

July 2023 |

# RESPONSIBLE INVESTMENT FRAMEWORK



**GAM**  
Investments



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### Purpose and approach

GAM's purpose is to protect and enhance our clients' financial future. By attracting and empowering the brightest minds to think beyond the obvious, we strive to provide investment leadership, innovation and a positive impact on society and the environment.

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, opportunities and impacts as we consider appropriate.

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

The principles apply to all regulated subsidiaries within GAM Holding AG that manage portfolios and/or funds (together 'GAM', 'GAM Investments' or 'we').

In our Fund Management Services ('FMS') business GAM acts as a third-party fund management company or as an alternative investment fund manager of FMS funds. In most cases, we have delegated functions to the investment managers of FMS funds, which may impact obligations including voting, engagement, approach to sustainability risks, transparency and reporting requirements. In these cases, the framework and principles set out in this document do not apply. However, where we delegate investment management to external asset managers either for FMS funds or GAM managed portfolios or funds, we take reasonable steps to oversee the activities delegated, in line with regulatory requirements. We expect all appointed external asset managers to meet relevant regulatory obligations.

Please refer to the documents section on <https://www.gam.com/en/corporate-responsibility/responsible-investing> which is updated periodically to provide relevant information, and refer to specific product-level disclosure for specific characteristics of how the principles set out in this document apply at the Fund level. This page will also contain any mandatory disclosures.

A separate statement with regard to the integration of sustainability risks into the investment decision-making process in line with the EU Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR) can be found in Appendix 1.

Links to additional policies and disclosures are provided in the Appendix 2.

Policies are reviewed on an annual basis.

### Governance and oversight

Sustainability starts at the top with the GAM Holding AG Board holding overall responsibility for our sustainability strategy.

We have a nominated non-executive director responsible for championing sustainability at the Board level and a separate Board member with responsibility for climate risk. Sustainability and climate risks are overseen at the Board Risk Committee.

The Sustainability Committee, chaired by our Global Head of Sustainable and Impact Investment, is one of ten key group oversight committees and is responsible for oversight of our sustainability strategy and commitments. It reports to the full Board on a quarterly basis.

Sustainability oversight is also integrated within the relevant functions. This includes the Global Investment Management Oversight Committee (GIMOC), which is responsible for overseeing investment performance and investment operations including the integration of ESG considerations, the Group Distribution Oversight Committee, which is responsible for ensuring that GAM's products are manufactured, marketed and sold in line with client expectations, the Risk Oversight Committee, which is responsible for providing oversight of the operation of the Group's risk management framework, and the Regulatory Oversight Committee, which is responsible for overseeing compliance with applicable laws and regulations.

The Global Head of Sustainable and Impact Investment is responsible for leading GAM's sustainable investment strategy and managing our Governance and Responsible Investment (GRI) team.

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 co-chaired by the Global Head of Investments and Global Head of Sustainable and Impact Investment and is comprised of senior portfolio managers from across asset classes, investment business management and members of our GRI team.

The Committee's responsibilities include:

- Reviewing our responsible investment policy framework – including our responsible investment policy, voting policy, engagement policy and exclusion policies
- 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
- Adherence to our responsible investment policy framework is outlined in the desk procedures and monitored by front office controls

### ESG integration

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

factors, as we consider appropriate to support sound investment decisions.

Our GRI team act as a centre of expertise on ESG issues, working alongside investment managers to support ESG research, engagement and voting.

**Our approach to 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. It also enables us 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 pursuing effort to limit global warming to 1.5 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. We support disclosure aligned with the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations. We support the Net Zero Asset Managers (NZAM) initiative and are committed to work in partnership with our clients to support the goal of net zero greenhouse gas emissions by 2050 or sooner.

**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 are ourselves supporters of the UN Global Compact and the 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**

The most material issues at a company level will depend on a variety of factors including sector, value chain and geographic footprint. We identify, evaluate and prioritise using a framework that considers both financial and impact materiality as a result of sustainability factors. This relies on third party data and may be supplemented by fundamental research, engagement and additional data sources.

**Implementation across asset classes**

We specialise in active investing, and our ESG integration approach for each investment strategy will depend on, and differ by, the investment objectives, philosophy, asset class and investment timeframe. For certain strategies this is limited in nature. The GRI team works together with investment managers to support and improve ESG integration 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.

Investment teams are ultimately responsible for monitoring their portfolio holdings and integrating ESG considerations. They are supported in this task by various other functions at GAM such as the Investment Risk team and the GRI team. We have various tools and processes available to support the systematic integration of material ESG considerations into our investment strategies.

**Monitoring activities:**

- **Quarterly investment risk meetings:** Quarterly investment risk review meetings, conducted by our Global Head Investments and our Investment Risk team, typically include an ESG Review, where sufficient data is available, and for ‘in scope’ Funds a review of Principal Adverse Impacts. Where concerns are identified, the GRI team will typically support the investment manager with further ESG research and, where appropriate, engagement. Dependent on the outcome, the investment manager may consider an adjustment to their holding.
- **Thematic reviews:** We combine our portfolio reviews with top-down thematic reviews of our holdings. GAM has identified systemic risk areas such as climate change, which drive reviews across our portfolios.
- **ESG Dashboard:** Our proprietary ESG Dashboard available on Bloomberg allows the investment teams and the GRI team to monitor changes in third-party ESG scores and in carbon performance to monitor ESG risks on a bespoke or ad hoc basis.

**Training** on sustainability and responsible investment issues takes the form of both formal external qualifications such as the CFA UK Certificate in ESG Investing, CFA Certificate in Climate and Investing as well as internal knowledge sharing and micro-seminars offered to all GAM employees. All employees have a mandatory objective for a minimum of three hours of ESG training per year.

### Tools and data sources

We use independent ESG data and research providers, third party research, recognised NGO sources, and public data from organisations 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. We have proprietary ESG 'dashboards' on Bloomberg and additional tools such as our ESGVector framework to provide a deeper assessment of focus companies and companies where there is limited coverage by ESG research providers. We recognise that there are limitations in the quality, comparability and availability of ESG data. We encourage improved disclosure through engagement with data providers on quality and new methodologies, companies and support for regulation supporting improved disclosure on ESG issues. We review our ESG data providers periodically and review new data or research sources on an ongoing 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 in line with fiduciary considerations.

### Voting

Voting is a fundamental part of active asset management. Our [Corporate Governance and Voting Principles](#) outline our corporate governance expectations for companies, our approach on key voting issues and our voting procedures. We aim to vote all shares for which we have voting authority.

We retain the services of 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 voting recommendations and for our active holdings, these are reviewed by the relevant investment manager. If necessary, a decision may be escalated to the Global Head of Investments and Global Head of Sustainable and Impact Investment. Our general policy is not to split votes. However, we can facilitate this in exceptional circumstances.

We make voting decisions for all of our funds publicly available on a monthly rolling basis on our website.

Shareholder resolutions are increasingly being employed to improve standards and disclosure on sustainability and ESG topics. We take a case-by-case approach to voting on shareholder proposals, taking into account the materiality of the ESG topics, the content and intent of the proposal, the binding nature and prescriptiveness of the proposal and importantly whether we consider the adoption of such a proposal would promote long-term shareholder value. We also review company actions and responsiveness to the proposal and any engagement on the issue.

### Engagement across asset classes

At GAM, we define engagement as active and purposeful dialogue with current or potential investment targets, such as companies, government and municipalities, with the underlying objective to meet our stewardship obligations to protect

and enhance long-term investor value for our clients. Our investment managers and analysts meet regularly with company management and, where appropriate, the non-executive directors. Our engagements can serve different purposes such as conducting pre-investment research, monitoring our portfolio holdings, addressing specific concerns or advocating for change. As active investors, these interactions allow us to better identify and assess risks, opportunities, and impacts, and to act as a responsible steward of our clients' capital. The engagement process gives us valuable insights that help improve our understanding of an organisation, business or country.

The integration of engagement into a fund's strategy will vary between investment teams depending on the asset class and specific strategy. There are no formulaic rules which set out how we engage. Our approach differs depending on the rights associated with a security, the opportunities we have available for engagement, as well as the characteristics and time horizons of the different strategies.

The specifics of each engagement will depend on the nature and severity of the issue, the company, market, local regulatory requirements and the investment team. Engagement activities are carried out by investment teams directly, with the support of the GRI team as required.

Our dominant engagement 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, such as ClimateAction100+.

### Policy and regulatory engagement

Policy and regulation are fundamental to well-functioning markets and play a critical role in setting the appropriate incentives and disincentives to address sustainability challenges such as climate change. We tend to engage on policy both directly and through the PRI Global Policy Reference Group, the Institutional Investor Group on Climate Change and the UK's Investment Association.

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. Our [Sustainability Exclusion Policy](#) applies to a range of our equity and corporate credit strategies.

### 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.
- **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 publish our own TCFD-aligned disclosures and 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 are supporters of the UN Global Compact and 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.

## Appendix 1

### Purpose & scope

This statement constitutes the disclosure relating to Article 3 of Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (SFDR) which requires information regarding our policies on the integrations of sustainability risks into the investment decision-making process.

This statement applies to all UCITS Management Companies, Alternative Investment Fund Managers, and Investment Firms within GAM Holding AG, that fall under the definition of Financial Market Participants and/or Financial Advisers within Art. 2 of SFDR.

### Definitions

For the purpose of this disclosure, a ‘sustainability risk’ means 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.

### Approach

Our investment approach evaluates sustainability risks, such as those associated with climate change, environmental factors, social factors or governance, alongside asset level and systemic financial, legal, regulatory, market and operational factors, as we consider appropriate to support sound investment decisions.

Sustainability risks are assessed and integrated into the respective investment process of each Fund in a manner as appropriate to the strategy and to the extent that ESG data permits. This may be systematic or ad hoc in nature. For active equity and corporate fixed income strategies, the Investment Manager (or where applicable the Delegate Investment Manager) typically uses fundamental analysis, supported by independent ESG data and research, recognised NGO sources, and/or engagement with companies, to identify, evaluate and prioritise key sustainability factors. For other asset classes, alternative ESG data sources and approaches may be used. For certain strategies and asset classes, ESG data availability is limited and there is no systematic integration approach.

We expect our approach to the integration of sustainability risks to continue to evolve as data, analysis and methodologies develop. The prospective investors of any Fund shall read the relevant Supplement and note that a Fund may deviate from these guidelines, with such deviations clarified in the Supplement of the respective Fund.

## Appendix 2

### Key policies

- **Climate Change Statement**  
[https://www.gam.com/-/media/content/legal/gam-policy\\_climate-change-statement.pdf](https://www.gam.com/-/media/content/legal/gam-policy_climate-change-statement.pdf)
- **Engagement policy**  
<https://www.gam.com/-/media/content/corporate-responsibility/gam-engagement-policy.pdf>
- **Exclusion Policy**  
<https://www.gam.com/-/media/content/corporate-responsibility/gam-exclusion-policy.pdf>
- **Corporate Governance and Voting Principles**  
<https://www.gam.com/-/media/content/corporate-responsibility/gam-corporate-governance-and-voting-principles.pdf>

## Disclosure

- Sustainability Report  
[https://www.gam.com/-/media/content/results/fy-2022/gam\\_sustainability-report-2022\\_online.pdf](https://www.gam.com/-/media/content/results/fy-2022/gam_sustainability-report-2022_online.pdf)
- UK Stewardship Report  
[https://www.gam.com/-/media/content/corporate-responsibility/gam-stewardship\\_report\\_202304\\_en\\_online.pdf](https://www.gam.com/-/media/content/corporate-responsibility/gam-stewardship_report_202304_en_online.pdf)
- Japan Stewardship Report  
[https://www.gam.com/-/media/content/corporate-responsibility/gam-stewardship\\_report\\_202307\\_en\\_japan\\_online.pdf](https://www.gam.com/-/media/content/corporate-responsibility/gam-stewardship_report_202307_en_japan_online.pdf)
- Voting disclosure  
<https://vds.issgovernance.com/vds/#/MjQ4Nw==/>
- Sustainable Finance Disclosure Regulation  
<https://www.gam.com/en/policies-and-disclosures#sfdr>
- Key collaborations  
<https://www.gam.com/-/media/content/corporate-responsibility/gam-sustainability-initiatives>

## Codes

- International Corporate Governance Network (ICGN)  
<https://www.icgn.org/>
- Principles for Responsible Investment (PRI)  
<https://www.unpri.org/>
- Task Force on Climate-related Financial Disclosures (TCFD)  
[www.fsb-tcf.org](http://www.fsb-tcf.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](https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf)

For more information, please visit [GAM.com](https://www.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.