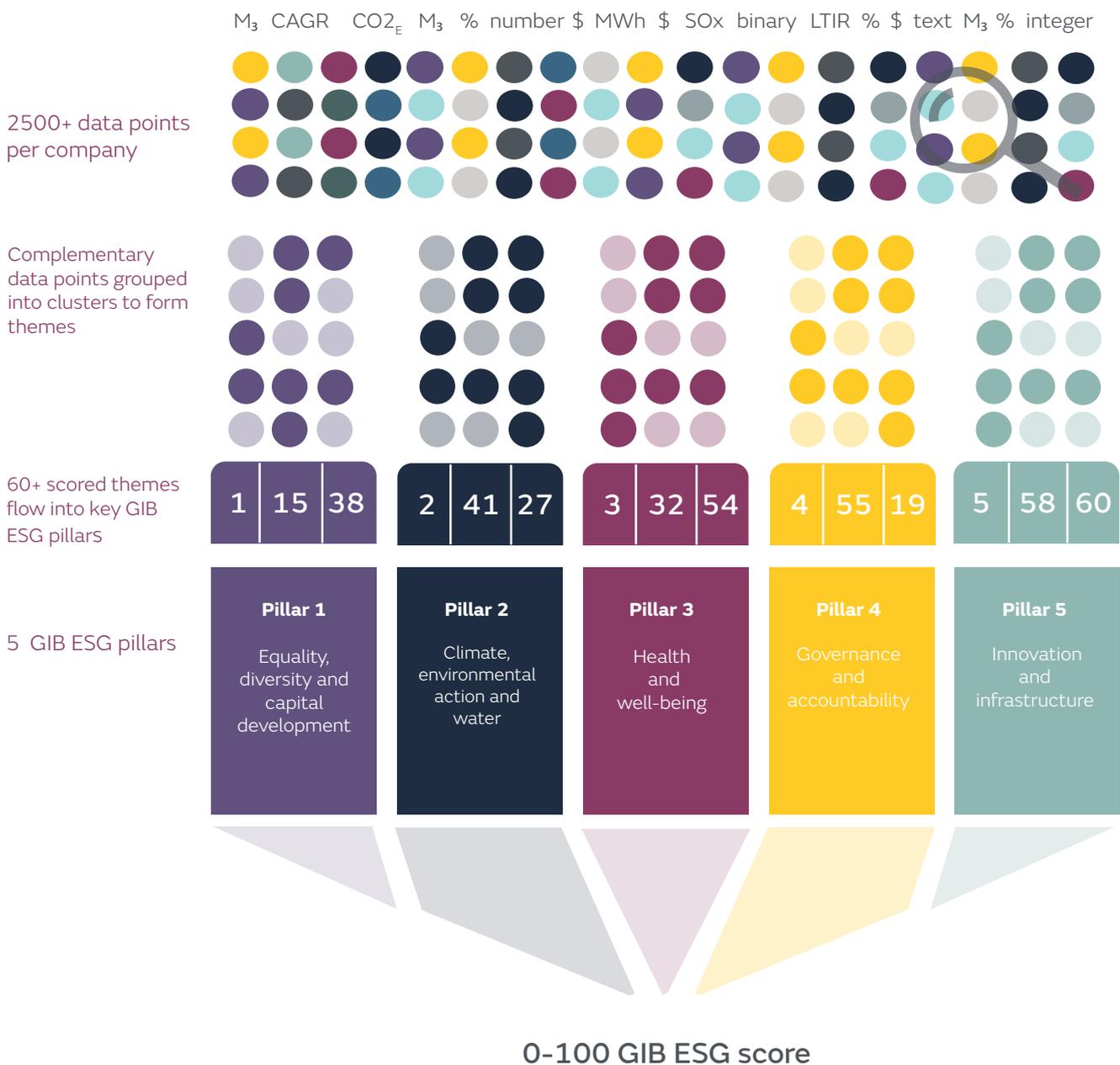


Overview

GIB Asset Management's proprietary data-driven ESG scoring solution is designed to evaluate firms' environment, social and governance exposures and opportunities. Thousands of distinctive, firm-level data points relating to E, S and G are carefully scored individually and funnelled down into themes. A financial materiality overlay is then applied to all themes; linking key sub-industries with relevant, financially material data. Themes are further grouped into GIB AM's key pillars that form the basis of our Responsible Investment Approach and allow analysis beyond the traditional E, S and G groupings.

The output? Robust, transparent, dynamic and financially material company ESG scores accentuating a multi-faceted approach to examining data. The use of historic and contemporary data allows us to examine and evaluate not only trends in firm-level progress, but also the associated drivers. Data feeds in daily as companies disclose and events occur, thus enhancing the timeliness, accuracy and flexibility of our scores. This allows us to utilise ESG data as a potential leading indicator of company performance.



1. Raw data feed

Data is collected in various raw or macro data formats and sources include; academia, government and NGO databases and company disclosures. Our database amalgamates data relevant to over 8500 companies globally – with over 2500 ESG data points per company.

2. Normalisation

Given the variety of data sources and formats, data points are scored or normalised on a 0-100 scale to allow for comparisons. Data may also be transformed, combining two or more data points, to create a more meaningful measure.

Different criteria are defined for each data point or measure mainly based on global targets; such as the Paris Climate Agreement and EU targets for renewables, leading standards; such as the International Labour Organisation (ILO) guidelines for health and safety and the International Corporate Governance Network (ICGN) Global Stewardship Principles, and GIB AM's standards. Industry and regional adjustments are also applied to alleviate biases.

3. Theme construction

The normalised data points are then weighted and grouped into relevant themes, such as water management, supply chain working conditions, access to healthcare, board quality and leadership or clean technology.

Weightings are driven by extensive research and our view on the importance of a data point within a theme. We then combine the 60+ themes into five key pillars extending beyond traditional E, S and G categories. The five pillars are carefully crafted to encompass the United Nations Sustainable Development Goals (SDGs) and various national strategic programs.

4. Financial Materiality

We acknowledge that not all themes are material to every industry.

Our scoring approach considers;

- financial materiality – data security for example is material for a hospital but not as relevant to a coal mining company;
- and industry relevance – for example, water stress is material for agriculture.

We combine industry standards, such as the Sustainability Accounting Standards Board (SASB) guidelines, with research from leading ESG providers like MSCI coupled with our own in-house research and viewpoint to apply varying degrees of emphasis on themes within their respective pillars, depending on the nature of the company examined.

5. GIB ESG Score

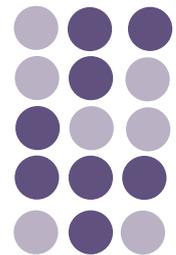
The summation of weighted theme score results in the final GIB ESG score. Scores are designed to be easily deconstructed to allow investigating and analysing specific company issues down to the individual data points.

ESG is not a one size fits all policy – this is our philosophy. Research has shown that firms with good ratings on material sustainability issues may outperform those with poor ratings*. Our approach allows us to truly understand company-specific ESG drivers. This allows us to use ESG data as a potential leading indicator that captures outperformance relative to peers.

By fully understanding ESG and its underlying data, we are confident in its predictive ability to enhance risk-adjusted returns.

* Khan, Serafeim and Yoon (2016). Corporate Sustainability: First Evidence on Materiality.

M₃ CAGR CO₂_E



60+ scored themes

5 GIB ESG Pillars

0 - 100 GIB ESG Score