benchmark.

Coverage

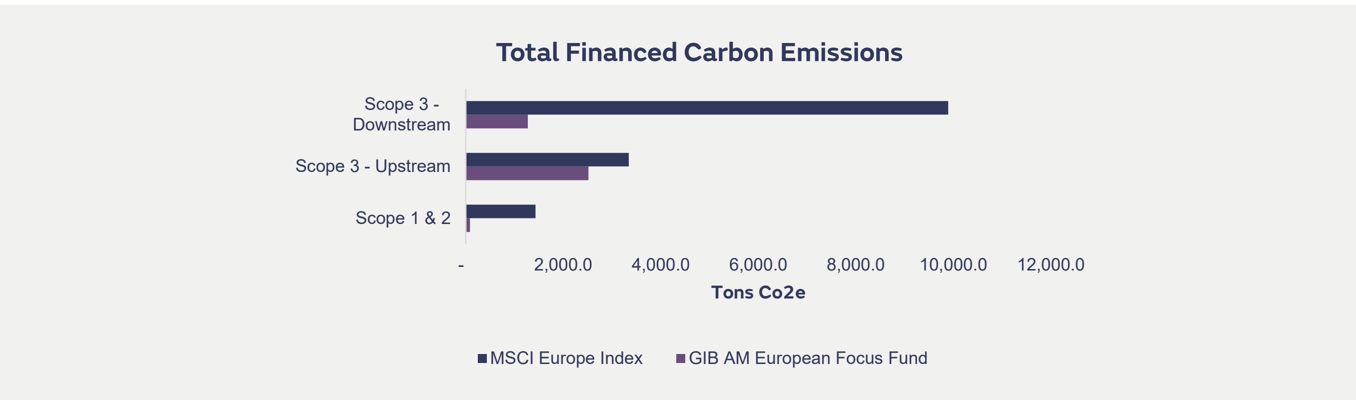
We use data on carbon emissions provided by MSCI. MSCI aggregates company-reported emissions where available but also relies on estimations to fill in gaps where that data is not available. Sourcing emissions data is a challenge, as is validating and standardising that data across the investment management industry.

There are no material differences between GIB AM's overarching firmwide approach in respect of climate-related risks and opportunities across the pillars of governance, strategy and risk management and those applied to the Fund. For further information, please see GIB AM's Climate-Related Financial Disclosure.

2. Climate-Related Metrics

Total Financed Carbon Emissions

The Total Financed Carbon Emissions metric is intended to show the climate impact of investments within the Fund compared with those in the Benchmark. They measure the total carbon emissions for which an investor is responsible by their equity ownership, and emissions are allocated to all financiers (EVIC). Emissions are apportioned based on equity ownership (% market capitalisation).



Source MSCI as at 31 December 2024

Fund Data Coverage: Scope 1&2: 100%, Scope 3: 100%. Benchmark Data Coverage: Scope 1&2: 99.2%, Scope 3: 99.2%

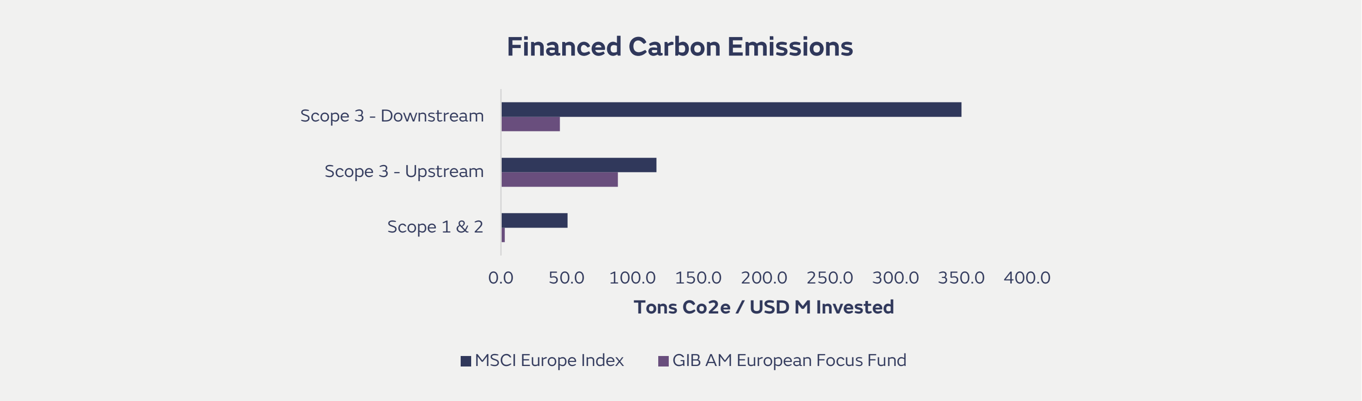
Where reported data is not available, Scope 1 & 2 carbon emissions are estimated using MSCI's Scope 1 & 2 estimation model. To ensure consistency, MSCI estimates emissions if a company's reporting does not align with the GHG Protocol framework or does not represent emissions across all its geographies and operations. Where reported data is not available, scope 3 emissions are estimated by MSCI using an industry segment specific intensity model. The % coverage represents the % of the holdings in the Fund or Benchmark which are eligible for reporting including equity, bonds, ETFs and sovereigns (real assets, private debt, currency and derivatives are currently not included for the purposes of carbon reporting).

* A sub-fund of AFP UCITS ICAV

**Investors should be aware there is no guarantee that the Fund will achieve its investment objective

Financed Carbon Emissions

The Financed Carbon Emissions metric is intended to help compare the climate impact of the Fund and Benchmark, normalised by monetary unit invested. It measures the carbon emissions, for which an investor is responsible, per USD million invested, by their equity ownership, and emissions are allocated to all financiers (EVIC) normalised by $m invested. Emissions are apportioned based on equity ownership (% market capitalisation).



Source MSCI as at 31 December 2024

Fund Data Coverage: Scope 1&2: 100%, Scope 3: 100%. Benchmark Data Coverage: Scope 1&2: 99.2%, Scope 3 - upstream: 99.3%, Scope 3 - downstream: 99.2%

Where reported data is not available, Scope 1 & 2 carbon emissions are estimated using MSCI's Scope 1 & 2 estimation model. To ensure consistency, MSCI estimates emissions if a company's reporting does not align with the GHG Protocol framework or does not represent emissions across all its geographies and operations. Where reported data is not available, scope 3 emissions are estimated by MSCI using an industry segment specific intensity model. The % coverage represents the % of the holdings in the Fund or Benchmark which are eligible for reporting including equity, bonds, ETFs and sovereigns (real assets, private debt, currency and derivatives are currently not included for the purposes of carbon reporting)

Weighted Average Carbon Intensity (WACI)

The WACI metric is compared the Fund's exposure to carbon intensive companies to the Benchmark's exposure. It measures a portfolio's exposure to carbon-intensive companies, defined as the portfolio weighted average of companies' Carbon Intensity (emissions/sales).

Source MSCI as at 31 December 2024

Fund Data Coverage: Scope 1&2: 100%, Scope 3: 100%. Benchmark Data Coverage: Scope 1&2: 99.3%, Scope 3- upstream: 99.3%, Scope 3- downstream: 99.2%

Where reported data is not available, Scope 1 & 2 carbon emissions are estimated using MSCI's Scope 1 & 2 estimation model. To ensure consistency, MSCI estimates emissions if a company's reporting does not align with the GHG Protocol framework or does not represent emissions across all its geographies and operations. Where reported data is not available, scope 3 emissions are estimated by MSCI using an industry segment specific intensity model. The % coverage represents the % of the holdings in the Fund or Benchmark which are eligible for reporting including equity, bonds, ETFs and sovereigns (real assets, private debt, currency and derivatives are currently not included for the purposes of carbon reporting)

Climate Value at Risk (CVaR)

CVaR is designed to provide a forward-looking valuation estimate of a company or fund taking into account the climate related risks and opportunities faced under different climate scenarios. CVaR is comprised of climate impacts through policy risks, physical risks and technological opportunities.

This risk measurement helps to estimate future costs and benefits related to climate change and understand what those future costs and benefits could mean towards the current valuation of securities. The premise of CVaR is to estimate and aggregate costs related to specific climate risks and opportunities.

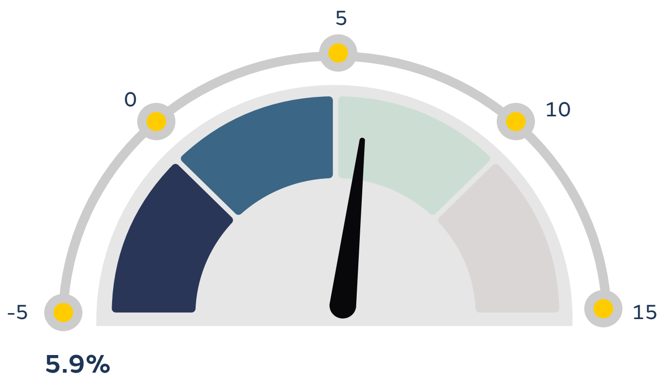
The MSCI CVaR model projects the net present value of future transition-related expenses and benefits for each company up to the year 2050, as well as the physical costs extending to 2100, under various climate scenarios. These projected financial impacts are then converted into a percentage relative to the company's equity or debt—whichever is applicable—and are subsequently weighted according to the Fund holdings. It should be noted that the current iteration of the MSCI CVaR model only covers corporate, sovereign bonds and equity asset types, this means that derivatives positions are not covered. In the CVaR module proxies for holdings are not used where securities are not covered.

For physical risk, the model provides two methods to estimate the costs borne by a company on an average and aggressive modelling basis. Cost estimations from physical risk are aggregated at Fund level. The “average” physical risk costs are the average of discounted expenses whereas the “aggressive” method considers the worst-case scenario of the discounted costs. In both cases discounted costs are assumed to be normally distributed. Estimates included in this reporting use the “average” path for the scenario modelling of physical climate risk.

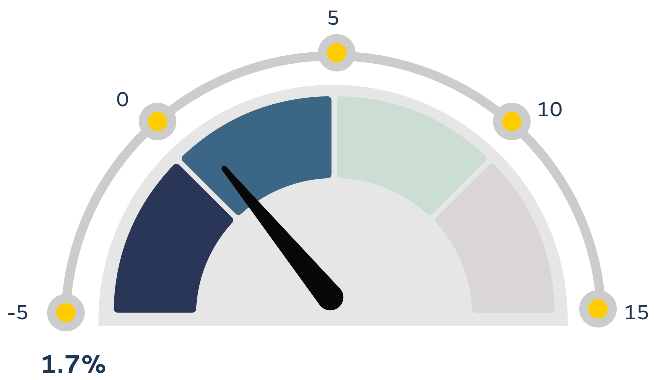
The CVaR module makes a number of assumptions to derive an estimated enterprise value loss caused by climate change. For example, the impact of temperature rise on labour productivity, corporate tax rates, future electricity consumption and cost to decarbonise in various regions, relationship between patents and future green revenues are all based on assumptions. The CVaR solution also assumes that current valuations do not already take into account climate risk. CVaR estimates are used bearing those limitations and assumptions in mind. Additionally, a limitation of the model is that it is complex and relies on a large underlying dataset and intermediate calculations not available to the end user, thus it is not possible to fully validate the model outputs as an end user of the solution.

Further details on the CVaR model can be found here.

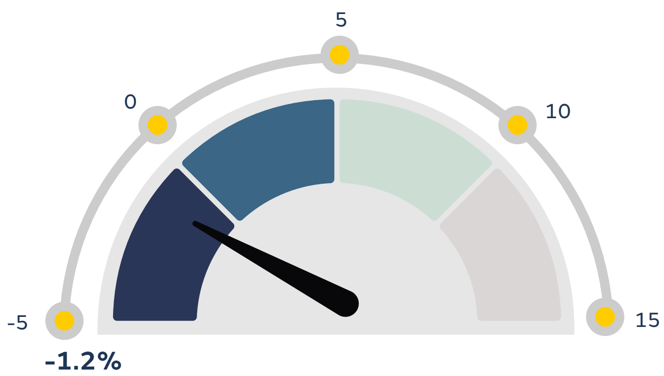
Policy Climate VaR (%) Active Difference*



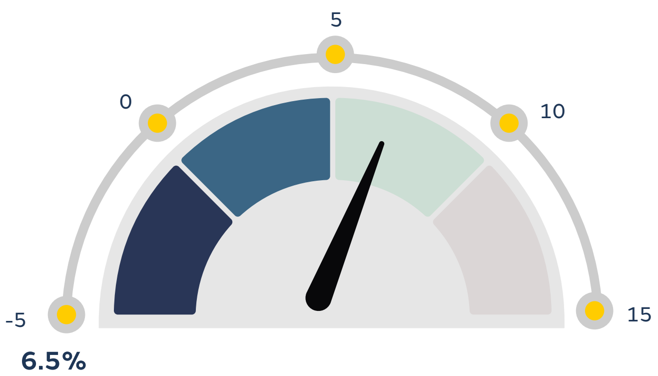
Physical Climate VaR (%) Active Difference*



Technological Opportunities Climate VaR (%) Active Difference*



Aggregate Climate VaR (%) Active Difference*



According to MSCI's CVaR model, the GIB AM European Focus Fund exhibits a 6.5% lower CVaR compared to the Benchmark under the NGFS 2.0°C disorderly scenario as of the end of 2024.

Source MSCI as at 31 December 2024

Fund Data Coverage: Policy Climate VaR (Scope 1,2,3): 100%; Technology Opportunities Climate VaR: 88.6%; Physical Climate VaR: 100%

Benchmark Data Coverage: Policy Climate VaR (Scope 1,2,3): 99.2%; Technology Opportunities Climate VaR: 88.9%; Physical Climate VaR: 99.1%

The Climate VaR above relates to the 2°C NGFS Disorderly Scenario

*Difference between the Fund and the Benchmark

**MSCI Europe Index

3. Climate Scenario Analysis

Climate Scenario Analysis refers to a process for identifying and assessing a potential range of outcomes of future events under conditions of uncertainty. In the case of climate change, for example, scenarios allow an organisation to explore and develop an understanding of how the physical and transition risks of climate change may impact its businesses, strategies, and financial performance over time. Consistent with the rules and guidance issued by our regulator, the FCA, there are three different scenarios used within this disclosure set out below. These are three of the scenarios that have been developed by the Network for Greening the Financial System (NGFS):

Scenario	Scenario Description
NGFS Orderly Transition (2.0°C)	Assumes climate policies are introduced early and become gradually more stringent, reaching global net zero CO2 emissions around 2050 and likely limiting global warming to below 2.0°C on pre-industrial averages
NGFS Disorderly Transition (2.0°C)	Assumes climate policies are delayed or divergent, requiring sharper emissions reductions achieved at a higher cost and with increased physical risks in order to limit temperature rise to below 2.0°C on pre-industrial averages
NGFS Hot House World Transition (3.0°C)	Assumes only currently implemented policies are preserved, current commitments are not met and emissions grow until 2080 leading to about 3.0°C of warming, with severe physical risks and severe social and economic disruption and failure to limit temperature rise

Scenario ▶	Orderly Transition (2.0°C)		Disorderly Transition (2.0°C)		'Hot House World' (3.0°C)	
CVaR ▼	GIB AM EFF	Benchmark*	GIB AM EFF	Benchmark*	GIB AM EFF	Benchmark*
Policy Climate VaR (Scope 1,2,3)	-0.3%	-3.2%	-0.7%	-6.6%	-0.2%	-3.0%
Technology Opportunities Climate VaR	0.1%	0.9%	0.1%	1.3%	0.1%	0.6%
Physical Climate VaR Average	-0.4%	-2.1%	-0.4%	-2.2%	-0.6%	-2.8%
Aggregated Climate VaR	**-0.7%**	**-4.4%**	**-1.0%**	**-7.5%**	**-0.8%**	**-5.2%**

Source MSCI as at 31 December 2024

Fund Data Coverage: Policy Climate VaR (Scope 1,2,3): 100%; Technology Opportunities Climate VaR: 88.6%; Physical Climate VaR: 100% Benchmark Data Coverage: Policy Climate VaR (Scope 1,2,3): 99.2%; Technology Opportunities Climate VaR: 88.9%; Physical Climate VaR: 99.1%

*MSCI Europe Index

In order to determine if the Fund is concentrated in carbon intensive sectors GIB AM uses the MSCI GICS classifications to map each security to a sector. GIB AM believes that the GICS sectors Energy, Materials, Utilities and certain sub-sectors such as Automobile and components within Consumer Discretionary are carbon intensive.

In terms of concentration, the Fund is underweight compared to the Benchmark in some carbon intensive GICS sectors such as Energy, Materials and Utilities. The Fund is slightly overweight in the Automobile and Components sector (a sub-category of Consumer Discretionary), which is also perceived to be carbon intensive. However, at the Fund level it is anticipated that fewer climate-related losses will be incurred compared to the Benchmark, as estimated by the MSCI's CVaR model.

The Fund 's CVaR, which measures the potential impact of climate change on the Fund's value in percentage terms under given climate scenarios, is lower than the Benchmark's CVaR, indicating that the Fund has a lower exposure to climate-related risks. The Fund's CVaR under the NGFS 2.0°C disorderly scenario is –1.0% while the Benchmark returned -7.5% for the same scenario as at the end of 2024. This means that the Fund's climate related losses are estimated to be less than the Benchmark due to the Fund being underweight in carbon intensive sectors such as Energy, Materials and Utilities.

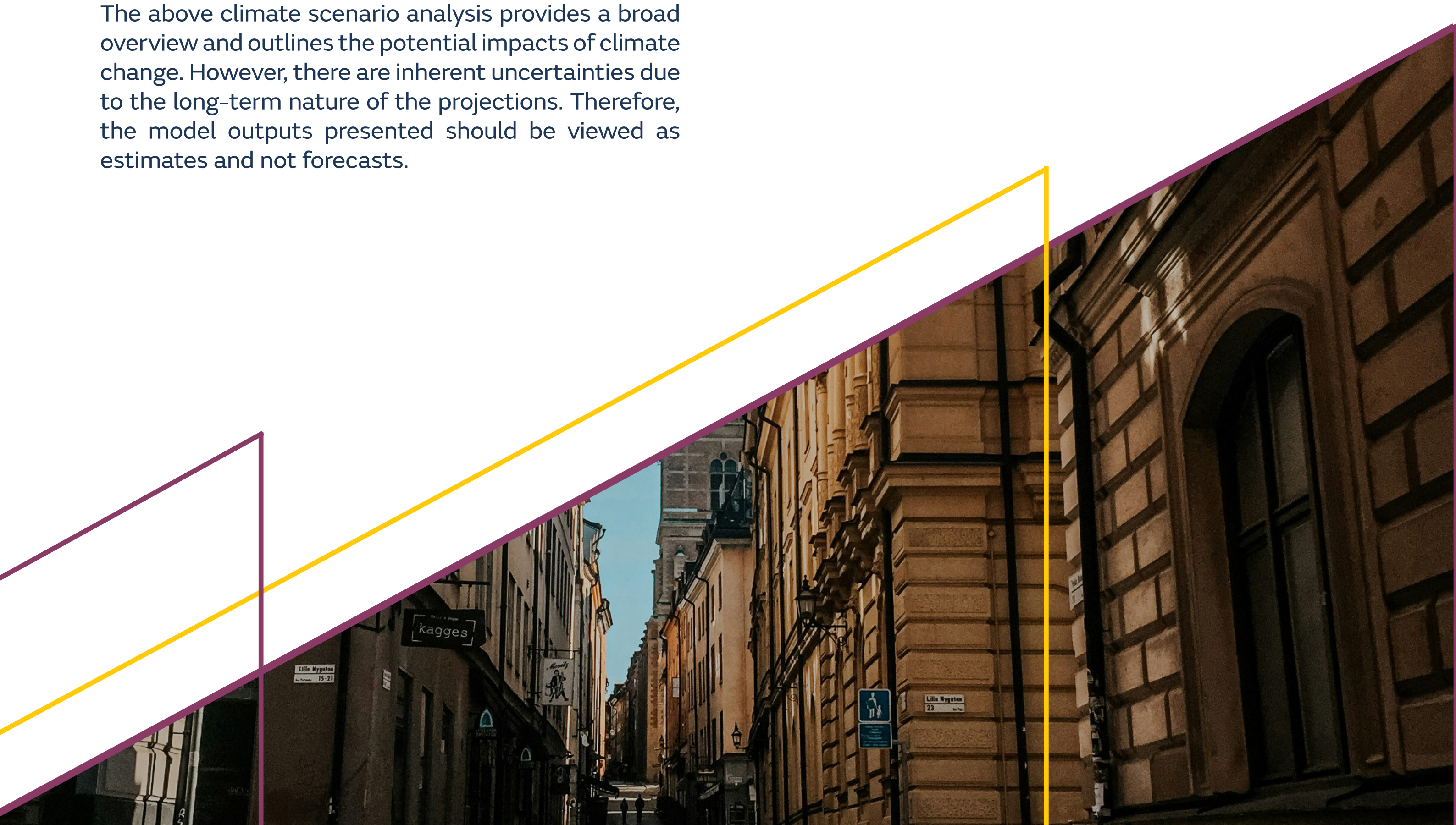
The above climate scenario analysis provides a broad overview and outlines the potential impacts of climate change. However, there are inherent uncertainties due to the long-term nature of the projections. Therefore, the model outputs presented should be viewed as estimates and not forecasts.

4. Implied Temperature Rise

Implied Temperature Rise (ITR) provides a Fund-level number in degrees Celsius demonstrating how aligned the companies in the Fund's portfolio are to global temperature goals. It is an intuitive, forward-looking metric that shows how a company aligns with the ambitions of the Paris Agreement - which is to keep a global temperature rise this century well below 2.0°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C.

ITR is based on the concept of a carbon budget (i.e. how much the world can emit and, by extension, how much a company can emit (across Scopes 1, 2 and 3) and remain within aligned with the Paris Agreement). Each company's budget is compared to its projected emissions out over the next five decades, which is calculated based on its emissions track record, stated reduction targets and other data. A company whose projected emissions are below budget can be said to "undershoot" while those whose projected emissions exceed the budget "overshoot". The ITR, expressed in degrees Celsius (°C), estimates the global implied temperature rise if the whole economy had the same carbon budget over-/undershoot level as the company (or portfolio) in question.

Further details of MSCI's methodology and assumptions for its ITR metric can be found here.



GIB AM EFF Implied Temperature Rise

Strongly Misaligned | Misaligned | 2°C Aligned | Aligned

GIB AM EFF

1.7°C

Benchmark*

2.1°C

According to MSCI's Implied Temperature Rise model, it is projected that the GIB AM European Focus Fund has an implied temperature increase of 1.7°C. This figure is lower than the Benchmark's projected increase of 2.1°C, indicating a more favourable alignment with the global temperature goals.

Source: MSCI as at 31 December 2024

Portfolio Data Coverage: 100%, Index Data Coverage: 99.2 %

*MSCI Europe Index

Glossary

Terms	Definition
Co2e	Carbon dioxide equivalent is used to measure and compare emissions from greenhouse gases
Climate-related Opportunities	Defined by the Taskforce for Climate-related Financial Disclosures as Efforts to mitigate and adapt to climate change also produce opportunities for organizations, for example, through resource efficiency and cost savings, the adoption of low-emission energy sources, the development of new products and services, access to new markets, and building resilience along the supply chain
Climate-related Risks	Divided by the Taskforce for Climate-related Financial Disclosures (TCFD) into two major categories: (1) risks related to the transition to a lower-carbon economy and (2) risks related to the physical impacts of climate change
Financed Emissions (Co2e)	Measures the carbon emissions for which an investor is responsible, per USD million invested, by their equity ownership
EVIC	Enterprise Value Including Cash (EVIC) is an alternate measure to Enterprise Value (EV) to estimate the value of a company by adding back cash and cash equivalents to EV. EVIC = market capitalisation at fiscal year-end date + Preferred Stock + Minority Interest + Total Debt. The underlying data used for EVIC calculation is sourced from a company's accounting year-end annual filings. EVIC is updated and reflected once a year as the data is sourced annually.
GICS	The Global Industry Classification Standard (GICS) is an industry analysis framework that helps investors understand the key business activities for companies around the world. MSCI and S&P Dow Jones Indices developed this classification standard to provide investors with consistent and exhaustive industry definitions
GHG Emissions	Greenhouse Gas Emissions
Implied Temperature Rise (ITR)	Provides a fund level number in degrees Celsius demonstrating how aligned the companies in the fund are to global temperature goals
MSCI	Morgan Stanley Capital Investments (MSCI) is a global company that provides research, data and technology to help clients understand and analyse risk and return in financial markets
NGFS	Network for Greening the Financial System. A network of Central Banks and Supervisors whose purpose is to help strengthening the global response required to meet the goals of the Paris agreement and to enhance the role of the financial system to manage risks and to mobilize capital for green and low-carbon investments in the broader context of environmentally sustainable development

Terms	Definition
Scope 1 emissions	Defined by The Greenhouse Gas Protocol as direct greenhouse gas emissions that occur from sources that are owned or controlled by a company. According to the GHG protocol, the following activities are included as scope 1 emissions: ▪ Generation of electricity, heat or steam that result from the combustion of fuels in stationary sources ▪ Physical or chemical processes ▪ Emissions resulting from the combustion of fuels from company owned or controlled mobile combustion units (e.g., cars) associated with the transportation of materials, products, waste and employees ▪ Fugitive emissions
Scope 2 emissions	Defined by The Greenhouse Gas Protocol as indirect greenhouse gas emissions associated with the purchase of electricity, steam, heat or cooling
Scope 3 emissions	Defined by The Greenhouse Gas Protocol as all other indirect emissions that occur in the upstream and downstream activities of an organisation, including. ▪ Transport-related activities (e.g., employees business travel and employees commuting to and from work ▪ Leased assets (including vehicles), franchises and outsources activities emissions ▪ The use of sold products and services ▪ Waste disposal Scope 3 carbon emissions can be classified into two broad categories: **Upstream Scope 3** emissions: defined as indirect carbon emissions related to purchased or acquired goods and services; and **Downstream Scope 3** emissions: defined as indirect carbon emissions related to sold goods and services
Total Financed Carbon Emissions	Measures the total carbon emissions for which an investor is responsible, per USD million invested, by equity ownership
TCFD	Taskforce on Climate-Related Financial Disclosures. The Financial Stability Board (FSB) created the TCFD to develop recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing a specific set of risks—risks related to climate change
Weighted Average Carbon Intensity (WACI)	Measures a portfolios exposure to carbon-intensive companies, defined as the portfolio weighted average of companies' carbon intensity

GIB ASSET MANAGEMENT

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