

GAM RESPONSIBLE INVESTMENT POLICY



G|M
Investments

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Purpose and philosophy

GAM's purpose is to protect and enhance our clients' financial future by attracting and empowering the brightest minds to provide investment leadership, innovation and sustainable thinking. By living our purpose every day, we believe that we can realise our vision of building the most respected specialist active investment manager and trusted solutions and services platform in the world.

Our core values of integrity, collaboration and excellence are central to how we deliver on our purpose and strategy.

As active investors, we believe the inclusion of environmental, social and governance (ESG) factors, analysis and research in the investment process is integral to fundamental financial analysis. This includes identifying and evaluating sustainability risks and opportunities.

Our stewardship focuses on using our influence to create long-term, sustainable value and better outcomes for our clients, society and the environment.

Scope

This policy outlines our approach to responsible investment and how we deliver on our commitments as signatories to the Principles of Responsible Investment.

The policy covers all UCITS management companies, Alternative Investment Fund Managers, and investment firms within GAM Holding AG and its regulated subsidiaries (together 'GAM', 'GAM 'Investments' or "we"), that fall under the definition of Financial Market Participants and/or Financial Advisers within Art. 2 of EU Regulation 2019/2088 ("SFDR").

Governance and oversight

Ultimate responsibility for sustainability at our firm is held by the GAM Holding AG Board, which is composed of seven Directors, all of which are non-executive and considered fully independent. In 2020, we created a new global role, Global Head of Sustainable and Impact Investment, reporting directly to Group Chief Executive Officer. The Global Head of Sustainable and Impact Investment is responsible for leading GAM's sustainable investment strategy, managing our Governance and Responsible Investment (GRI) team.

We created a new Sustainability Committee, one of ten key Group Oversight Committees, chaired by the Global Head of Sustainable and Impact Investment, which reports on our progress to the Group Management Board and the Board of Directors on a quarterly basis. We have a nominated non-executive director responsible for championing sustainability at the Board level.

The Responsible Investment Committee is one of two committees supporting the Sustainability Committee. It is responsible for reviewing and supporting the implementation of our responsible investment policy framework. The Committee is chaired by the Global Head of Sustainable and Impact Investment and is comprised of our Head of Discretionary Investment, Head of GAM Systematic, senior portfolio managers from across asset classes and members of our Governance and Responsible Investment team.

The Committee's responsibilities include:

- Reviewing our responsible investment policy framework – including our responsible investment policy, voting policy, engagement policy and exclusion policy
- Supporting ESG integration – driving continuous improvement in our ESG data, tools and analysis
- Supporting engagement – both directly and via collaborative investor initiatives across equities and fixed income
- Sharing and building knowledge – sharing relevant research, analysis and insights on sustainability themes and trends
- Monitoring progress with a focus on innovation and continual improvement

ESG integration

We believe long-term sustainable returns are dependent on stable, well-functioning and well governed social, economic and environmental systems. Our integrated investment approach evaluates strategic ESG factors alongside asset level and systemic financial, legal, regulatory, market and operational factors, as we believe this is integral to sound investment decisions.

Key sustainability factors

As active investors, we use fundamental analysis, supported by independent ESG data and research, recognised NGO sources, and our own engagement with companies, to identify, evaluate and prioritise key sustainability factors. We do this to better identify and manage the risks associated with sustainability factors, such as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment, but also to understand the opportunities or potential competitive advantage associated with the management of these factors, supporting the transition to a low carbon economy or delivering on the UN Sustainable Development Goals.

Environment – Environmental factors include those relating to the use and availability of natural resources, including water, in the manufacture, use and disposal of products and services. Risks relating to biodiversity may result from a dependency on natural ecosystems and ecosystem services, which are under threat including from deforestation, land degradation, and unsustainable activities, or a negative event which results in serious harm to biodiversity.

Climate change – We support the 2015 Paris Agreement goal of limiting global warming to well below two degrees Celsius and we seek to integrate relevant physical and transition climate-related risks and opportunities into our investment decision-making. We look to companies to have appropriate governance, strategy, risk management and disclosure relating to GHG emissions and impacts along a company's value chain.

Social – Social factors include those relating to diversity and inclusion, health and safety, human rights and labour standards within direct operations, the supply chain and in products and services offered. Social risks may result from the mismanagement of employees, health and safety related closures or reputational risks associated with poor labour practices. In addition to protecting basic human rights, we look to companies to have appropriate policies, procedures and disclosures in place to manage these risks.

Governance – Governance factors include consideration of board structure and independence, alignment of remuneration, transparency of ownership and control and accounting. Risks may also arise from poor corporate culture or bribery and corruption issues. Our approach to corporate governance issues is outlined in our Proxy Voting and Corporate Governance Policy.

UN Global Compact – we support these ten principles in the areas of human rights, labour rights, the environment and anti-corruption derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. Any serious breaches of these principles will result in enhanced due diligence.

Materiality

We apply a materiality framework, informed by the Sustainability Accounting Standards Board (SASB) Materiality Map, to identify sustainability issues that are most likely to affect the financial condition or operating performance of companies within an industry. The most material issues at a company level are identified, evaluated and prioritised using fundamental research, engagement and additional data sources.

Implementation across asset classes

We specialise in active investing, and therefore the specific approach to ESG integration used by each investment strategy will depend on the investment objectives, philosophy, asset class and investment timeframe. The GRI team works together with investment managers to support and improve our integration approach within the investment strategies. The Responsible Investment Committee provides a forum to share ideas and thinking, to further support ESG integration and stewardship across the investment teams.

Quarterly investment risk meetings, conducted by our Head of Discretionary Investment and our Investment Risk teams include an ESG portfolio review, which identifies any companies with poor ESG or carbon scores or controversies, for discussion with the investment manager.

Training on sustainability and responsible investment issues takes the form of both formal external qualifications such as the CFA UK Certificate in ESG Investing and internal knowledge sharing and micro-seminars.

Data sources

We use multiple independent ESG data and research providers, third party research, recognised NGO sources, and public data from organisation such as the World Bank to support our fundamental analysis. Direct and collaborative engagement can also play a key role in providing information where there are data gaps. Our proprietary ESG dashboard provides ESG data, trends and research to all active managers.

We recognise that there are limitations in the quality, comparability and availability of ESG data and encourage improved disclosure through engagement with data providers, companies and support for regulation supporting improved disclosure on ESG issues. We review our ESG data providers annually and review new data or research sources on an on-going basis.

Active stewardship

Stewardship and the principles of good governance are central to our approach to responsible investment. As investors, we recognise our stewardship responsibilities and use our influence to encourage companies to focus on long-term, sustainable value creation and to positively influence the outcomes for our clients, society and the environment.

Voting

Voting is a fundamental part of active asset management. The Proxy Voting and Corporate Governance Policy outlines our corporate governance expectations for companies, our approach on key voting issues and our procedures. We aim to vote all shares for which we have voting authority.

We retain the services of a proxy advisor (Institutional Shareholder Services (ISS)) to assist in implementing and administering proxy voting. ISS provides written analysis for each company resolution based on our policy, but the ultimate voting decision is made by GAM. The GRI team is responsible for making our voting recommendations and for our active holdings these are reviewed by the relevant investment manager. We make voting decisions for all our funds publicly available on a monthly rolling basis on our website.

Engagement

We view engagement as key to fulfilling our duty to be a good steward for our clients' assets. The engagement process gives us valuable insights that help improve our understanding of an organisation, business or country. Our investment managers and analysts meet regularly with company management and, where appropriate, the non-executive directors.

Our dominant strategy focuses on developing one-to-one dialogue with targeted investee companies and is conducted on an ongoing basis. Our aim is for pragmatic, positive and productive dialogue around clear sustainability-related objectives. In the event of an unsuccessful engagement we will consider escalating our vote or divestment.

We collaborate with like-minded investors to improve the overall standards of a particular market or sector, or to amplify our voice. We participate in several collaborative initiatives including ClimateAction100+, Access to Medicine and Access to Nutrition. We engage on policy issues through the PRI Global Policy Reference Group, the Institutional Investor Group on Climate Change (IIGCC) and the UK's Investment Association (IA).

Further details are available in our Engagement Policy.

Exclusions

We exclude companies involved in the manufacture of controversial weapons (anti-personnel mines, cluster munitions, biological and chemical weapons, incendiary (white phosphorous), laser-blinding and/or non-detectable fragments) as outlined in our Global Exclusion Policy.

Additional sustainability-related exclusions may be applied to individual funds or at the request of our clients as part of an investment mandate.

Industry standards, codes and guidelines

We support international standards, codes and guidelines relating to sustainability issues where we consider they represent a framework for good practice and/or are effective in improving sustainability standards and performance. These include:

- **International Corporate Governance Network (ICGN)** – we are a member of ICGN, an investor led organisation focused on global standards of corporate governance and investor stewardship. We support the ICGN Global Governance Principles and Global Stewardship Principles and take these into account within our voting and stewardship activity.
- **Principles for Responsible Investment (PRI)** – we are signatories to the PRI and support the six principles including the integration of ESG issues into investment analysis and decision-making, as part of our commitment to be active owners and supporters of improved disclosure.
- **Sustainability Accounting Standards Board (SASB)** – we are members of the SASB Alliance and support the SASB standards, developed to guide the disclosure of financially material sustainability information by companies to their investors. We apply a materiality framework, informed by the SASB Materiality Map, to identify sustainability issues that are most likely to affect the financial condition or operating performance of companies within an industry.

- **Task Force on Climate-related Financial Disclosures (TCFD)** – we support the TCFD recommendations as a framework to improve disclosure on climate-related risks and opportunities within financial markets. We are committed to report in line with these recommendations within our 2021 Annual Report and likewise encourage our investee companies to provide TCFD-aligned disclosures.

• **UK Stewardship Code** – the UK Stewardship Code 2020, overseen by the Financial Reporting Council (FRC), sets high stewardship standards comprising 12 'apply and explain' principles covering four main areas - purpose and governance, investment approach, engagement and exercising rights and responsibilities. We aim to comply with the expected reporting requirements, in order to become a signatory to the Code.

- **UN Global Compact** - we support these ten principles in the areas of human rights, labour rights, the environment and anti-corruption derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. Any serious breaches of these principles will result in enhanced due diligence comprising a deeper review of the issues flagged including engagement with the company where appropriate.
- **UN Guiding Principles for Business and Human Rights** – these guiding principles for States and businesses support the UN 'Protect, Respect and Remedy' framework with regard to human rights. We use these principles to guide our engagement and set our expectations for companies.

We participate in industry groups and initiatives to support our own ESG integration and stewardship and to influence policy aimed at improving standards and disclosure within the sustainable investment industry and to address systemic risks such as climate change.

Useful links

Policies

- Engagement policy
<https://www.gam.com/-/media/content/corporate-responsibility/gam-engagement-policy.pdf>
- Voting disclosure
<https://vds.issgovernance.com/vds/#/MjQ4Nw==/>
- Corporate Governance and Proxy Voting Policy
<https://www.gam.com/-/media/content/corporate-responsibility/gam-corporate-governance-and-voting-policy.pdf>
- Exclusion Policy
<https://www.gam.com/-/media/content/corporate-responsibility/gam-exclusion-policy.pdf>

Codes

- International Corporate Governance Network (ICGN)
<https://www.icgn.org/>
- Principles for Responsible Investment (PRI)
<https://www.unpri.org/>
- Sustainability Accounting Standards Board (SASB)
<https://www.sasb.org/>
- Sustainability Accounting Standards Board (SASB) Materiality Map
<https://www.sasb.org/standards/materiality-map/>
- Task Force on Climate-related Financial Disclosures (TCFD)
www.fsb-tcfd.org
- UK Stewardship Code
<https://www.frc.org.uk/investors/uk-stewardship-code>
- UN Global Compact
<https://www.unglobalcompact.org/what-is-gc/mission/principles>
- UN Guiding Principles for Business and Human Rights
https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf

For more information, please visit GAM.com

Important legal information:

The information in this document is given for information purposes only and does not qualify as investment advice. Opinions and assessments contained in this document may change and reflect the point of view of GAM in the current economic environment. No liability shall be accepted for the accuracy and completeness of the information. Past performance is no indicator for the current or future development.