

JAPAN STEWARDSHIP CODE STATEMENT 2024



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INTRODUCTION

We are an active, independent global asset manager that thinks beyond the obvious to deliver distinctive and differentiated investment solutions for our clients. Our purpose is to protect and enhance our clients' financial future. We attract and empower the brightest minds to provide investment leadership and innovation, and we strive for a positive impact on society and the environment.

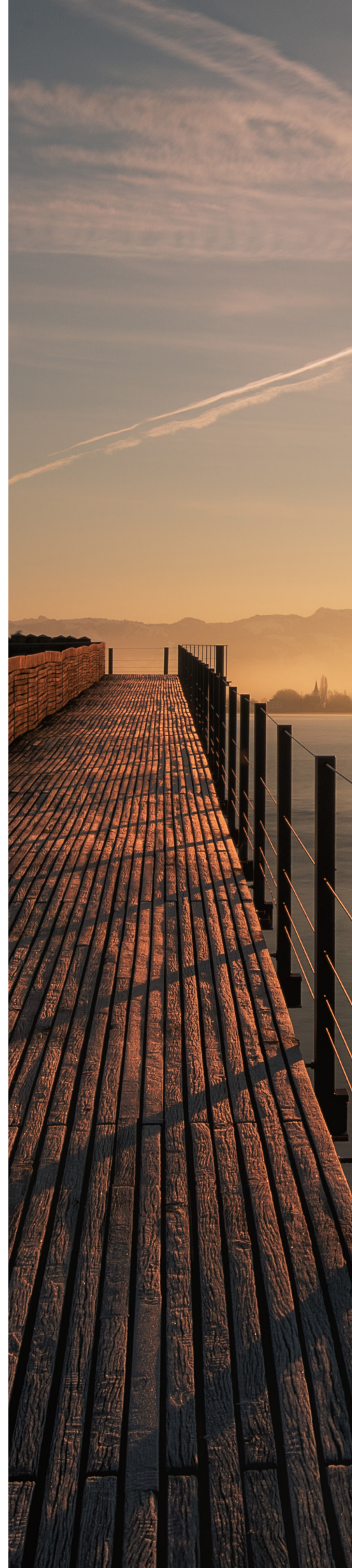
We focus on delivering high-performing and differentiated investment management strategies to over 3,500 wholesale, institutional and wealth clients globally, managed through in-house capabilities and external investment management partnerships. At the end of financial year 2023, our investment management assets were CHF 19.3 billion.

GAM Holding AG is headquartered in Zurich, Switzerland and listed on the SIX Swiss Exchange. Our employees are in 14 countries.

Stewardship and the principles of good governance are central to GAM Investments' ("GAM's") approach to responsible investment. GAM has formally supported the Japan Stewardship Code (the "Code") since 2021. This statement highlights how we use the integration of ESG factors, company engagement, proxy voting and other strategic efforts to be good stewards of our clients' capital in the provision of investment management services. It is structured in response to the 8 principles of the revised version of the Japan Stewardship Code issued by Japan's Financial Services Agency on 24 March 2020. The purpose of this statement is to outline how GAM supports and implements the Code's principles.

Further details on our stewardship activity are available in our [Sustainability Report](#) and [Stewardship Report](#).

This statement refers to GAM's investment management business specifically.



STEWARDSHIP CODE PRINCIPLE 1

Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.

At GAM, our purpose is to protect and enhance our clients' financial future. As part of this, we are constantly challenging ourselves to think beyond the obvious to deliver distinctive and differentiated investment solutions for our clients. We aim to attract and empower the brightest minds to provide investment leadership, innovation and we strive for a positive impact on society and the environment.

As active investors, we believe that understanding environmental, social and governance (ESG) factors, acting on them where appropriate and developing sustainable solutions are key to our ability to deliver better returns for our clients and better real-world outcomes in this rapidly transforming world.

We have a clear policy framework which describes how we fulfil our stewardship responsibilities. These are all available on GAM website and include:

- **Responsible Investment Framework:** outlines our approach to responsible investment and how we deliver on our commitments as signatories to the Principles of Responsible Investment.
- **Engagement Policy:** sets out GAM's approach to engagement with current and potential investee companies and across asset classes.
- **Corporate Governance and Voting Principles:** This set of principles outlines our corporate governance expectations for companies, our approach on key voting issues and our procedures.
- **Climate Change and Nature Statement:** describes our approach to climate and nature-related risks and opportunities.

Stewardship activity is fundamentally the responsibility of our investment managers as it relates to the investments process. We support this activity through our dedicated Governance and Responsible Investment (GRI) team, supported by appropriate ESG data, research and tools. The GRI team serves as a central source of expertise on sustainability and stewardship, working in partnership with the investment teams to support ESG integration, engagement and voting. The team is independent of the investment teams and is led by the Chief Sustainability Officer, who reports directly to the CEO.

Additional details can be found in Principle 1 of our [Stewardship Report](#).

STEWARDSHIP CODE PRINCIPLE 2

Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

Conflicts of interest policy and framework

GAM recognises that conflicts of interest may arise while carrying out day to day activities. Our public Conflicts of Interest Policy sets out a framework designed to ensure the appropriate steps are taken to identify, prevent and manage conflicts of interest fairly and appropriately, and to prevent any conflicts from adversely affecting the interests of clients.

All employees are required to adhere to the Policy, and failure to do so may result in disciplinary action against the individual concerned, including termination of employment. Annual training on the identification and management of conflicts of interest is provided to all employees and comprises both interactive workshops and computer-based training. The Policy is reviewed annually by the Global Head of Legal and Compliance.

The key components of our conflicts of interest framework are as follows:

- 1. Board Governance & Segregation of Function & Duties** – Investments functions are segregated from support functions to allow for their independence. Our internal control environment is underpinned by a “three lines of defence” framework which ensures the independence of control functions, including Compliance, Risk and Audit.
- 2. Conflicts of Interest Committee (COI Committee)** – The COI Committee is one of the key oversight committees in GAM’s governance framework and reports directly to the Group Management Board. It is a global, independent function that meets at least quarterly.

- 3. Conflicts of Interest Register (COI Register)** – The COI Register records conflicts of interest that have arisen or may arise during GAM’s business activities globally. This includes ensuring the requisite controls are implemented to manage those conflicts. Risk-based compliance testing is carried out to ensure the adequacy and effectiveness of these controls.
- 4. Policies and Procedures** – Our detailed policies and procedures are designed to ensure that processes are in place to reduce the possibility of a material risk of detriment to the interests of clients.
- 5. Training** – Mandatory conflicts of interest training is provided to all employees through both computer-based training and interactive Conflicts & Conduct Workshops.
- 6. Dedicated Resource for Managing Conflicts of Interest Risk** – The Global Head of Conflicts of Interest & Conduct is a dedicated resource for the management of conflicts of interest across all GAM entities.

Additional details can be found in Principle 3 of our [Stewardship Report](#).

STEWARDSHIP CODE PRINCIPLE 3

Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.

Our approach to monitoring investee companies

Our GRI team partners with investment managers to support ESG integration, engagement and voting where relevant. The ESG integration approach varies between investment strategies, depending on the investment process and stage of the investment process, asset class, typical holding period and market or geography. Availability and quality of ESG data is also a factor in the way and extent to which we integrate ESG considerations. We seek to identify material ESG issues, alongside financial, business strategy, regulatory, market and operational factors, as appropriate within each investment strategy to deliver on the investment objectives and our commitments to clients.

Priority ESG issues

We prioritise those ESG issues we consider material to the performance of our investment strategies, and important to our clients. Priority issues are identified and selected using quantitative and qualitative inputs including an assessment of double materiality – seeking to identify sustainability issues that are most likely to affect the financial condition or operating performance of companies within an industry alongside consideration of potential negative principal adverse impacts (PAIs) on the environment or society and principles of good governance. Our materiality assessment is based on an internal framework informed by MSCI ESG risk and impact data and assessments, and is complemented by analysis by the GRI team, based on a broader set of external ESG data, recognised NGO sources, our own engagement with companies and investment manager insights, to identify, evaluate and prioritise key sustainability factors.

Supporting processes and tools

ESG integration is a continuous process combining ESG data and research with insights from engagement and voting to inform investment decision-making at various points of the investment process. This process is supported by Investment Business Management and Investment Risk teams as outlined in Principle 7.

Additional details can be found in Principle 7 of our [Stewardship Report](#).

STEWARDSHIP CODE PRINCIPLE 4

Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.

Our approach to engagement

Stewardship is a central pillar of our responsible investment strategy, supporting our investment decision-making by building a better understanding of how ESG risks and opportunities are managed and driving for positive change where we consider an issue requires specific action. 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. It can serve different purposes, such as supporting pre-investment research and analysis, monitoring, addressing specific concerns or advocating for changes.

How we engage

Selection & prioritisation – We prioritise those ESG issues we consider material to the performance of our investment strategies, and important to our clients. Priority issues are identified and selected using quantitative and qualitative inputs including an assessment of double materiality – seeking to identify sustainability issues that are most likely to affect the financial condition or operating performance of companies within an industry, alongside consideration of potential negative principal adverse impacts (PAIs) on the environment or society and principles of good governance.

Engagement methods – Our choice of engagement approach will differ depending on a range of parameter, including the nature of the existing relationship with the issuer, the size of our holding, the markets in which we invest, the urgency and nature of the topic and the asset type. Our preferred approach across our active equity and corporate fixed income funds is direct engagement, alongside collaborative and wider industry engagement where we consider this to be complementary or more effective.

Differing approaches across funds, assets and geographies

Asset class and geography impacts our engagement activity, as we seek to tailor our approach to the specific context and requirements of the investment strategy. This includes taking into account the relevant country and asset class context to ensure engagement is as constructive and effective as possible.

Tracking engagement outcomes

In 2023, we developed a stewardship tracker and enhanced our internal reporting on both voting and engagement activity. This enables better planning and monitoring of engagement progress. We record Engagement topic(s), ESG engagement activity, Engagement objectives and Engagement Outcomes. Attribution of an outcome directly to our engagement activity is challenging as company outcomes and investment decisions will be the result of multiple factors. We therefore outline the outcome, and our contribution, but do not claim a direct causal link.

In 2023, we conducted 1,019 one-to-one or group meetings with 624 individual companies. 390 of these meetings (38%) involved ESG-related topics¹⁴. The dominant topic was environmental engagements, which represented 57% of all ESG-related engagements. Within those environmental engagements, climate change was the main theme, representing 72% of environmental engagements.

Additional details can be found in Principles 9, 10 and 11 of our [Stewardship Report](#).

STEWARDSHIP CODE PRINCIPLE 5

Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.

Our approach to voting

Voting is a fundamental part of our investment management approach, alongside investment analysis and engagement. We outline our expectations for companies in our Corporate Governance and Voting Principles. These follow a principlesbased approach, recognising that corporate governance codes and practices differ between jurisdictions. Due to differences in corporate governance standards and practices globally, we have developed broad geographic and regional guidelines to account for market-specific corporate governance standards. We also recognise that appropriate corporate governance practices can differ according to the company structure, size and nature of operations. We maintain a pragmatic approach in the application of these standards and best practice. We exercise our voting rights and responsibilities across relevant asset classes – predominantly equity and for certain fixed income holdings. We aim to actively exercise these rights and vote wherever we have voting authority.

Vote disclosure

Voting decisions are available for all our funds available on our website on a monthly rolling basis. In 2023, we introduced half-yearly reporting on our voting rationales

Additional details can be found in Principle 12 of our [Stewardship Report](#).

STEWARDSHIP CODE PRINCIPLE 6

Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.

We annually report our stewardship and engagement activities via our annual [Stewardship Report](#) and [Sustainability Report](#).

Our public Responsible Investment webpage contains policies, disclosures and voting records

Additional details can be found in Principle 6 of our [Stewardship Report](#).

STEWARDSHIP CODE PRINCIPLE 7

To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.

Governance, oversight, and resources

The Board of Directors is ultimately responsible for our strategy, the stewardship of the Group's risk management systems and processes, and their governance and control. Board Committees consider those sustainability topics as appropriate and there is individual Board member responsibility for Culture and Climate. Our internal governance framework is designed to ensure sustainability and stewardship are effectively embedded and overseen across the business. The Group Management Board (GMB) is responsible for day-to-day management and control. The Sustainability Committee is a key oversight committee, chaired by our Chief Sustainability Officer reporting to the full Board and our Group Management Board on a quarterly basis. This Committee directs our sustainability strategy, oversees our Responsible Investment Framework, reviews progress against commitments and serves as an escalation point for conflicts or exceptions

The dedicated Governance and Responsible Investment (GRI) team serves as a central source of expertise on sustainability and stewardship, working in partnership with the investment teams to support ESG integration, engagement and voting.

ESG data, research and tools

We continue to invest in ESG data, systems and processes to support our GRI team, investment managers and wider oversight functions. During 2023, we continued to work with ESG data providers – MSCI ESG, Sustainalytics, CDP, RepRisk and Bloomberg – as key inputs for raw ESG data, ratings and analysis to support own research and analysis. This is in addition to various NGO sources, such as Transition Pathway Initiative. We employ proxy advisors ISS and GlassLewis for proxy voting research and administration. We will also work with specialist ESG data providers, such as Carbone 4 to support our climate bond strategy.

Additional details can be found in Principles 2 and 4 of our [Stewardship Report](#).

STEWARDSHIP CODE PRINCIPLE 8

Service providers for institutional investors should endeavor to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfill their stewardship responsibilities.

We are not considered a service provider, such as a proxy advisor or investment consultant, for institutional investors within our investment management business. However, we do use the services from various third parties to support proxy voting and ESG integration in support of our investment process for our clients. Our Procurement function manages and monitors our service providers, this includes appropriate due diligence and supplier management. Our external investment managers of GAM funds are additionally monitored by our Global Investment Management Oversight Committee.

Promoting well-functioning markets

We believe we have a role in promoting well-functioning financial markets, not only through the way we manage our own business, but also by sharing our knowledge and expertise to build and improve standards, share good practice, and contribute to the effective functioning of the markets in which we invest and operate. We do this through our membership and contribution to industry initiatives, working with stakeholders including clients, peers, and regulators. We consider our participation in these industry initiatives to be effective. We have contributed to industry responses to key policy developments, such as the Investment Association response to the FCA Sustainability Disclosure consultation, development of best practise, for example the Transition Plan Taskforce guidance for asset managers and contributing to better knowledge and understanding, such as through the Climate Financial Risk Forum Adaptation Working Group.

Additional details can be found in Principles 12 of our [Stewardship Report](#).

APPENDIX

Japan Stewardship Code to UK Stewardship Code Principle Mapping.

Japan Stewardship Code Principle	UK Stewardship Code Principle
1	1
2	3
3	7
4	9,10,11
5	12
6	6
7	2,4
8	12



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.

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