



ASSET
MANAGEMENT

Sustainability Report 2020

Conscious of the mark we leave



A message from our CEO

Katherine Garrett-Cox, CEO GIB Asset Management

Our world is in crisis

We are living in a climate and ecological emergency. The 1.1°C increase we have already seen in global temperature has resulted in an increased frequency and magnitude of extreme weather events, such as droughts, flooding, hurricanes and wildfires. Increases beyond 1.5°C are likely to bring more devastating impacts, such as sea level rise affecting over 6 million people in vulnerable coastal areas, and decimation of insect habitats threatening food security.

Over a year after it began, billions of people across the world are still suffering from the direct and indirect impacts of the COVID-19 pandemic. The Global Humanitarian Response Plan for COVID-19 totalled US\$9.5bn in 2020 alone. The prospect of meeting the UN Sustainable Development Goals by 2030 looks increasingly challenging.

At GIB Asset Management, we believe that finance can be a force for good. We believe that the companies that help solve our biggest problems will be those that perform the most strongly from a financial perspective. Through our role as investors, we can help clients meet their financial targets, delivered through financing the transition to a more sustainable economic approach, tackling the twin crises we faced in 2020.

We are delighted to share with you this Sustainability Report, where we explain the contribution we have made, working with our clients, to this important agenda. We believe that it is through partnering with others that we can have the most impact – given the hugely complex nature of the challenges, and the pressing need. We invite you to work with us as you continue your own sustainability journey.





A message from our CSO

Venetia Bell, Group Chief Sustainability Officer

Proud of our achievements

2020 was a year where GIB Asset Management accelerated its efforts to be a leading sustainable investment provider. This is our second sustainability report, and we demonstrate tangible progress in delivering our sustainability strategy – to scale and mobilise capital in support of sustainable development – across multiple aspects of our business. We are proud to say that the COVID-19 pandemic only strengthened our resolve, and we have worked hard to overcome the challenges it has created for our business, clients and community.

We are proud of many achievements in 2020. We have significantly enhanced our ability to provide sustainable investment strategies to clients, with the recruitment of global and emerging market equity teams that put sustainability at the heart of their philosophy. We have invested in our sustainability risks toolkit, enabling us to analyse climate-related risks more thoroughly and manage them more systematically. We were a proud founding signatory to the Net Zero Asset Managers initiative. Whilst celebrating low carbon emissions from our own business during the pandemic, we have been working with clients to adapt our business model so we can retain some lower travel as restrictions ease.

Our focus in the year ahead is to demonstrate to our clients that we can deliver on their investment goals through our sustainably-focused strategies, building strong track records and providing customised services. We will also continue to work with a wide set of stakeholders to help drive the transition to a more sustainable economic approach, including through education, partnerships and collective action.

1. Who we are

- Our operations
- Our purpose and strategy
- Our behaviours
- Our products and services

2. Our investments and services

- Our clients
- Our investments
- Active ownership
- Treasury and Banking
- Sustainability advisory
- Our knowledge sharing approach

3. Our governance

- Governance structure
- Governance systems, policies and processes
- Executive and employee remuneration
- Stakeholder engagement
- Sustainability culture
- Transparency and disclosures

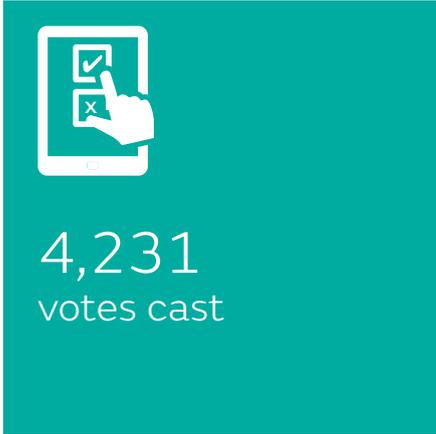
4. Our operations and approach

- Our people
- Our suppliers and outsource providers
- Our community
- Our new sustainable office
- Our environment
- Our partnership strategy
- Our memberships

5. Our outlook

- Enhance our sustainable investment solutions
- Expansion of our sustainability advisory offering
- Charity of the year
- Conclusion

2020 in numbers



All figures are at 31.12.2020.

1. Who we are



Our operations

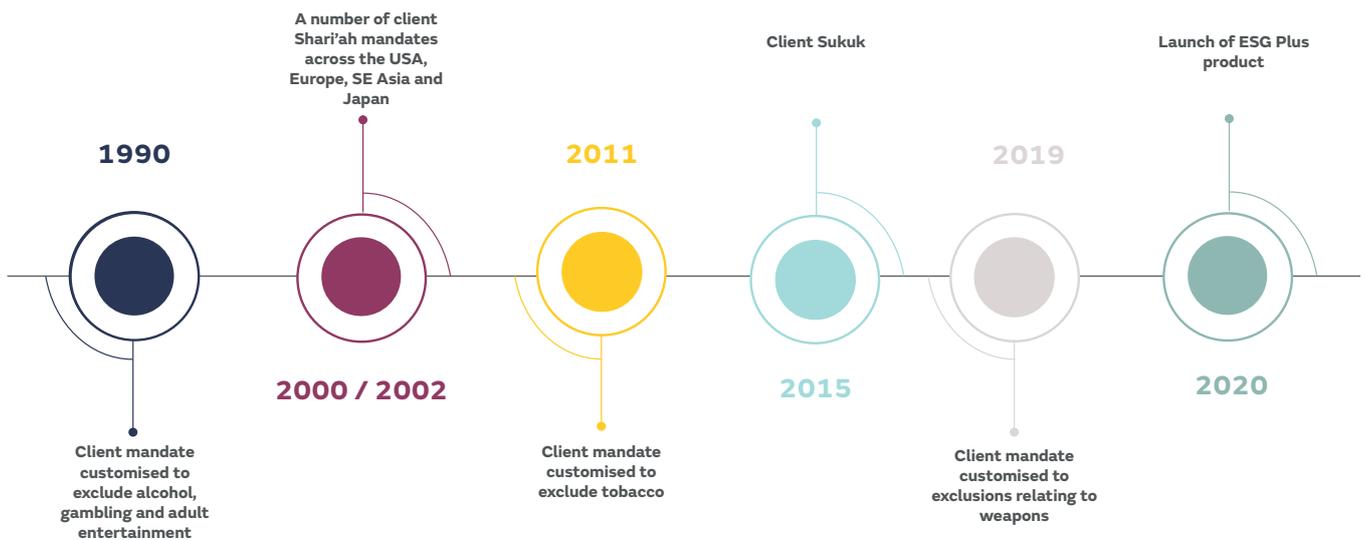
GIB Asset Management* (GIB AM) is a sustainable Asset Management business that was established in 1975. We operate from our offices in London and New York.

In addition to our Asset Management services, we provide Treasury and Banking services.

Our purpose and strategy

Since our establishment, we have adopted socially responsible investment (SRI), including through compliance with Shar’iah principles in some of our mandates.

In 2018, we took our sustainability practices to the next level through launching a strategy that puts financing the transition to a more sustainable world at the core of our business. Our strategy is to build sustainability into everything that we do and is aligned with the principles and objectives of sustainable development. It covers both our asset management and our treasury and banking businesses.



*GIB Asset Management is a trading name of Gulf International Bank (UK) Limited (“GIB”). GIB is authorised by the PRA and regulated by the FCA (“FRN 124772”)

Responsible Investing

Within asset management we believe that investment success will be driven by investing in the companies whose products and services help solve our greatest challenges. We also assess company operations and behaviours and look to invest in the opportunities being created by companies that are driving the transition to more sustainable economies.

We believe good stewardship means safeguarding the needs of future generations and that our clients and stakeholders are best served by investing in, and collaborating with, companies to profitably drive change. To do this, we are building an asset management business that provides solutions for clients' long-term investment objectives through building a more sustainable world.

Our objective is to offer our clients a set of capabilities that enable them to invest sustainably and with impact as we believe it can offer some of the best returns. This includes direct integration of environmental, social and governance (ESG) factors into our investment processes and engaging on ESG topics.

Responsible banking

We believe that banks should play a central role in stimulating a more sustainable way of doing business. They are centrally placed, through credit and investment decisions, to influence and fund the transition of industries to sustainable approaches. Banks should also reflect the needs of society. Today's society expects banks to be clear about how their products create value for their stakeholders.

Asset Management



Our purpose

We are a specialist asset management provider, focused on delivering long-term returns for our clients.



Our aspiration

Our vision is succeed through scaling and mobilising significant capital in support of sustainable investment strategies.

Treasury and Banking



Our purpose

To provide a set of treasury and related services, delivered with the utmost reliability, responsibility, and tailored to the needs of our clients.



Our aspiration

Our vision is to be the preferred treasury services provider for GCC-based entities transacting internationally, and vice versa, within our target market. We also aim to provide our clients with payment services that excel above others.

Our behaviours

Our behaviours act as the foundation for how we do our daily work. They also play a critical role in helping us deliver our business goals and serve our clients in the most effective way. Our behaviours and culture have proven to be strong, even during the pandemic and extended remote working.

Integrity	Collaborative	Perceptive	Agile
We have strong moral principles and strive to meet every commitment we make to our clients	We work as a team, and help drive our collective	We are insightful, have a clear vision and work attentively towards achieving it in an open minded way	We are lean, nimble and adaptive

Our product and services

Asset Management



Equities

GIB AM Equity Index Strategy
GIB AM Global ESG-Plus Equity Strategy



Fixed Income

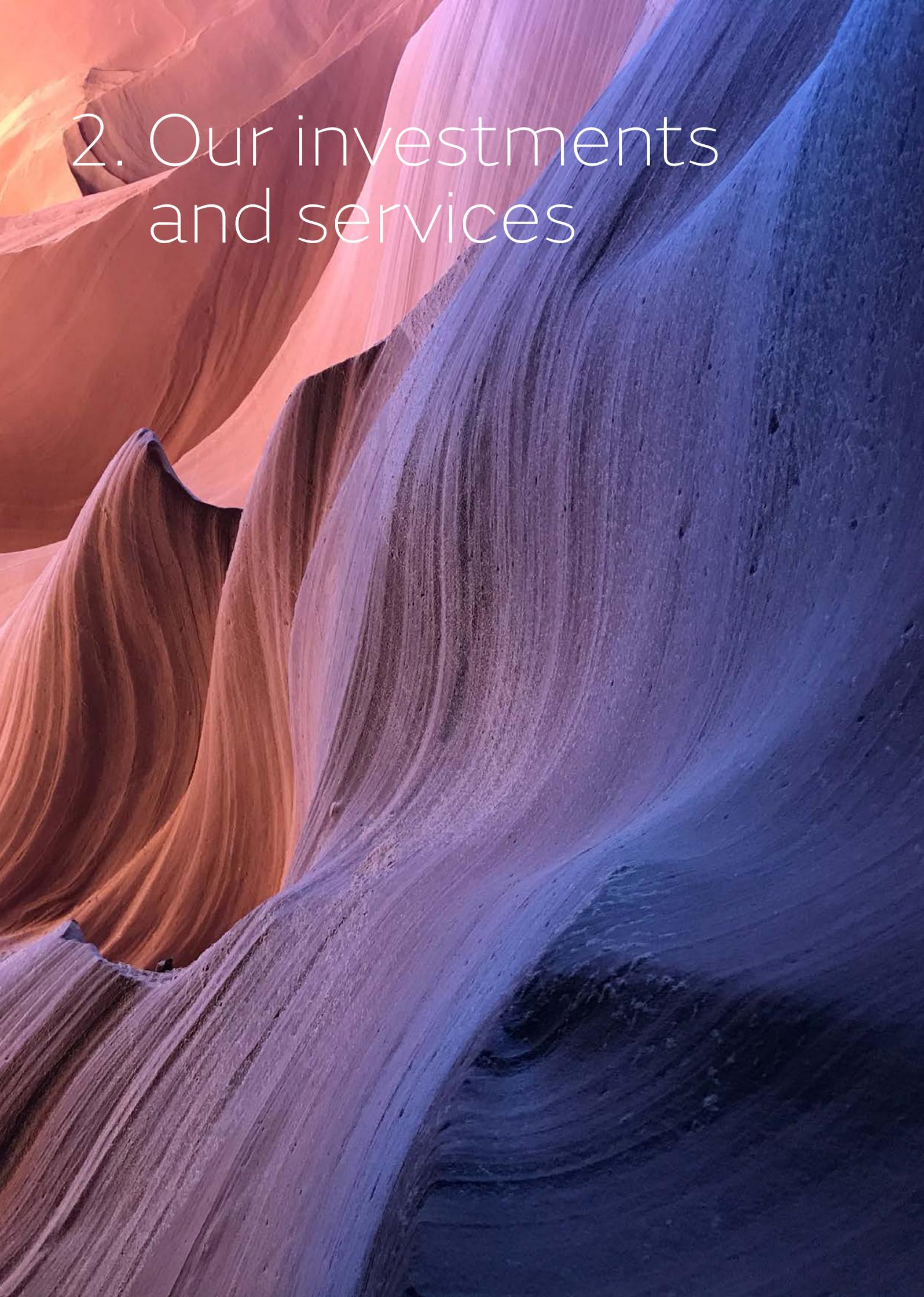
GIB AM Fixed Income Index Strategy
GIB AM Emerging Markets Credit Strategy

Treasury and banking

- Interest rate hedging and risk management solutions, balance sheet management and investment solutions
- Foreign exchange (FX) (spot, forwards, swaps)
- FX and payments in exotic currencies
- Interest rate swaps
- Repos and reverse repos
- Money market instruments (conventional and Islamic)

Advisory

- Sustainability advisory



2. Our investments and services

Our clients

Our client base consists predominately of sophisticated international institutions, many of whom have stewardship over significant amounts of capital. We work closely with all of our clients, and strive to provide solutions that will meet their needs.

Good stewardship practices

We believe that adopting good stewardship practices act in the best interest of our clients. We also believe that being a good steward involves promoting responsible relationships with our clients. For example, we discuss the principles of sustainability, responsible investment and responsible banking and how implementing such principles may benefit all stakeholders.

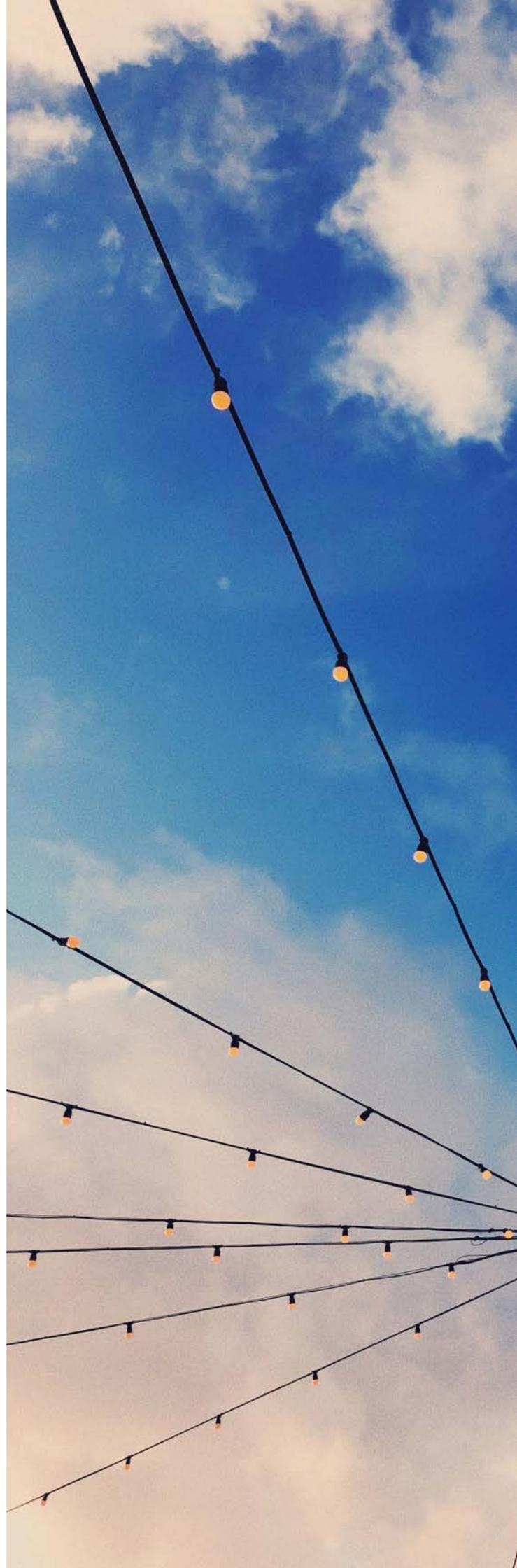
We have a duty of care towards our clients. As such, we are diligent in all our dealings with our clients in order to ensure that all our clients are treated fairly and responsibly.

As part of this, our Customer Relationship and our Sales staff are provided with training on a variety of topics, including unconscious biases. We review our policies to ensure that responsible client best practices are incorporated.

Long lasting relationships

We pride ourselves on the longevity of the relationships that we have been able to build with our clients. This is done by working hand in hand with our clients to solve their long term needs, developing new strategies and building trusted partnerships.

These effective partnerships have resulted in some of our clients partnering with us for more than 40 years.



“Finance can be a force for good and we believe capital should be actively allocated to investments, sectors and businesses that have a positive impact on society and the environment.”

Our investments

We are a sustainable and responsible investor. We believe that the greatest profits will accrue to those companies that can solve our greatest challenges, and we integrate a range of social, environmental and governance factors deep into our investment processes.

We look for investments that can deliver the best returns for our clients through driving our transition to a sustainable world. Finance can be a force for good and we believe capital should be actively allocated to investments, sectors and businesses that have a positive impact on society and the environment.

Our investment pillars

Our pillars are used to structure and drive our investment analysis. They are also used to assess the impact of our investments and to organise our active ownership activities.



Our investment approach

Alongside more traditional financial criteria, we integrate ESG factors directly into our investment processes. ESG factors represent an integral part of our investment analysis, helping to assess the long term sustainability of a company, mitigating risks and uncovering opportunities. Each asset class has its tailored approach to ESG integration. Please refer to our [responsible investment policy](#) for more detail.

Investment awards

Our Global- Plus ESG strategy was a finalist of the Best Newcomer category at the 2020 Investment Week Sustainable and ESG Investment Awards.



Equity methodology*

We offer our clients both passive equity strategies and proprietary equity strategies.

Passive strategies

Our passive equity strategies are discretionary in nature and are led by our clients' mandates.

Proprietary strategies

We have developed a best in class investment model and metrics.

Our proprietary methodology is built around data-driven ESG scoring that evaluates firms' ESG exposures and opportunities. The output of this methodology is a robust, transparent and a financially material company level ESG score that is based on multiple angles. Our scoring methodology is dynamic and is analysed on a daily basis. All of this allows us to use ESG data as a potential leading indicator of company performance.

1

Average MSCI score for the portfolio is AA (vs A for index)

2

Exposure to ESG leaders is 32.8% higher than the index

3

Weighted average carbon intensity is 20% lower than the index

Fixed income methodology*

Our main focus is to identify investment risks and opportunities, while promoting responsible behaviours among debt issuers. ESG considerations are fully integrated at both a portfolio and security level within our investment process, as described within our Fixed Income ESG Framework.

Key features of our portfolios:

56%

of securities have an ESG rating by MSCI of which..

BB

..is the portfolios' MSCI average rating

21%

of issuers are signatories of the UN Global Compact

8.3%

of the portfolios consists of green bonds

0%

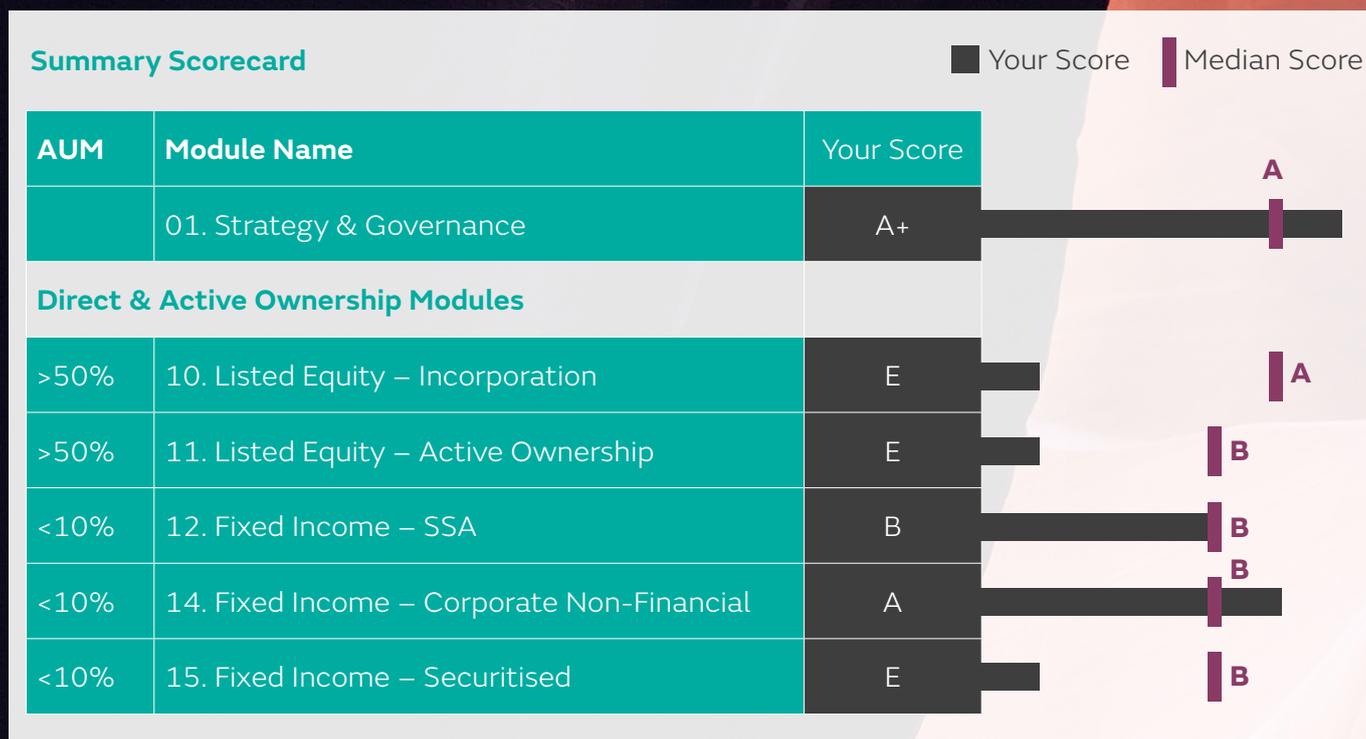
of the portfolios is exposed to red ESG controversies flags

*data as at 31.12.2020

Our 2020 Principles of Responsible Investment (PRI) scores

Our strategy and approach to investing achieved high PRI scores in 2020. In all of our reported categories, we were awarded scores that were either higher than the median or in line with it:

- We were awarded the top score (A+) for the strategy and governance module
- Our fixed income capability received an A for corporate non-financials (against a median of B), and B for sovereign debt (in line with the median)



Note: modules marked with “E” score were not submitted by GIB AM, as we did not meet the reporting threshold in 2020.

Active ownership

Engaging with our investee companies is a central part of our investment process. Through engaging with investees, we gain additional understanding of material topics, and where relevant and possible, drive change that would enhance shareholder values and the value of our assets over time.

Our active ownership strategy involves direct engagement, collaborative engagement and proxy voting.

Direct engagement

Our approach to direct engagement involves engaging with our investees on a number of priority topics for maximum impact. Such topics are chosen using our proprietary scoring methodology, which identifies which material areas our investees ought to focus on to improve their ESG credentials. However, engagements are tailored to the circumstances of each company.

For 2020, the focus topics were:

- Business strategy alignment with the Paris Agreement
- Governance including workforce diversity and executive remuneration
- Other general sustainability topics including supply chain sustainability

Direct engagement in numbers

Equity engagement

We launched our equity engagement capability in 2020.

As part of this, our equity engagement team engaged with:

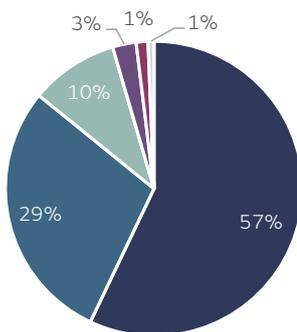
171

equity investees, representing approximately,

60%

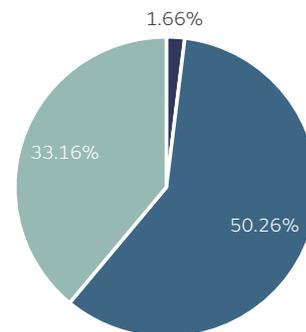
of the portfolio

Equity engagement geography*



■ Europe ■ North America ■ Asia ■ Australia ■ Oceania ■ Africa

Engagement topics



■ General sustainability topics including supply chain
 ■ Governance including executive remuneration and diversity
 ■ Business strategy alignment with the Paris Agreement

*For the purposes of multinationals, geography is determined by the location of the headquarters

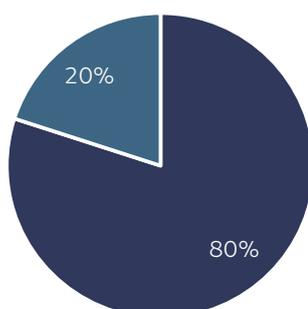
Case study: Engagement with a global pharmaceutical company on their carbon emissions

Objective	<p>Our analysis showed that although the company’s carbon intensity had fallen over recent years, their absolute carbon emissions had risen. Our engagement objective was to understand why this had occurred, and, if possible, encourage reductions.</p>
Engagement timeline	<p>Issuer engaged:</p> <ul style="list-style-type: none"> We raised our concerns with the company’s engagement relations team, highlighting our desire to understand the drivers and stressing our willingness to work together to reduce emissions. <p>Issuer acknowledgment:</p> <ul style="list-style-type: none"> The company acknowledged concerns and explained the reasons behind their absolute emission increase. <p>Evidence of progress:</p> <ul style="list-style-type: none"> The company has outlined its plan to reduce emissions, including through having absolute reduction targets. The Engagement team plans to follow through with the company in 2021 to understand the progress that has taken place since the plan was communicated.

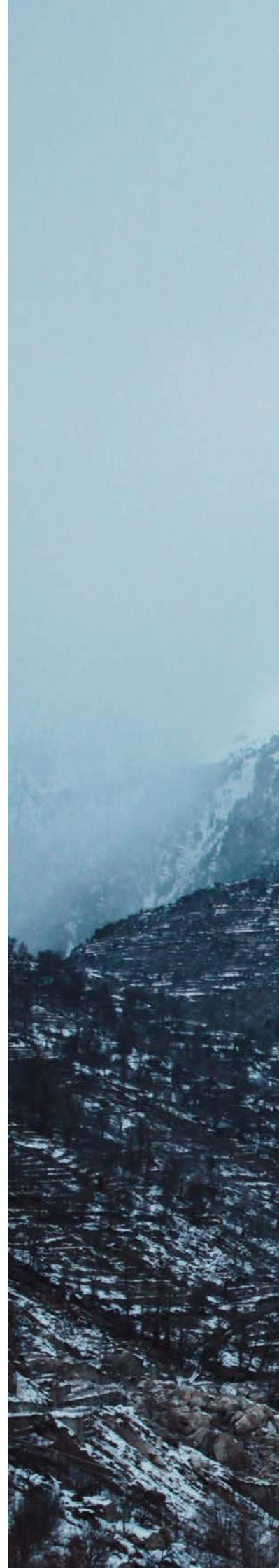
Fixed Income Engagement

On the Fixed Income side, our team engaged with five Fixed Income investees. We view this successful for our Fixed Income team, especially given the difficult nature of engaging with emerging markets Fixed Income investees.

Fixed Income engagement topics



- Governance including executive remuneration and diversity
- Business strategy alignment with the Paris Agreement



Collaborative engagement

In addition to directly engaging with our investees, we engage in collaboration with others. We believe that collaborating with other asset owners and asset managers improves the outcome and enhances the effectiveness of engagement activities.

Our approach to collaborative engagement includes participating in initiatives whose intended objectives are aligned with our engagement focus themes or more broadly with our pillars.

We are members of a number of organisations including the Institutional Investors Group on Climate Change (IIGCC). Such membership allows us to corroboratively engage with governments, related organisations and investment companies.

Proxy voting

Our duty as a responsible investor stipulates that we actively exercise our voting rights, keeping the best interest of our clients in mind.

In 2020, we employed an independent proxy voting provider, which provided us a number of services including company research and voting recommendations. Our engagement team reviews all company research and voting recommendations prior to making a judgement on the executed vote.

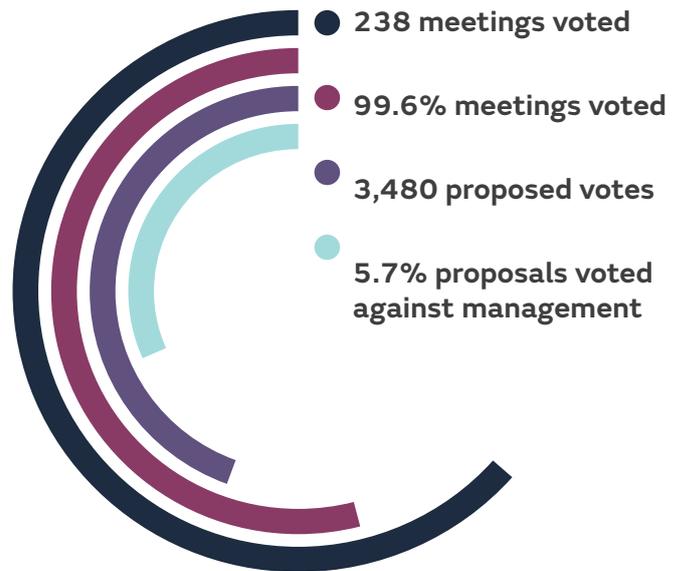
As responsible investors and good stewards, we believe that it is important for our investee companies to understand the rationale behind our voting decisions. As such, in the event of abstaining against management or voting against management proposals during company meetings, we notify the company about the rationale of such voting decision. In addition to this, we offer our investees the opportunity to talk to the Engagement team, should they require more information.

Our full voting records have been published separately.

We were one of the founding signatories to Net Zero Asset Managers initiative, where we have committed to support the global goal of net zero greenhouse gas emissions by 2050 or sooner, in line with the global efforts to limit global warming to 1.5 C. We have also committed to support investing aligned with net zero emissions by 2050 or sooner.

As part of our IIGCC membership, we also, for example, signed letters to both UK and EU leaders, calling for a sustainable and green post COVID-19 recovery.

2020 voting statistics



“We believe that our banking services play a critical role in facilitating a more sustainable economy.”

Treasury and Banking

We are a responsible bank. We believe that our banking services play a critical role in facilitating a more sustainable economy. We are a proud signatory to the Principles for Responsible Banking.

Our treasury and banking approach

Alignment with sustainability

We conducted an impact analysis exercise to understand the areas our business that have the most significant positive and negative impacts. The exercise was guided by the methodology provided by the Principles for Responsible Banking. In particular, we used the UNEP FI Portfolio Impact Analysis Tool for Banks, which covers the requirements to conduct the impact analysis.

This considered: identification of the Bank’s core business areas related to our economic activities (scope); the scale of the bank’s activities with regards to specific industries, technologies and geographies; the scale and intensity of the social, economic and environmental impacts identified; and the most relevant challenges and priorities relating to sustainable development.

Scope

The impact analysis focused on our core treasury and banking business areas, covering our money markets and foreign exchange activities in the Gulf Cooperation Council (GCC) region and the United Kingdom (see table).

Business Lines		
Money Markets	Foreign Exchange	Others*
66%**	22%**	12%**
GCC: 78%		
United Kingdom: 17%		
Other: 5%		

*Others include bonds, letters of credit and fiduciary.

** Share of revenue

Scale of exposure

Our treasury and banking activities are heavily focused on money markets and foreign exchange. Our analysis indicates that we provide finance to financial services activities. These include:

- Central banking
- Payment services
- Other money intermediation

Context and relevance

Our treasury and banking activities operate mainly in the GCC context. With the use of the 'Country Needs' resource in the Portfolio Impact Tool we were able to identify the most relevant challenges and priorities in the Gulf Cooperation Council. These include water availability, air quality, resource efficiency and security and climate change.

Once we have identified these priorities and challenges, we engaged with a number of stakeholders including policy makers, other regional financial institutions and subject matter experts to confirm our analysis. All stakeholders agreed with our findings.

Impact analysis conclusion

The conclusion of the impact analysis was that it was hard to identify and assess the main environmental – and broader sustainability – impacts with any degree of certainty through the provision of treasury and banking products / services.

For example, in holding deposits for clients, there is no obvious impact on the environment. Instead, it was concluded that the main areas of focus should be on ensuring that the treasury and banking business holds counterparties to high ESG standards (drawing on the approach used for scoring of equities (see page 13). In addition, we still contribute to sustainability by embedding sustainability considerations in our treasury operations.

Setting targets

Despite the outcome of the impact analysis exercise, we believe that having sustainability-related targets are important to facilitate sustainable development. Consistent with our impact analysis, we set a target to cease trading with counterparties that fall below our controversy threshold. The controversy score is calculated using a wide range of ESG data, which includes data relating to consistency with the Paris Agreement and other relevant international, national or regional frameworks (See page 13). The baseline for the target is the minimum controversy threshold, and it has ongoing effect (unlike time-bound targets there is no target year).

In deciding the ESG controversy score, the possible negative impacts of the target was considered on other aspects of sustainable development. The most obvious negative impact was that ceasing trading with a low-scored counterparty might lead to higher costs or lower quality of service for the clients. To the extent that the banking service required was supporting sustainable development, there could be a negative impact. Where applicable, any such effects would be mitigated by transferring the business to another suitable counterparty.

In addition, we set a target relating to the carbon emissions of GIB AM (see below).

Target implementation and monitoring

To ensure that this target is achieved, we screen our counterparties on a quarterly basis in relation to their controversy score. Counterparties that fall below our controversy threshold are flagged, and our policy is that they have their FX and deposit credit lines frozen until their rating has improved. We did not trade with any counterparty whose controversy score was below our target in 2020.

Performance against the target is tracked on at least a quarterly basis at the Executive Committee level, and any deviations are escalated upon occurrence.

Performance is tracked on at least an annual basis by the Board.

Sustainability advisory

Initiated in 2020, our sustainability advisory offering leverages GIB AM's extensive sustainability experience and proprietary scoring methodology (see page 13) to help guide clients through their sustainability journey. The advisory offering aims to help clients kick-start their sustainability journey and make long term changes within their organisations.

Our knowledge sharing approach

We pride ourselves for being a sustainability advocate. Our advocacy programme consists of four main categories: speaking events; our webinar series; thought leadership and engaging with policy-makers.

21

The number of speaking events we participated in 2020.

Speaking events

We attend and participate in events related to responsible investing.

In 2020, we expanded the topics we spoke about to include:

- Humanitarian and resilience investing
- Strengthening the sustainability of our oceans
- Climate change
- Culture and diversity

Launch of our webinar series

In 2020, we launched our webinar series under the title A New World. The motivation for launching the series was to meet client demand, particularly in the Gulf Corporation Council region where clients asked for events that enhance their knowledge on sustainability and responsible investing. We hosted two webinars which focused on:

- Air quality and creating a sustainable new normal through investments
- The impact of COVID-19 on financial decision making and asset allocation

Client feedback indicates that the webinars were well received. We plan to continue our webinar series in 2021.



Thought leadership

Our 2020 publications included:



Winners and losers: equity investing and the Premier League:

Drawing parallels between investing and football, we explore how many ‘winners’ there are in the world of investing

Religion, Philanthropy and Risk: ESG and Islamic Finance:

We outline the similarities and differences between ESG and Islamic finance

A New World:

The paper explores the different ways that the COVID-19 crisis has affected the investing world while providing hypotheses for what investing might look like going forward through the pandemic and into a post COVID-19 world

The case for humanitarian and resilience investing:

We outline the critical role investors can play in alleviating human suffering, improving the resilience of communities worldwide, and by doing so help in achieving the Sustainable Development Goals

Thought leadership awards

GIB AM is proud that it was selected as a runner-up in 2020 for the ‘Best Bank for ESG Research’ Award by ESG Investing.



Engagement with policy makers

We proactively engage with policy makers on sustainability related topics.

The aim of such engagements is to advocate for sustainable regulations and frameworks. In 2020, we focused our efforts on engaging with policy makers in the GCC region on a number of topics including the importance of sustainability considerations for financial stability.

As part of this, we delivered detailed workshops on sustainability topics.

3. Our governance





“We believe that a sound and effective governance approach acts as an enabler to achieving our sustainability vision.”

GIB AM is a fully owned subsidiary of Gulf International Bank B.S.C. (GIB B.S.C) which is based in Bahrain. GIB B.S.C is predominantly owned by the Public Investment Fund of Saudi Arabia. The remaining members of the Gulf Cooperation Council (consisting of Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates) are minority shareholders.

We believe that an effective governance framework includes the following:

- Clearly defined roles and responsibilities across the organisation
- Executable and auditable decision making processes
- Enforceable discipline
- Committees taking collegial decisions based on information and effective change
- Culture, risk management and internal controls that support good governance

The following principles underlie our approach to governance:

- Responsibility
- Accountability
- Transparency
- Fairness

Governance structure

The Board of Directors Roles and responsibilities

The Board of Directors has ultimate authority for the management and control of GIB AM.

Sustainability responsibilities

The Board of Directors is responsible for our strategy, and given we embed sustainability considerations in our strategy, they are responsible for our overall approach. The Board and plays a critical role in providing clear direction, and is regularly updated with regards to the progress of our sustainability strategy.

Further, the Board has responsibility for reviewing and approving GIB AM’s management plan to manage financial risks from climate change and overseeing their execution.

Board composition

The Board constitutes mainly non-executive directors. This ensures its independence of management, and hence to ensure independent judgment on issues brought before it by the executive management.

As at December 2020, the Board comprised:

- Mr. Abdulaziz Al-Helaissi
(Chair of the Board) Non-Executive Director
- Dr. Abdullah bin Hassan Alabdulgader
Non-Executive Director
- Mr. Turki Almalik – Non-Executive Director
- Mr. Ralph Campbell – Chief Financial Officer
- Ms. Katherine Garrett-Cox
Chief Executive Officer
- Ms. Miriam Greenwood
Non-Executive Director
- Mr. Osamah Mohammed Shaker
Non-Executive Director
- Mr. Gary Withers – Non-Executive Director
and Senior Independent Director
- Mr. John E. Xefos – Non-Executive Director

Board diversity

We believe that having a diverse Board plays a crucial role in improving the decision making process. Our Board members provide a diverse set of skills, knowledge and backgrounds.

Further, we believe in the important benefits that gender diversity bring to the Board. This year, we supplemented our Board by adding an additional highly capable female non-executive director.

For more information on our Board Diversity, please view our [Board Diversity Policy Statement](#).

22%

of our Board members are female.

Board committees

The Board has established three oversight committees chaired by non-executive directors to support it. These are:

- The Audit and Risk Oversight Committee
- Remuneration Committee
- Nomination Committee

Board evaluation

The effectiveness of the Board as a whole, and the performance of individual directors, is reviewed annually. All recommendations are considered by the Board, actions are implemented and the outcome is reviewed.

The Executive Committee

The Board has delegated the authority for all day-to-day management to the CEO. The CEO is supported by the Executive Committee.

The Executive Committee is responsible for the successful delivery of GIB AM's sustainability strategy. This includes wider considerations such as the implementation of best practice principles including the Principles for Responsible Banking. In particular, this comprises of overseeing the Principles for Responsible Banking impact analysis exercise, making decisions on how to manage the identified areas of most significant positive and negative impacts (e.g. through setting targets), overseeing the target setting measures put in place and determining the remedial actions where the targets are not being achieved or unexpected negative impacts have been detected.

The sustainability team

The sustainability team is responsible for supporting the delivery of GIB AM's sustainability strategy as set out by the Executive Committee. This includes implementing sustainability initiatives, conducting sustainability-related analysis (for example the Principles for Responsible Banking impact analysis) and suggesting sustainability-related targets.

Group Sustainability Council

The Group Sustainability Council was established in 2020. The purpose of the Council is to work with the relevant departments within GIB Group to help the bank achieve its vision of becoming a sustainable finance provider. The Council has representation from all Group entities.

Governance systems, policies and processes

Risk Management and internal controls

We have a comprehensive Risk Management Framework, which incorporates sustainability and climate related risks.

Consistent with that, climate related risks are included in relevant risk policies and assessments, such as the Investment Risk Framework and Key and Emerging Risks registers.

Further, as part of our risk management approach, we run stress tests on climate related risks. Depending on the results of the stress tests, additional capital for climate related risks may be included in the ICAAP.

Our sustainability policies

We believe that embedding sustainability considerations in our policies and procedures is an important part of ensuring robust governance standards.

Policies relating to sustainability include:

- Responsible Investment Policy
- Stewardship Policy
- Environmental and Social Policy
- Supplier and Third Party Code of Conduct
- Equal Pay for Equal Work Policy
- Corporate Philanthropy Policy

Executive and employee remuneration

We have a comprehensive performance management approach. Our remuneration policy is designed to attract, retain and motivate quality staff while at the same time encourage sustainability considerations. Further, we reward our executives and employees in a way that encourages them to act in the best interests of our clients.

Our remuneration policy does not discriminate on the basis of sex, gender reassignment being married or in a civil partnership, being pregnant or on maternity leave, race (including ethnic or national origin nationality and colour), disability, sexual orientation, religion or belief, age or any status that is protected as a matter of law. In addition, we have an Equal Pay for Equal Work Policy.

Our executives and employee remuneration is linked to sustainability. Executives and employees variable pay is linked to individual, departmental and firm wide KPIs. These include sustainability elements.

Stakeholder engagement

We recognise that, for the Bank to be successful over the long term, it is important to build and maintain successful relationships with a wide range of stakeholders and to understand the views of key stakeholders. GIB AM's Board of Directors take the needs of stakeholders into consideration as part of their decision-making process, as required by Section 172 of the UK Companies Act 2006. This section provides a summary of stakeholder considerations (see Annual Report for more details).

We have identified our main stakeholder groups, but acknowledge that there will be differentiation within the identified groups, and that the stakeholders are likely to change depending on the nature of the issue under consideration and over time. Some groups are likely to be more important than others for specific decisions, and there are likely to be trade-offs between the needs and wants of different groups. We seek to engage with all stakeholders in a meaningful way, but taking into consideration their level of interest in the decision and the likely net impact of them. We aim to track and measure stakeholder engagement.

Sustainability culture

We aim to build a business culture of sustainability, in which all of our colleagues understand their role in delivering GIB AM's sustainability vision and integrate sustainability into their day to day work and decision making.

We have put in place a number of tools to facilitate the development of this culture:

- Our Executive Committee actively and regularly communicate their full support of the sustainability strategy
- Our corporate sustainability work is led by the Head of Strategy, who is an Executive Committee member
- Engaged different business lines with the sustainability strategy by assigning them with sustainability responsibilities. In addition, sustainability initiatives are open to our colleagues across various business lines for them to champion
- Launched sustainability focused speaker series, where speakers from different organisations share their sustainability experiences and learnings with colleagues
- Introduced sustainability topics into our regular team meetings
- Introduced sustainability related training to all colleagues
- Included sustainability questions as part of the employee engagement surveys
- Introduced sustainability KPIs (including sustainability targets linked to the Principles for Responsible Banking impact analysis exercise) to the balanced scorecard

Transparency and disclosures

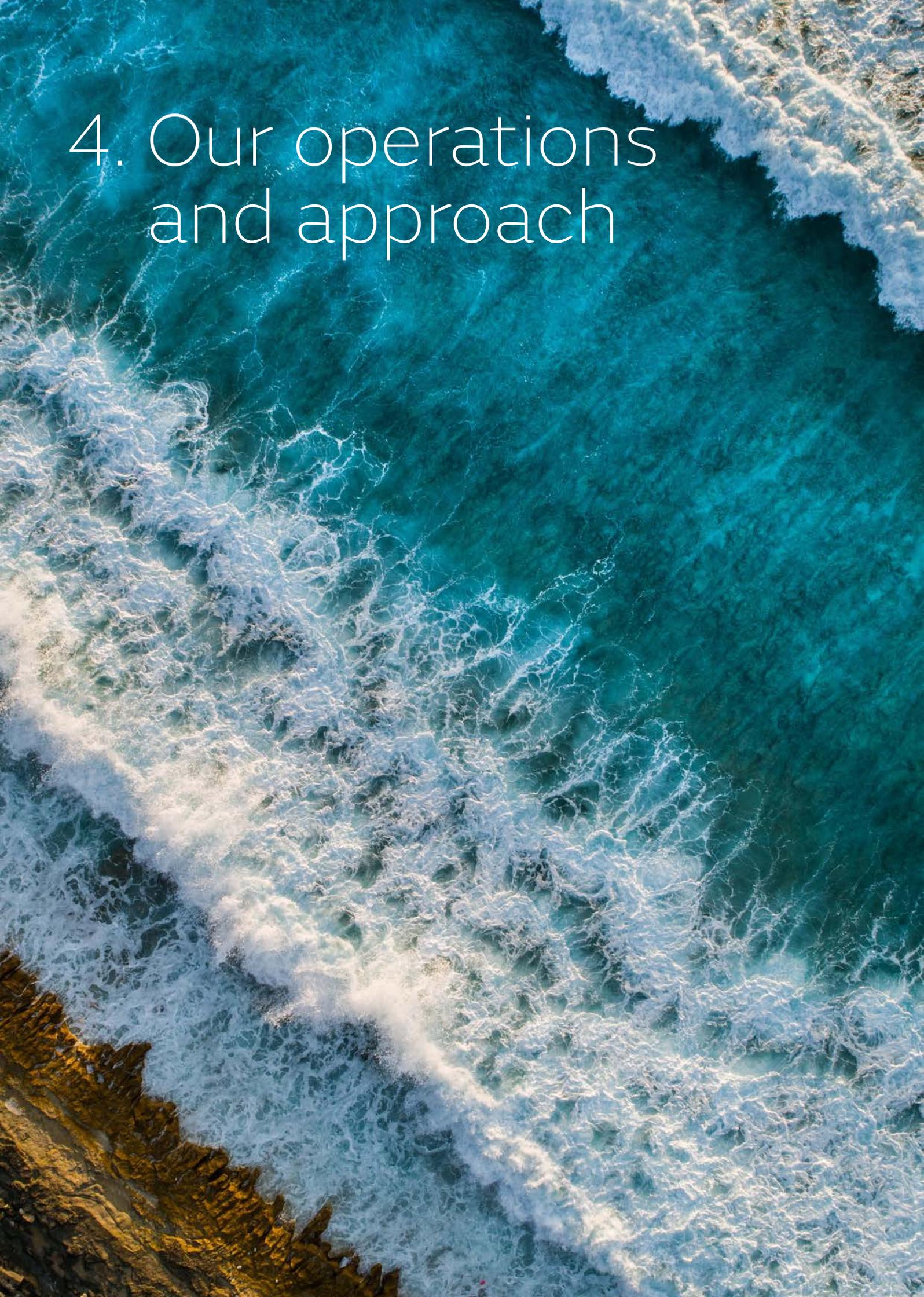
We believe that comprehensive disclosures are paramount to enabling stakeholders to understand our activities, commitments and progress against such activities and commitments. This holds true to all of our sustainability and ESG matters.

We have increased the breadth and depth of our disclosures this year to include, among other things, disclosures against the Principles for Responsible Banking.

We aim to continue to improve our disclosures. Going forward, we will continue to implement the Principles for Responsible Banking into our business in general and in our reporting approach.



4. Our operations and approach

An aerial photograph of a coastline. The top right corner shows white, frothy waves crashing against a dark, rocky shore. The rest of the image is dominated by the deep turquoise and blue-green colors of the ocean, with intricate patterns of white foam and bubbles visible throughout the water's surface.

Our people

Diversity and inclusion

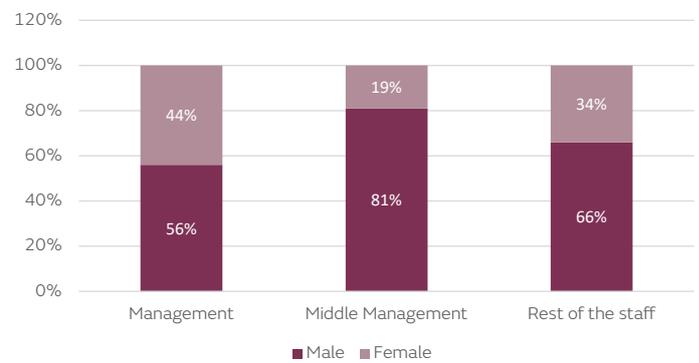
We believe that workforce diversity brings a number of benefits to the organisation. Our aim is to have diversity of socio economic background, gender, age and education. We want to ensure that we have a diverse set of experiences, opinions and perspectives. We also want GIB AM to be a place where all employees feel valued and have fair and equitable access to opportunities.

As a matter of policy, GIB AM does not tolerate discriminatory practices on the basis of sex, gender reassignment, marital status or civil partnerships, being pregnant or on maternity leave, race (including ethnicity, nationality and colour), disability, sexual orientation, religion or belief, age, or any status that is protected as a matter of law.

Notes: Data as at 31 December 2020. Management is defined as the Executive Committee, Middle Management is defined as anyone with line management responsibilities.



GIB AM gender distribution by position



Colleague engagement

	2017	2018	2019	2020
Participation percentage	75%	70%	N/A	69%

As part of GIB AM’s commitment to strong colleague engagement, the colleague engagement survey forms part of the GIB AM balanced scorecard. The results of the engagement survey are reviewed carefully, and plans for improving the workplace based on the results are agreed, implemented and progress is monitored.

Given the COVID-19 pandemic, we conducted two engagement surveys in 2020. The overall survey response rate remained high, at 69% on average.

Note: Employee engagement survey was not conducted in 2019

78%

Employee engagement score for 2020.

Learning and development

Honing our colleagues' knowledge and skills is key to achieving our vision and goals. Our learning and development programme thus equips our colleagues with the tools needed to obtain their objectives and to operate in line with the relevant standards and regulations.

Our learning and development programme consists of training sessions delivered through a range of channels. Given the pandemic, most training were delivered virtually.

In 2020, we sponsored a number of learning and development courses including:

- Formal qualifications such as CFA Level 1, the Islamic Finance Qualification, Certificate in ESG Investing, Certified Investment Fund Director training, and the FT Board Director Diploma
- A number of compliance-related training, in addition to mandatory training such as Health and Safety
- Additional training programmes were provided to our colleagues based on their development needs as discussed between our colleagues and their Line Managers

Promoting positive mental health and wellbeing

We take the wellbeing of our colleagues very seriously, including mental wellbeing. As part of this, we conducted a number of initiatives that focused on protecting our colleagues' mental health, especially during the pandemic. These included inviting mental health professionals to speak to our colleagues and offer guidance on 'DIY style' ways to protect mental health, in addition to directing colleagues to formal mental health resources. We also trained a number of our colleagues to become mental health first aiders. Such training will continue into 2021 to ensure our colleagues are well looked after.

We set up a support network of the GIB Communities of four communities: Wellbeing, Learning and Development, Entertainment and Social. We ran exercise classes, shared information about learning new skills, shared entertainment recommendations, and were able to socialise with colleagues on regular coffee calls and quizzes. This helped to keep our team connected, despite virtual working.

Our suppliers and outsource providers

We believe that sustainability extends beyond our business and operations and into our suppliers and outsource providers. We work in collaboration with our suppliers and outsource providers to ensure that our supply chain is sustainable.

Outsourcing and Third Party Supply Code of Conduct and questionnaires

Sustainability requirements are integrated into our procurement processes. We ask our suppliers and outsource providers to complete our Outsourcing and Third Party Supply ESG questionnaires. The filled questionnaires are then assessed by GIB AM and are given a red, amber or green score. Such scores are used alongside the different vendor assessment criteria.

As a general rule, GIB AM would not onboard any 'red' suppliers and third parties. GIB AM would also expect 'amber' suppliers and third parties to improve their sustainability practices.

The Outsourcing and Third Party Supply Code of Conduct and questionnaires cover areas that are directly related to our key investment pillars (see page 12).

They address the following:

- Equality, diversity and human capital development
- Climate, environmental action and water
- Innovation and infrastructure
- Health and wellbeing
- Governance and accountability
- Data protection and confidentiality
- Exclusions

Our community

Philanthropy

Our corporate philanthropy activities continued in 2020 despite the COVID-19 pandemic. We focused our philanthropic efforts on two of our key pillars; equality, diversity and human capital development and health and wellbeing. This was done through four channels; a donation to our partner charity, employee match funding, donations in response to COVID-19 and employee volunteering.

Our partner charity

In 2020, we partnered with the Lord Mayor's Appeal. In addition to monetary donations, we ran a number of joint initiatives.

Equality,
diversity and
human capital
development



She can Be

A group of 11 girls joined GIB AM for the day. The girls met with GIB AM colleagues from different departments and different levels of the organisation.

The girls also took part in a number of different activities that aimed to highlight the core skills that are needed in the workplace.

Health and
Wellbeing



This is me

A representative from the Lord Mayor's Appeal gave a virtual presentation to our colleagues, covering mental health and wellbeing.

Match Funding

We matched GBP 1,526 of our colleagues' donations in 2020. Such donations went to a number of charities including:



Health and
Wellbeing

Donations in response to COVID-19

In addition to our match funding, we made a number of donations in response to the COVID-19 pandemic:

- We donated our office's fruit boxes (which totalled four boxes a week) for 16 weeks to NHS hospitals in London
- We donated 50 Chrome Books and 20 laptops to two secondary schools in London. This helped underprivileged children from more deprived backgrounds to study at home while schools were closed

Volunteering

Our volunteering activities did not stop during the COVID-19 pandemic. GIB AM gave colleagues who wished to volunteer up to 14 hours during their working hours to fulfil their volunteering. Some of our colleagues used this opportunity to volunteer for the NHS.

Volunteering with CityStep

We volunteered with CityStep, a mentoring initiative where professionals are matched with students.

As part of this initiative, our colleagues provided advice and support to students on the skills that are required in the workplace, as well as offering advice regarding CVs and interviews.

Volunteering with HandsOn London

We volunteered with HandsOn London, an organisation that supports vulnerable people in the community.

As part of this volunteering activity, GIB AM colleagues helped produce care packages to the elderly.

Volunteering with the Future Youth Zone

We volunteered with Barking and Dagenham Youth Zone, a facility for the borough's young people aged 8-19. The Youth Zone provides a safe environment where young people can come and enjoy themselves and will enable young people to raise their aspirations and confidence to create a happier and healthier generation.

We offered various activities to the young people, including interview practice sessions, job application advice, CV reviews, and even "Chill and Chat". We also offered other fun sessions, including "a Day in the Life of a COO", and a "Day in the Life of an FX Trader".

Our new sustainable office

In early 2021 we moved into new London premises.

The office has a number of sustainable features including:

- Energy efficient heating, ventilation and air conditioning at the office to reduce energy use
- Low energy lighting
- Use of environmentally friendly material (such as A+ rated environmentally efficient flooring and low VOC Paints and finishes)
- All waste material was appropriately recycled

GIB AM's sustainable office achieved Gold Ska rating

We achieved a Gold rating for the refurbishment of our new office, which is the highest Ska accolade for sustainable fit-out.

We were informed that we were one of only a handful of companies that have achieved Ska Gold certification.



Our environment

We agree with the United Nations premise that a healthy environment is imperative for the “full enjoyment of basic human rights, including the rights to life, health, food, water, sanitation, and the quality of life”.

We are committed to reducing the impact of our operations on the environment.

Our 2020 carbon emissions

In 2020, we emitted approximately tCO₂e 144.4 of carbon, equating to tCO₂e 1.95 per FTE. This is approximately 70% lower than what we are estimated to have emitted in 2019.

	TCO ₂ e estimate		Change YoY %
	2019	2020	
Scope 1	N/A	N/A	
Scope 2			
Electricity consumed in office and in data recovery sites	73.4	53.3	-27.4%
Scope 3			
Employee business travel (air, commute, taxi, hotel)	409.9	60.9	-85.1%
Additional scope 3 estimated disclosures*	12	30.2	151.7%**
Total	495.4	144.4	-70.8%
Total per FTE	5.97	1.95	-67.3%

*Includes electricity consumed T&D to GIB offices, material use (including in new office) and waste disposal

**Increase in emissions in 2020 is attributed to moving offices.

We recognise that 2020 was not a typical year, and that the drastic reduction in emissions is attributed to the restrictions imposed by the COVID-19 pandemic. However, we are committed to reducing our emissions, even when the COVID-19 restrictions are lifted.

We devised a number of initiatives that aim to reduce emissions, including:

- Approving a plan to reduce business travel (where possible)
- Ensuring that our new office has energy efficiency considerations (please see page 32)
- Initiatives that aim to reduce the amount of waste generated (e.g. paper)
- Only when we have done all we can to reduce absolute emissions do we participate in robust carbon offset scheme*

*We do not see emissions offsetting schemes as an alternative to reducing emissions. In addition, we understand the concerns regarding governance in the emissions offset market and agree that this should be improved.

Carbon targets

In 2019, we set ambitious carbon reduction targets:

- By 2030, reduce overall carbon emissions by 50%, using 2019 as a baseline, and
- By 2030, reduce carbon emissions by 50-55% per FTE, using 2019 as a baseline

To prevent undoing the positive impact of the pandemic on our carbon footprint, we have set ourselves an interim target of reducing emissions by 10% in 2021, using 2019 as a baseline.

We committed to becoming carbon neutral from 2019 onwards.

Target implementation and monitoring

We monitor our carbon footprint on an annual basis, and the data are reported as part of the Balanced Scorecard. Any changes to targets are proposed to the Executive Committee, and discussed with the Board. In the event that the targets are not being achieved, an analysis will be conducted to understand why and recommendations made to get back on track.

In 2019, we offset all of our emissions.

In 2020, we decided to take this commitment a step further, and offset a total of tCO₂e 200 (an additional 38.5% relative to the estimates of carbon consumed by GIB AM). The extra offset margin is aimed at accounting for any estimation errors, and as a consideration for our suppliers' emissions.

We planted 200 trees, equivalent to offsetting tCO₂e 200.

Case study: our DocuSign initiative resulted in significant environmental savings

As part of our environmental impact reduction plan, we introduced DocuSign (an electronic signatory product). In 2020, this resulted in large environmental savings.



1,233 kg
of carbon



525 kg
of wood



12,905 litres
of water



85 kg
of waste

“We recognise the need to partner with other organisations to drive meaningful change.”

Our partnership strategy

We recognise the need to partner with other organisations to drive meaningful change. Our approach is to form partnerships with leading public and private organisations around the world to help drive sustainable change.

Humanitarian and Resilience Investing initiative

We are working alongside other leading global organisations and institutions on the Humanitarian and Resilience Investing (HRI) initiative. HRI refers to capital invested in ways that measurably benefit people and communities in contexts of Fragility, Conflict and Violence, while creating a financial return.

The initiative aims to advance the HRI theme by addressing:

- Critical data gaps
- Investment landscape uncertainty
- Need for proof of concept

As part of this, GIB AM published a White Paper in collaboration with the World Economic Forum ‘Unlocking Humanitarian and Resilience Investing through Better Data’ in January 2021.

Other initiative co-chairs include the International Committee of the Red Cross, Credit Suisse, the World Bank Group and the Netherlands.



Ministry of Foreign Affairs of the Netherlands

Our memberships

We understand that collective impact requires commitment, collaboration and action towards clearly defined goals. Hence, we have decided to partner with leading initiatives and organisations whose focus is on solving major sustainability challenges



<p>Principles for Responsible Investment:</p>	<p>Friends of Ocean Action:</p>
<p>A voluntary initiative that encourages investors to embed environmental, social and governance (ESG) factors into their investment decision making</p>	<p>A coalition, convened by the WEF, which combines over 65 leaders looking to solve today's most pressing ocean challenges</p>
<p>Principles for Responsible Banking:</p>	<p>Humanitarian Investing Initiative:</p>
<p>A voluntary initiative that provides the banking industry with a single framework that embeds sustainability at the strategic, portfolio and transactional levels and across all banking areas</p>	<p>An initiative co-chaired by the WEF, International Committee of the Red Cross (ICRC) and the World Bank Group, which aims to empower the Humanitarian Investing Community</p>
<p>Institutional Investors Group on Climate Change (IIGCC):</p>	<p>The Investment Association:</p>
<p>A forum that encourages European investor collaboration on issues related to climate change</p>	<p>A trade body that represents Investment Managers and Asset Management firms in the UK and encourages better practices</p>
<p>The World Economic Forum:</p>	<p>Task Force on Climate Related Financial Disclosures:</p>
<p>A non-profit international organisation committed to improving the state of the world by engaging leaders on pressing issues and urging them to better shape their industries</p>	<p>A non-profit international organisation committed to improving the state of the world by engaging leaders on pressing issues and urging them to better shape their industries</p>
<p>Sustainability Accounting Standards Board (SASB):</p>	<p>UK Finance:</p>
<p>An independent non-profit standards setter focused on industry-specific and financially material ESG factors</p>	<p>A trade association that acts as the collective voice of over 250 firms across the UK banking and finance industry</p>
<p>The Valuable 500:</p>	

An initiative that catalyses the influence of large, private corporations and challenges diversity that excludes disability

5. Our outlook



Enhance our sustainable investment solutions

We are materially expanding the range of active sustainable investment strategies that we can offer our clients. As part of this, we will be launching the following new active sustainable equities products:

- GIB AM Sustainable World
- GIB AM Global Emerging Markets

Expansion of our sustainability advisory offering

We are enhancing our sustainability advisory offering in 2021. Our advisory offering helps our clients kick-start their sustainability journey, and supports them as they develop their approach. More information will be provided in due course.

Charity of the year

We selected WellFound to be our Charity of the Year for 2021. WellFound works with some of the world's poorest communities to support them with clean water and sanitation. It was this link to SDG 6: Clean Water and Sanitation that drove our selection of Wellfound as our partner.



Conclusion

Overall, 2020 was an extremely challenging year from a sustainability perspective. Not only did climate change continue to have devastating impacts on people and the planet, but the COVID-19 pandemic took a devastating toll on our health and economies.

At GIB Asset Management, we have sought to respond to the challenges facing us by continuing to drive a sustainability agenda, working in partnership with our clients and other stakeholders. Looking back over the part year, we have made demonstrable progress in our commitment to responsible investing and banking.

By being conscious of the mark we leave on the world, we have made better choices.





GIB Asset Management
First Floor,
One Curzon Street,
London, W1J 5HD

T: +44 (0) 20 7259 3149
E: info@gibam.com

www.gibam.com