April 2024

STEWARDSHIP REPORT 2023

GAM Investments

CEO'S FOREWORD

FOREWORD

Stewardship continues to play an important role in our investment approach and in delivering on our purpose to protect and enhance our clients' financial future – striving to provide investment leadership, innovation and a positive impact on society and the environment.

We are proud to have continued to meet the signatory requirements of the UK Stewardship Code – for the third consecutive year since the revised code was launched. We support stewardship codes in other key markets and in 2023, we publicly committed to the newly launched Swiss Stewardship Code.

Elmar Zumbuehl
Group Chief
Executive Officer

Stewardship in action

At GAM, we view engagement and voting as important rights and responsibilities, as well as a critical tool in our investment activity, supporting our investment analysis and decision-making to better embed the consideration of ESG-related risks, opportunities, and impacts.

In 2023, we engaged with over 250 companies on ESG themes – ranging from board structure to biodiversity, and from data privacy to diversity.

Climate change continues to be a central theme, reflected in around 40% of our ESG-related engagement, as we seek to incorporate climate-related risks and opportunities to better manage investments for our clients, and progress our net zero targets.

We also voted at over 900 company meetings on around 11,000 unique resolutions, informed by clear governance principles and company-specific insight reflecting the structure, size, and market of our investments.

Industry collaboration continues to be important as we seek to help build knowledge, improve standards, and support the integrity of financial markets. In 2023, we joined 190 institutional investors in the Nature Action 100 initiative, developed sector guidance on climate transition plans as part of the Transition Plan Taskforce Asset Manager Working Group, and continued to actively participate in the FCA/PRA Climate Financial Risk Forum adaptation workstream.

Client focus

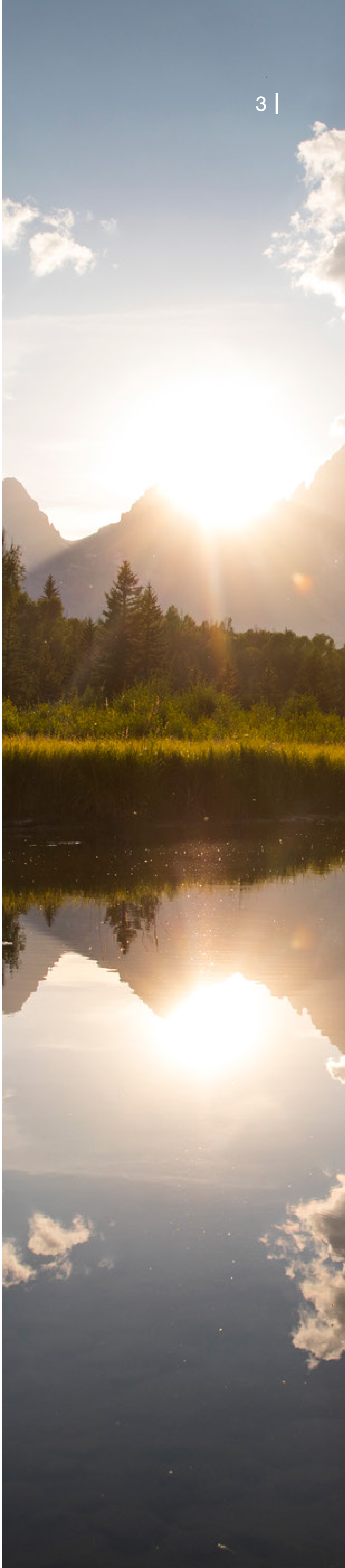
We focus our stewardship activity to support our investment strategies and performance. To support our clients in navigating the increasingly complex sustainability landscape, we continue to build our 'GAM Explains' insight series covering key sustainability topics and partner with peers and the think tank Fide[1] to address key sustainability challenges.

Two awards – the Environmental Finance 'Green bond fund of the year award' for the GAM Climate Bond strategy[2] and the Wealth & Finance Ethical Finance Awards 2023 'Excellence Award in Responsible Investing'[3] – are highlights, as we continue to focus on delivering investment and sustainability outcomes for our clients.

Yours sincerely

Elmar Zumbuehl
Group Chief Executive Officer

[1] https://thinkfide.com/en/
[2] Green bond fund of the year: GAM Sustainable Climate Bond: Environmental Finance (environmental-finance.com)
[3] GAM Investments (2023 Winner: Ethical Finance Awards) – Wealth & Finance International (wealthandfinance-news.com)



CONTENTS

INTRODUCTION

Overview of GAM

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 located in 14 countries.

Scope of report

This Stewardship Report provides an overview of our stewardship activities for our GAM Investment Management clients globally[4]. Our reporting is aligned with the 2020 UK Stewardship Code principles and aims to highlight how we deliver across these 12 principles. This report is submitted for application to the Stewardship Code in April 2024 on behalf of GAM International Management Ltd (GIML) and is approved by the GIML Board.

We are proud to have met the UK Stewardship Code signatory requirements since 2021, and are additionally committed to the Singapore Stewardship Principles for Responsible Investors and Japan's Stewardship Code. In 2023, we publicly committed to the newly launched Swiss Stewardship Code and have aligned this report to meet these requirements. An index table is provided in the Appendix.

Our Annual Report and Sustainability Report provide further details on our broader strategy, risks management, corporate governance arrangements and progress on our corporate sustainability strategy.

All data in this report relates to the period from 1 January to 31 December 2023 unless otherwise stated.

[4]GAM investment management or 'GAM Investments' includes our External Investment Management partners ('EIMs') but excludes our Fund Management Services business. We announced the sale of this business to Carne Group in June 2023 as part of a strategic decision. This transaction was completed on 31 January 2024.

HIGHLIGHTS

390 / 274
390 ESG-focused engagements with 274 companies

159
Climate-related engagements

11,216
Actively voted on 11,216 unique resolutions,
of which 10.8% were votes against management

Nature Action 100
Joined Nature Action 100 collaborative engagement initiative

Net Zero Engagement Initiative
Joined Net Zero Engagement Initiative collaborative engagement

UK Stewardship Code
Maintained UK Stewardship Code signatory status

Swiss Stewardship Code
Signed Swiss Stewardship Code

CFA Impact Investing Certificate
Piloted CFA Impact Investing Certificate[5]

Sustainable investment awards
Awarded the Environmental Finance 'Green bond fund of the year award' for the GAM Climate Bond strategy[6] and Wealth & Finance Ethical Finance Awards 2023 'Excellence Award in Responsible Investing'[7]

[5] https://www.cfauk.org/learn/qualifications/certificate-in-impact-investing

[6] Green bond fund of the year: GAM Sustainable Climate Bond: Environmental Finance (environmental-finance.com)

[7] GAM Investments (2023 Winner: Ethical Finance Awards) – Wealth & Finance International (wealthandfinance-news.com)

PURPOSE AND GOVERNANCE

STEWARDSHIP CODE PRINCIPLE 1

Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Our business

We are an active, independent global asset manager, listed and headquartered in Switzerland. Our business model is focused on delivering high performing and differentiated investment management strategies to wholesale, institutional and wealth clients globally. These are managed through in-house capabilities and external investment management partnerships. During 2023, we announced the sale of our Fund Management Services business, which manages day-to-day fund operations for clients, to Carne Group. This was completed in January 2024.

Our purpose

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.

Our investment philosophy

We believe in high conviction, high alpha strategies, rooted in the experience and expertise of our investment teams and the strength of our investment processes. As signatories to the UN Principles of Responsible Investment (PRI), this includes a commitment to incorporate environmental, social and governance (ESG) considerations into our investment analysis and decision-making where we consider they are material to the investment decision, and to be active owners, incorporating ESG issues into our ownership policies and practices. Our investment teams are unconstrained by a single investment 'house view' but as active investors, we believe that understanding 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.

Sustainability strategy

Our sustainability strategy supports our firm-wide strategy through our focus on investing responsibly – this includes embedding environmental, social and governance (ESG) considerations into our investment decisions, active stewardship, providing sustainable solutions for our clients – and a focus on our own corporate sustainability.

Strategic pillars

- **Commitments** – We support action and improved standards through public commitments and transparency.
- **Embedding ESG** – We aim to embed ESG risks, opportunities and impacts in our investment analysis and decision-making using leading data, tools and insight.
- **Active stewardship** – We seek to use our influence through voting, engagement and industry collaboration to add value to our clients within our investments, and in the broader market.
- **Sustainable solutions** – We are committed to developing products and solutions to help our clients navigate, benefit from and drive the transition to a more sustainable economy.
- **Corporate sustainability** – We deliver our purpose through a commitment to our people, a focus on diversity, equity and inclusion, and striving for a positive impact on society and the environment.

Our culture

We recognise the importance of having the right culture to meet our stakeholder expectations and the continued success of our business. We are strongly committed to our core values of integrity, excellence, and collaboration, and we seek to conduct our business in accordance with the highest standards – always acting with honesty and integrity. We are committed to fostering and embedding a positive, respectful and client-centric culture at all levels of the organisation. Given the importance of culture, Jeremy Smouha is the Board Member champion responsible for driving culture forward at GAM.

We believe that diversity, equity and inclusion (DEI) are values that attract, develop and retain exceptional colleagues and strengthen our ability to deliver on our purpose by nurturing creativity, belonging and collaboration.

Our values

- **We act with integrity** – We always do the right thing by our clients and by each other. Earning and keeping trust is a priority. We are honest, transparent and always accountable. We promote open communication and respect for each other, creating a workplace where everyone can contribute, grow and be successful.
- **We are driven by excellence** – We take great pride in delivering the best for our clients, holding ourselves and each other to the highest standards. We empower our employees to challenge the status quo, and we encourage them to be bold, determined and original. We are responsible and diligent investors, managing our impact on the environment and society, on behalf of our clients and other stakeholders.
- **We deliver through collaboration** – We believe that by working closely with our clients and with each other we can achieve great results. We value the skills, expertise and knowledge of our colleagues, supporting each other to fully leverage our strengths. We support an inclusive workplace, where different ideas, perspectives and backgrounds enrich our decision-making.

Enabling effective stewardship

Stewardship is a central pillar of our responsible investment strategy and investment culture, enabling us to build conviction in our investment thesis. We are proud signatories to the UN Principles for Responsible Investment (PRI) and are committed to the stewardship codes of key markets in which we operate. Effective stewardship is supported through our policies and processes, including:

- **Governance** – Our Responsible Investment Framework and associated policies are reviewed annually by our Sustainability Committee and changes noted at our Global Investment Management Oversight Committee. An update on progress against our sustainability strategy is provided quarterly to our Board.
- **Expertise** – Our Global Responsible Investment team partners with investment managers to support ESG analysis, engagement and voting.
- **Processes** – We continue to strengthen processes to support our policies across key oversight functions including investment business management, risk and compliance. In 2023, we strengthened our internal tools to better manage and monitor voting and engagement activity.
- **Data and tools** – We source a range of ESG data to support our ESG integration, voting and engagement. We also develop tools to support our analysis and engagement prioritisation. In 2023, we enhanced our Principal Adverse Impact (PAI) review tool and developed a new Net Zero Alignment Assessment Tool (NZAAT).
- **Risk management** – Fund level ESG reports are produced internally for over 95% of our equity, corporate debt and sovereign funds by AuM[8]. These are considered where relevant at periodic investment risk meetings, alongside a specific review of Principal Adverse Impacts[9] where this is a specific characteristic of the Fund.

Measuring progress

We continue to improve the development of indicators to manage and monitor stewardship activity. In 2023, we developed a stewardship tracker and enhanced our internal reporting on both voting and engagement. Additional progress includes:

- **Net zero** – In line with our stated net zero engagement target[10], at the end of the year 64% of 'in scope' financed emissions in material sectors are either assessed as net zero, aligned with a net zero pathway (9% of financed emissions) or are the subject of direct or collective engagement and stewardship actions (55% of financed emissions).
- **Nature** – We continue to develop our engagement approach to nature and biodiversity, through initiatives such as Finance Sector Deforestation Action (FSDA) Initiative and through Nature Action 100 we have engaged with 10 companies on this topic.
- **Sustainable strategies** – GAM's Sustainable Climate Bond strategy was named 'Green bond fund of the year' at the Environmental Finance Awards in its first full year in existence. We will continue to respond to client demand for new products and solutions to support our clients.

We continue to prioritise those stewardship activities we consider add the most value to our clients, review our stewardship efforts and outcomes, and report these to our clients.

[8]At the time of publication, each ESG Summary and Extended report for our equity, corporate debt and sovereign funds has at least 70% ESG data coverage by AuM. The funds for which ESG reports are available represent approximately two thirds of our total Fund AuM. This is a larger scope than our publicly available fund reports.

[9]Fund classified as Article 8 and 9 under SFDR consider principal adverse impacts as described in their respective Prospectus disclosures.

[10]Our climate plan includes three 2030 targets focused on decarbonisation, engagement and net zero coverage.
These targets cover all funds classified as equity or corporate fixed income representing a third (32%) of GAM's Investment Management unit as at 29 December 2023.
Our Sustainability Report provide additional detail.

STEWARDSHIP CODE PRINCIPLE 2

Signatories' governance, resources, and incentives support stewardship.

Governance & oversight

GAM Holding AG is a publicly listed company on the Swiss SIX Exchange. We have been listed since 2009 and are subject to the Swiss Code of Obligations and SIX listing rules.

Board level

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. This includes:

Audit and Risk Committee – Approves our Sustainability Report and climate-related disclosures. The Chair Antoine Spillman is Board member responsible for Climate.

Governance and Nomination Committee – Considers diversity and inclusion as part of the oversight of our talent. Jeremy Smouha is Board member responsible for Culture.

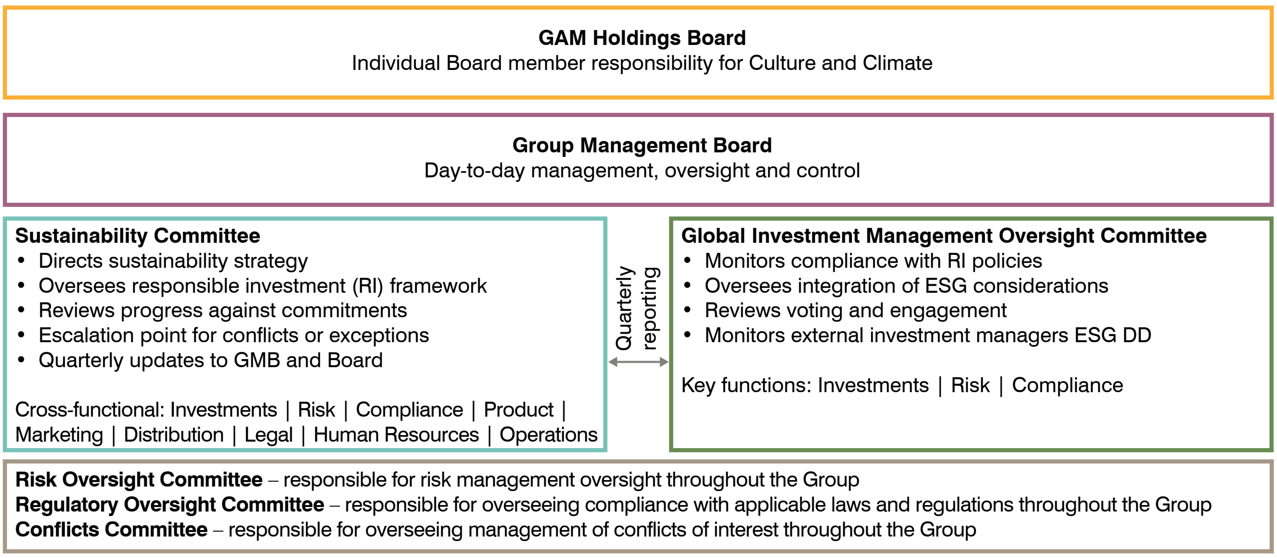
Compensation Committee – Proposes the compensation framework policy, structure and application.

Management level

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. It comprises our Group Chief Executive Officer (CEO), Group Chief Financial Officer (CFO), Global Chief Operating Officer (COO), Global Head of Legal and Compliance, Global Head of Client Solutions and Global Head of Investments and Products. In addition, the Group Chief Risk Officer (CRO) and Global Chief Sustainability Officer (CSO) report directly to the CEO.

The **Sustainability Committee** is a key oversight committee, chaired by our CSO 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.

Figure 1: Sustainability governance structure



Source: GAM

In line with our focus on embedding stewardship across key functions and within our oversight and accountability framework, the following oversight committees focus on stewardship-related activities.

- **Global Investment Management Oversight Committee** – Responsible for providing oversight of investment performance alongside key risks and controls relating to the Investments Function. This includes monitoring compliance with RI policies, overseeing the integration of ESG considerations, review of voting and engagement activity and monitoring of external investment managers ESG due diligence. A new report was introduced in 2023 as part of the committee materials to support oversight.
- **Group Distribution Oversight Committee** – Responsible for ensuring that GAM's products are manufactured, marketed and sold in line with client expectations, the Group's risk appetite and industry good practice. The Committee oversees the effective delivery of products and services to clients.
- **Risk Oversight Committee** – Responsible for advising the GMB and the Board on the Group's risk management strategy, risk appetite and associated limits, establishing and implementing the Group's principal risk and capital management policies, and providing oversight of the operation of the Group's risk management framework.
- **Regulatory Oversight Committee** – The Committee is responsible for overseeing compliance with applicable laws and regulations throughout the GAM Group.

Control functions

The Risk function activities include quarterly investment risk meetings, day-to-day operational risk management, and on-going investment controlling. The following first- and second-line control functions support the implementation and oversight of our investment strategies, including any sustainability requirements.

- **Investment Controlling** – A second-line risk team which monitors our investment teams adherence to applicable legal and regulatory, prospectus, contractual and internal investment guidelines, including GAM's Exclusions Policy. The team escalates guideline breaches, oversees their timely remedy and reports the details to the relevant committees and boards and as required, applicable external auditors and regulators.
- **Investment Risk Oversight** – The second-line Investment Risk Oversight team produces, reviews, analyses and challenges investment risk and performance.
- **Operational Risk** – A second-line team overseeing the processes and risk and control self-assessments owned by functional business heads, monitor the performance of business processes using defined key risk and performance indicators, challenge controls and analyse operational incidents. They maintain an active dialogue with first-line business process owners.
- **Investments Business Management** – A dedicated first-line team embedded within the Investments business. The team supports the ownership and management of risks within GAM's investment teams via the identification, assessment, monitoring and control of risk including:
  - Oversight of the implementation of investments-related policies and procedures including the sustainable investment policy framework.
  - Oversight and reporting to relevant boards and committees of key ESG-related areas including, but not limited to, investment due diligence and record keeping reviews, external investment managers key risk indicator (KRI) reporting and, monitoring of sustainability and climate risks as part of regular Risk Control Self-Assessment Reviews.
  - Monitoring of ESG-related breaches and incidents as part of periodic reporting including exceptions, escalation, and action tracking.

We believe this governance framework and processes, combined with appropriate reporting including through the Principles of Responsible Investment annual assessment process, our Sustainability and Stewardship reports, provides transparency and a strong oversight and accountability framework.

Resourcing stewardship

Stewardship activity is fundamentally the responsibility of our investment managers as it relates to the investments process. We support this activity through our dedicated GRI team, reinforced by appropriate data, research and tools.

Dedicated Governance and Responsible Investment (GRI) team – this 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.

The team comprises the Chief Sustainability Officer, with over 20 years' experience in sustainable investment and research, one Senior ESG Manager, two Senior ESG Analysts, one ESG Analyst, and an ESG Support Analyst, based in London, Singapore and Dublin. The team partners with specific investment strategies, and includes a dedicated corporate governance and voting analyst. We consider this team to have appropriate mix of seniority, experience and qualifications. This includes diverse academic backgrounds and specific experience in corporate governance, climate change, and thematic research. Three team members hold the CFA ESG Certificate, two hold the Investment Management Certificate and one is a CFA Charterholder. The team is two thirds female and one third male.

Continual development is a key focus for the team, with ESG specific learning through attending a variety of webinars and events, as well as structured learning. This included three members studying for and successfully completing the new CFA Impact Investing Certificate.

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 Carbonne4 to support our climate bond strategy.

In 2023, we further developed our tools, including:

- Refining 'Principal Adverse Impact' assessment tool – Enhancing our assessment tool to include a double materiality assessment and improved functionality.
- New 'Net Zero Alignment Assessment Tool' – Based on guidance including the IIGCC Net Zero Investment Framework (NZIF), Net Zero Investment Toolkit and multiple external data sources, the tool is designed to assess progress on net-zero alignment, prioritise and support engagement, and monitor progress against our targets. We incorporate our own data based on our engagements.
- Stewardship tracker – This tool enables us to better plan and monitor engagement activity and progress covering both thematic engagement and engagement triggered as part of our portfolio reviews.

Incentivising stewardship

The Group's total compensation approach comprises fixed and variable compensation. Fixed compensation includes base salary, which reflects seniority, experience, skills and market conditions, and customary local practices.

Variable remuneration is discretionary and reviewed annually. Multiple factors are considered including Group Financial performance, and delivery of functional objectives and individual performance.

Our Compensation Policy reflects the requirements of EU Sustainable Finance Disclosure Regulation, namely consistent with the integration of sustainability risks. Where appropriate, formula-based bonuses for investment managers will reflect sustainability risks, predominantly through the impact on investment performance, an important component in determining the bonus payment. The Group's Compensation Policy is available on GAM's website.

The Group sets annual sustainability-related objectives, as outlined in our Sustainability Report. These form part of the Group Management Board objectives. In addition, the GRI team have specific sustainability-related objectives.

We believe this approach supports our stewardship activities.

Driving effectiveness and continual improvement

In 2023, key activities to strengthen and improve the effectiveness of our framework included:

- Updating Sustainability Committee structure – In Q4 2023, we updated the membership and terms of reference for our oversight committee ensuring we had appropriate representation across the business and streamlining two sub-committees into a single committee. This was formally approved by the Sustainability Committee and came into effect in Q1 2024.
- Investment due diligence and record keeping monitoring – Introduction of thematic reviews, undertaken by Investments Business Management (IBM) across investment teams to monitor ongoing adherence to GAM's Global Investment Due Diligence and Record Keeping Policy as well as assess ESG integration within the investment process, including sustainability characteristics outlined in the relevant fund or mandate documentation. This includes establishing ESG related KPIs to support ongoing monitoring and inputs from engagement activity.
- Enhancement of investment team desk specific procedures – Review across all investment team specific desk procedures, including applicable references to the Responsible Investment Framework and additional guidance in relation to sustainability related marketing materials to support the management of greenwashing risks.

- Knowledge building within the Investments Function – Aligned with the frameworks established to support ESG integration, the transfer of knowledge continued throughout the year to support the further embedding of these frameworks and the associated processes across Investments.
- Enhancing tools and tracking – Development of internal tools to better support integration and engagement (Principal Adverse Impact tool and Net Zero Alignment Assessment tool) and internal stewardship tracker and enhanced reporting for voting and engagement.

The following improvements are planned for 2024:

- Oversight of external investment managers – Development and roll out in January 2024 of enhanced sustainability related Key Risk Indicators (KRIs) forming a key component of GAM's ongoing monitoring and oversight of the delegated investment managers of GAM funds.
- Development of reporting capabilities – Continued analysis of the quality of activities record-kept in Bloomberg, including engagement and research logging processes, for development opportunities which will support transparent, real-time data for periodic reporting as well as ongoing investment due diligence monitoring.
- Independent controls monitoring – Application of the Global Investment Management Oversight Framework to support ongoing independent controls monitoring of processes conducted by the GRI team.

STEWARDSHIP CODE PRINCIPLE 3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

Conflicts of interest policy and framework

GAM recognises that conflicts of interest may arise in the course of 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, and was last updated in April 2023.

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, and has four primary responsibilities:
    - to ensure that a consistent and effective process for identifying, preventing, managing and reporting conflicts of interest is implemented and maintained at a global level.
    - to consider all new conflicts of interest identified, ensuring adequate controls are implemented to manage those conflicts.
    - to provide oversight that ensures that existing and proposed controls for preventing and managing conflicts of interest are designed adequately and operate effectively.
    - to oversee the annual review of conflicts of interest training.
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.

Identifying and managing conflicts of interest

GAM considers the identification and management of conflicts of interest to be an inherent part of GAM's culture in a commitment to creating long term value for our clients. Conflicts of interest arising from our stewardship and investment management activities are accordingly identified, managed, recorded and monitored as follows:

Identifying Conflicts

All employees are alert to actual and potential conflicts of interest arising from all aspects of our investment processes. This is achieved by:

- annual training comprising interactive workshops with bespoke case studies relevant to function areas, in addition to computer-based training.
- communication alerts informing employees of any new or revised policies and procedures relevant to conflicts of interest identification and management.

Escalation of Conflicts

An individual having identified an actual or potential conflict of interest will inform the Group Head of Conflicts of Interest & Conduct about the conflict. The Group Head of Conflicts of Interest & Conduct:

- undertakes an initial assessment of the conflict and advises on any immediate action that may be necessary to manage the conflict; and
- refers the conflict of interest to the Conflicts of Interest Committee (COI Committee) for consideration.

Managing Conflicts

The COI Committee evaluates the conflict of interest and confirms whether it is an actual or potential conflict. In addition, the COI Committee determines:

- the likely control required to be implemented to manage the conflict.
- the individual/department who will be responsible for implementing the control required to manage the conflict.

The Group Head of Conflicts of Interest & Conduct liaises with the prospective control owner and agrees on the control to be implemented to manage the conflict of interest and the timeline for implementation. The Group Head of Conflicts of Interest reports to the COI Committee on the control implemented (or to be implemented) to manage the conflict.

Recording & Monitoring Conflicts

The following are recorded in the COI Register:

- the conflict of interest
- the control implemented to manage the conflict
- the control owner

The control owner of the conflict is responsible for ensuring the control remains adequate and effective to manage the conflict. Compliance periodically review that the conflict of interest is being adequately and effectively managed. The Group Head of Conflicts of Interest & Conduct reports to the relevant GAM Boards in relation to any new conflicts of interest, the COI Register and generally in relation to the management of conflicts of interest risk.

We believe that the effective management of conflicts of interest relevant to stewardship and investment management requires investment portfolio managers to carry out appropriate due diligence. This is with respect to the companies they propose to include in the investment portfolios they manage i.e. to ensure investments are made solely in clients' best interests. Our Investment Due Diligence and Record Keeping Policy sets out the standard of due diligence required to be undertaken and recorded by investment portfolio managers.

This includes a requirement for investment teams to maintain desk procedures concerning their processes for undertaking due diligence with respect to companies they propose to include in the investment portfolios they manage. The policy requires the Investment Business Management (Investment Operations) function to undertake risk-based monitoring of the due diligence undertaken by investment portfolio managers.

Key Potential Conflicts of Interest

The key potential conflicts of interest related to stewardship activities that have been identified in the period under review include instances where:

- a company selected for engagement is a client of GAM or is an associate of a client of GAM.
- GAM has voting rights in a company that is a client of GAM or is an associate of a client of GAM.
- GAM has voting rights in a company that has a significant shareholding in GAM.
- a GAM portfolio manager or a person connected to the portfolio manager (e.g. a spouse) has an outside activity associated with a company held in a client investment portfolio over which the portfolio manager may exercise voting rights.
- during legitimate investment activities, a GAM portfolio manager has gained inside information in relation to a company for which the portfolio manager may exercise voting rights on behalf of a client.
- a GAM portfolio manager has a personal relationship with an employee or a non-executive director of a company over which the portfolio manager may exercise voting rights.
- a GRI team member or other colleague known to an investment portfolio manager holds an external directorship in a company that the portfolio manager proposes to invest on behalf of clients.

In any such circumstances, the conflict of interest will be referred to the COI Committee to ensure that an adequate and effective control is implemented to manage the conflict. This includes steps to be taken in accordance with the Conflicts of Interest Policy, the GAM Corporate Governance and Voting Principles and the Group Proxy Voting Procedures to advance clients' best interests in relation to companies in which GAM invests on behalf of clients.

In relation to vote decisions, particular circumstances may require the voting decision to be escalated to GAM's Sustainability Committee. For more information, please refer to the Conflicts of Interest Policy, the GAM Corporate Governance and Voting Principles and our Engagement Policy, available on our website.

Voting conflicts in 2023

In the period under review, employees notified thirteen potential conflicts of interest to the Group Head of Conflicts of Interest & Conduct, which were referred to the COI Committee for consideration. Two of these conflicts related to stewardship. Below is an example of one of these conflicts:

A GAM fund and segregated mandate managed by the same portfolio manager had a 1% and 0.25% holding in Liontrust Asset Management plc shares respectively, an investment initially made in December 2022. Liontrust proposed to acquire GAM Holding AG via a public exchange offering, with shareholders accordingly being asked to vote in favour of the proposal. The proxy voting agency ISS used by GAM recommended the proposed takeover of GAM by Liontrust.

Given the takeover of GAM could potentially be in the relevant portfolio manager's best interests as a prospective employee of Liontrust, a potential or perceived conflict of interest arose, notwithstanding the ISS recommendation to vote in favour of the proposal.

This potential/perceived conflict was managed by requiring the portfolio manager to provide a detailed rationale for voting in favour of the takeover, which was then reviewed by both the Global Head of Investments and the Global Head of Risk to ensure the rationale was wholly consistent with acting in the best interests of the relevant GAM Fund and segregated mandate. This was followed by a further review conducted by the COI Committee to ensure that the conflict had been appropriately managed in the best interests of underlying investors.

STEWARDSHIP CODE PRINCIPLE 4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Identifying and responding to risks

Our approach to risk management, governance and control is a structured set of arrangements and processes that seek to identify, assess, mitigate, monitor and report risks across the Group. This includes operational and investment-related risks.

Investment managers are responsible for identifying risks and risk exposures in line with the parameters of their strategies. The GRI team supports investment teams with research, ESG data and insights to support investment decision-making. Investment risk analytics and oversight teams, support effective risk management through their review, analysis and challenge of investment risk and performance at regular meetings with investment managers.

We continue to monitor a range of traditional macroeconomic and market-wide risks including geopolitical conflict and developments. Market closures, the imposition of currency exchange controls, (further) sanctions or other measures may impede the settlement of certain transactions, which may have negative impacts on the risk and/or performance of investment strategies.

The inherent risk of cyberattacks continues to be elevated, as the geopolitical situation increases the likelihood of external cyber activity with attacks that are becoming increasingly sophisticated, and which may result in business disruption or the corruption or loss of data with direct or indirect impacts.

Climate change is viewed as a systemic risk. Physical and transition climate risks can result in a financial impact either directly, through our physical operations or indirectly, through the agency relationships with our clients. These risks are varied, and include, but are not limited to, the risk of declines in values and/or liquidity of assets, business risk, decreased assets under management if clients decide to move assets away, increased defaults and reallocation of capital as a result of changes in global policies, and regulatory risk stemming from ongoing legislative and regulatory changes regarding climate risk management and best practices.

We believe we are effectively identifying and managing existing and emerging risks. Our risk registers are reviewed regularly and as part of our ongoing efforts to monitor climate-related risk exposures, we are planning to enhance our sustainability and climate risk management framework with specific ESG and climate risk measures in 2024.

Further details of our Risk Management Framework, including responsibilities, risk and control assessment and key risks are provided in our **Annual Report**. Our approach to addressing climate and nature related risks is detailed in **Sustainability Report** and Principle 2.

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.

Industry initiatives and collaboration

GAM actively leads and participates in key industry initiatives and organisations to share insights and build knowledge, standards and integrity in the market. In 2023, this included:

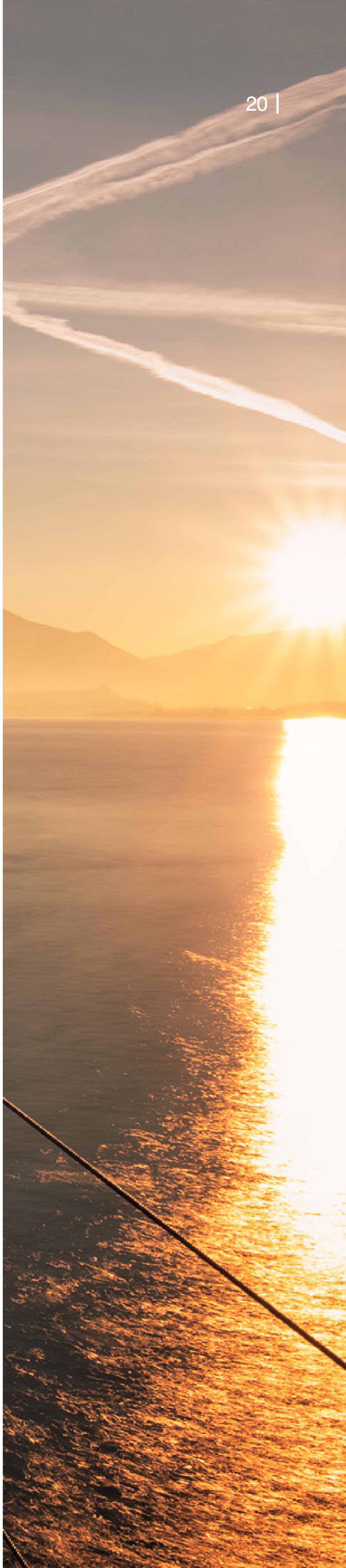
Investment Association (UK) Sustainable and Responsible Investment Committee – Our Chief Sustainability Officer holds the position of Deputy Chair for this committee which provides industry feedback on key policy developments, such as the EU SFDR Consultation and FCA Sustainability Disclosure Regime, as well as wider sustainability topics and practices.

Transition Plan Taskforce (TPT) Asset Manager Working Group – The TPT was launched in April 2022 to develop the 'gold standard' for climate transition plans. In 2023, we joined the asset manager working group to develop sector-specific guidance. This guidance was published in November 2023 and is set to be finalised in 2024.

Focus on systemic climate and nature risks

Nature and climate are strongly interdependent. Nature loss and degradation exacerbates climate change risks and addressing climate change will be critical for protecting ecosystems and species. Protecting and restoring nature and ecosystems may also present the most effective solutions to adapting to climate change. We recognise the central role of nature and seek to incorporate nature considerations as we address climate risks and opportunities. Our climate change statement sets out how we seek to address these risks and opportunities through engagement, voting, integration, policy advocacy and developing new products. In 2023, activity included:

- **ESG integration** – We seek to integrate relevant transition and physical 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 greenhouse gas (GHG) emissions and climate-related impacts along a company's value chain. With the launch of the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations in September 2023, we are anticipating greater and more consistent disclosure to support the integration of nature-related risks. In 2023, we developed our internal Net Zero Alignment Assessment Tool (NZAAT). Based on guidance including the IIGCC Net Zero Investment Framework (NZIF), Net Zero Investment Toolkit and multiple external data sources, the tool is designed to assess progress on net-zero alignment, prioritise and support engagement, and monitor progress against our targets. A similar assessment tool, analysing biodiversity risk exposure, is in development.
- **Engagement** – Climate change is a key engagement theme. We encourage companies to implement a strong governance framework which clearly articulates the board's accountability and oversight of climate change risk, take action to reduce GHG emissions across the value chain, consistent with the Paris Agreement's goal or net-zero emissions by 2050; and provide enhanced corporate disclosure in line with the final TCFD recommendations. We engage directly and as part of collaborative initiatives such as Climate Action 100+, where we sit on the Steering Committee. We also encourage disclosure on climate and nature through CDP climate, forests and water surveys. In the summer of 2023, we joined the Nature Action 100 engagement as co-signatories, becoming part of a group of 190 institutional investors with USD 23.6 trillion in assets under management or advisement. This initiative aims to address the crisis in nature and the shareholder value impact through engagement based on a set of corporate actions to protect and restore nature and mitigate the financial risk arising from nature degradation.
- **Policy advocacy** – We support and engage in policy advocacy through the PRI Global Policy Reference Group, the Institutional Investor Group on Climate Change (IIGCC) and the UK's Investment Association (IA).
- **Voting** – We expect companies to identify and report material and business-specific risks, including climate-related and nature-related risks. We will consider voting against relevant directors where we consider there are material failings in risk oversight of environmental and social issues, including climate change and will consider voting against the Board Chair or other responsible directors of companies in high impact sectors that do not take proactive measures to address and disclose climate-related risks.



Net Zero Asset Managers Initiative – In 2021, we joined NZAM committing to work in collaboration with our clients to reach net-zero greenhouse gas emissions by 2050 or sooner to limit warming to 1.5°C. In 2022, we submitted our interim NZAM targets along with 169 asset managers who manage the equivalent of USD 21.8 trillion. In 2023, we submitted our first year of progress reporting via the PRI Assessment Report. NZAM now has more than 315 members and USD 57 trillion of assets under management. This initiative is an important signal from the asset management industry and is driving progress on decarbonisation. Details on our climate plan and progress against targets are in our Sustainability Report.

CFA UK – GAM was one of the firms that piloted the new CFA Certificate in Impact Investing in 2023. In addition to enhancing the expertise of the three GRI team members who passed the exam, we provided input into the development of this new qualification to build industry knowledge in impact investing.

Principles of Responsible Investment (PRI) Global Policy Reference Group – We play an active part in the group which presents an investor voice on behalf of its over 4,500 asset owner and asset manager signatories on key policy developments. We provide feedback on policy developments and consultations and joined an investor statement at COP28 with close to 400 organisations in supporting consistent, comparable climate-related disclosures in line with the ISSB Climate Standard. In 2023, we joined the Sustainable Systems Investment Manager Reference Group. This new group for investment managers will work with the PRI on a range of ESG issues and systemic sustainability challenges, including market-specific barriers to responsible investment.

Fide Foundation ESG Symposium – We design and participate in an annual event organized by the think tank Fide Foundation. The program, developed in collaboration with M&G, Columbia Threadneedle and Pictet, brings together leaders from banks, regulators, stock exchanges, asset managers, legal firms and pension funds based in Spain and Latin America, to build understanding and solutions to specific challenges facing sustainable investing, including ensuring the end client is appropriately advised and educated on sustainable investment. This learning is shared publicly and across the industry.

FCA/PRA Climate Financial Risk Forum (CFRF) – This forum comprises financial sector regulators and participants to share and build best practice to manage climate-related risks and opportunities. We joined the group in 2022; and in 2023 joined the CFRF Adaptation Working Group working to address barriers to support greater understanding of adaptation risks and support the scaling of adaptation finance. This includes a focus on tools to model physical risk at the micro financial level, credible data sources to use to model risk and opportunity and classification of ‘adapted assets and supply chains’.

Aligning investments

The management of market and systemic risk is an on-going process supported by our group-wide risk management framework. Our involvement in the initiatives and activities outlined above influences our investment decision-making.

STEWARDSHIP CODE PRINCIPLE 5

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

Our responsible investment framework, and associated policies, outlines our approach to our stewardship activities. These policies are supported by internal process and guidance documents and are subject to ongoing review as we seek to become more effective in delivering for our clients. We are committed to transparent and accurate reporting across our activities.

Policy review

We review our policies at least annually to reflect any new commitments or developments. Policy updates are considered and approved by our Sustainability Committee and noted by the Group Investment Management Oversight Committee. Our Exclusions Policy is updated on a quarterly basis to reflect any changes to companies identified.

All policies within our Responsible Investment Framework were reviewed in 2023 to ensure they enable effective stewardship. More notable updates included:

- Climate change statement updated to reflect the interdependency with nature and our commitment in 2022 to the Finance Sector Deforestation Action initiative.
- Corporate Governance and Voting Principles updated to reflect the strengthening of our approach to gender diversity and board independence. We also expanded on our alignment and approach to deforestation and nature loss.
- New Human Rights Policy which covers our direct operations and recognises more formally human rights considerations within our investment analysis and stewardship processes.
- Responsible Investment Policy renamed to Responsible Investment Framework to better describe its purpose and clarifying the scope.

Assuring our stewardship activity

Our risk management framework is underpinned by a three lines of defence model which provides structure around our risk management and control by defining roles and responsibilities in different areas and the relationship between those different areas.

The internal audit function is our third line of defence and provides independent, objective assurance and advisory services to the Board, the Audit and Risk Committee of the Board and the GMB. It carries out operational and system audits in accordance with a risk-based internal audit plan. The internal audit function uses a systematic and disciplined approach to evaluate the effectiveness of risk management, governance and control processes.

In 2023, Group Internal Audit conducted an audit on regulatory processes and controls to support our compliance with the requirements of the EU Sustainable Finance Disclosure Regulation. This included a focus on:

- Responsible investment framework, policies and procedures.
- Governance and oversight processes over key data points to confirm compliance with SFDR.
- Principle Adverse Impacts (PAI) due diligence framework and its implementation across in scope funds, including monitoring and escalation process.
- Adherence with the requirements of SFDR and the detailed Regulatory Technical Standards (RTS) at a corporate level and within key ESG processes.

The review identified two processes where documentation and guidance should be enhanced. These were addressed in a timely fashion and no additional actions are outstanding.

One area with the sustainability function is identified by internal audit for review each year. These internal audits provide specific recommendations to continuously improve our stewardship activity. We consider internal assurance an appropriate approach to challenge, strengthen and support the integrity of our stewardship policies and processes.

Stewardship reporting

Transparency is a key pillar of our strategy, and we seek to disclose our stewardship approach, progress and performance clearly and transparently.

Key reports covering our stewardship activity are our Sustainability Report, Stewardship Report and Japan Stewardship Statement. In addition, we publish our annual PRI Transparency Report and UN Global Compact Communication on Progress.

Our voting is publicly reported on our website monthly, and in 2023 we introduced additional reporting on our voting rationales, reported on a half-yearly basis.

We are committed to ensuring our reporting is fair, balanced and understandable.

This is supported by our risk management framework. This includes first line preparation of reports covering relevant activity and data, second line compliance review of all publications, and third line independent audits of policies and processes undertaken by Group Internal Audit.

In 2021, Group Internal Audit reviewed GAM's submissions to the annual UN Principles of Responsible Investment (UN PRI) survey; and our first Stewardship Report in relation to the UK 2020 Stewardship Code's principles. The scope also covered a review of the controls administered by the GAM Governance & Responsible Investment (GRI) team in relation to these submissions including oversight and review; evidence and data retention; and the policy and procedural framework. This audit was considered 'satisfactory', the highest rating.

In Q1 2024, Group Internal Audit performed an audit of the processes and controls in place for compiling and finalising the 2023 GAM Sustainability Report. This included a review of engagement and voting data.

Our Sustainability Report is formally approved by the GAM Holdings AG Board and will be put to an advisory shareholder vote at the 2024 AGM. Our Stewardship Report is reviewed by our Group Management Board and approved by GAM International Management Ltd (GIML) Board.

INVESTMENT APPROACH

STEWARDSHIP CODE PRINCIPLE 6

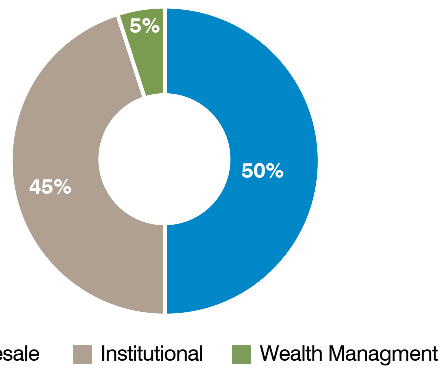
Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Our clients and investments

Since we were founded over 40 years ago, we have focused on delivering differentiated investment strategies across equities, fixed income, alternatives and multi asset to our clients. The breadth of our portfolio allows us to provide relevant products across different client segments.

Institutional clients, including public and corporate pensions, insurers, sovereign wealth funds, endowments, foundations and local authorities, represent 50% of our investment management assets. Financial intermediaries and advisers, and their clients, represent 45% of our investment management assets. Wealth management clients, including high net worth individuals, family offices, charities and trusts, represent 5% of investment management assets.

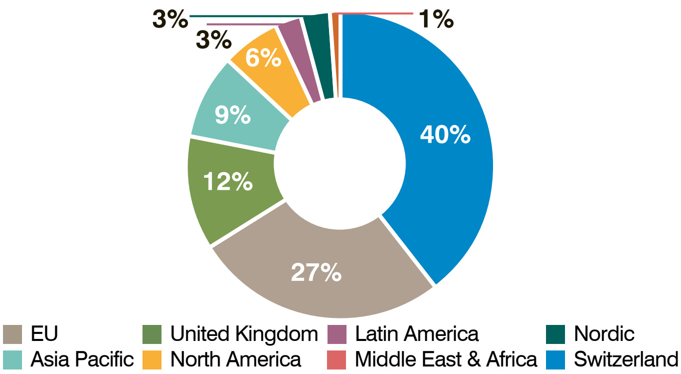
Figure 2: Client type by AuM



Source: GAM. As at 31 December 2023.

Our employees are located in 14 geographies, supporting our global client base. Our core client base, approximately 82% by invested assets, is in Europe (including the EU, Norway, Switzerland and the UK). A proportion of our client base is outside Europe, including Asia Pacific, North America, Latin America, and Middle East and Africa.

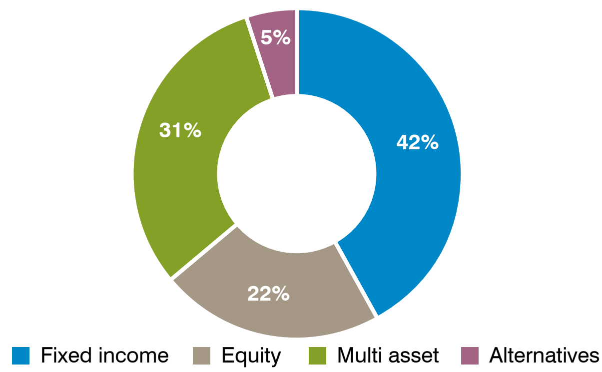
Figure 3: Client geography by AuM



Source: GAM. As at 31 December 2023.

We actively manage our equity (22% AuM), fixed income (42% AuM), alternative (5% AuM), and multi asset (31% AuM) strategies with discretionary, systematic and specialist approaches. Our internal investment management teams and external investment managers make investment decisions according to their individual philosophies and styles, within GAM's centralised risk framework.

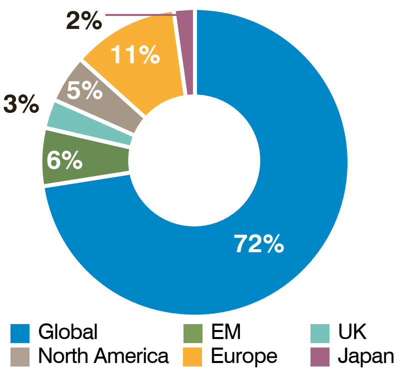
Figure 4: Investment management assets by asset class



Source: GAM. As at 31 December 2023.

Our investment teams are in Hong Kong, London, New York and Zurich and invest globally. The majority of our investments by AuM have a global remit (72%), alongside strategies with a specific or dominant geography including North America (5%), Emerging Markets (6%), and Europe (11%).

Figure 5: Investment by invested regions (AuM)



Source: GAM. As at 31 December 2023. Portfolios with an explicit geographic remit or with a dominant geography are assigned to categories accordingly. All other portfolios are assigned to the 'Global' category.

As active investment managers we typically invest over the medium to longer term as we believe that this investment horizon aligns with our philosophy to deliver the best outcomes for our clients. The recommended investment periods are typically three, five or seven years and are communicated to clients on a product specific basis.

Understanding our clients' needs

Understanding our clients' and their needs is central to our business. We have over 75 distribution and marketing individuals dedicated to supporting our clients and actively seek their views and ways to improve. This enables us to offer appropriate investment propositions and customised solutions to our institutional clients – who value our strong investment performance, risk management capabilities and an in-depth understanding of their needs. Our network of distribution partners, including financial intermediaries and advisers, provide valuable market-relevant insights and experience. We offer a broad range of distinctive products across liquid asset classes and investment styles to support a broad availability of products through market cycles. Our wealth clients value GAM's high standards of service, comprehensive investment expertise across many asset classes and bespoke solutions based on individual requirements.

Our main channels for receiving feedback on client views are outlined below. We consider that this provides an effective way to compile and utilise client feedback.

1. Direct client engagement – We record our client interactions through our Client Relationship Management (CRM) system. This is reviewed on a weekly basis by our regional distribution heads and GMB. Suitability assessments follow a formal process, which is monitored by Client Service Operations.

2. Peer benchmarking – The Citywire Selector Service research report provides benchmarking on key client service factors across the categories of 'Communications and reporting', 'Relationship management' and 'Supplementary services'. The 2023 survey, based on European Selectors from Citywire's database of users, evaluated service areas on a satisfaction scale, within a peer group of 49 European asset managers. GAM improved its score in all but two service factors. GAM was assessed highest in Fund & PR Communication – where it we are first in the rankings table and among the Best in Class – and Accessibility of Fund Manager, where we were in top 10. Our overall score has improved by more than a quarter of a point, which is in line with the average change in performance across the peer group. Our highest-performing factors fall into the Relationship Management category.

3. Industry surveys, market data and RFP analysis – We regularly review market trends and reports, as well as investment consultant surveys and direct questions as part of client 'requests for proposals' (RFPs) to better understand client demands and expectations.

Incorporating client feedback and aligning with client policies

On a Fund specific level, we manage investment strategies in line with our stated principles, policies and procedures as outlined in the Prospectus. The are transparently communicated to the client and may or may not be aligned specifically with their stewardship and investment policies. For client-specific mandates, we may be able to accommodate bespoke voting, engagement and investment considerations (such as restrictions on certain investments).

Client feedback and market intelligence informs our product development, sustainability and stewardship priorities and activities and client communication. This is incorporated through regular meetings with distribution and product to share insights, as well as the representation from distribution, client experience, marketing and product functions within the Sustainability Committee.

On an annual basis, our Annual Product Review assesses our product range and within our UK fund range, our annual Assessment of Value Report reflects on our investment management performance and stewardship activities.

In 2023, GAM assessed its existing processes and is making enhancements to ensure the needs, characteristics and objectives of retail customers is at the forefront of everything we do – including those with characteristics of vulnerability – at every stage of the consumer journey. We seek to embed a focus on consumer outcomes and Consumer Duty responsibilities with our culture and processes. This is overseen by the relevant Boards.

Any client complaints received are monitored and reviewed by the relevant entity Board on a quarterly basis.

Examples of developments driven in response to market and client feedback in 2023 include:

- Introducing publication of voting rationales.
- Becoming signatories to the Swiss Stewardship Code.
- GAM Explains series and 'teach ins' – Covering key asset classes including green bonds, catastrophe bonds and global rates, in addition to key sustainable investment developments including the Taskforce on Nature-related Financial Disclosures (TNFD) and climate transition plans.
- Internal voting and engagement reports – To allow us to more readily provide quarterly voting and engagement data on a Fund-level where clients request this.

We are planning to conduct a formal client survey, updating the last client survey conducted in 2021 next year. This will enable us to get feedback on more granular questions. We have also begun to introduce direct feedback functionality for our website.

Communicating activities and outcomes

We communicate with clients about our stewardship and investment activities using different channels and publications. Key publications are:

At an entity level:

- **Annual Report** – Annual report covering our business strategy, corporate governance, remuneration, risk management and financial results.
- **Sustainability Report** – Annual report on our sustainability strategy and performance. Following the introduction of the Swiss Non-Financial reporting requirement, our 2023 Sustainability Report will be put to an advisory shareholder vote.
- **Stewardship Reports** – Separate annual reports focused on our investment management stewardship activities in line with the principles of the UK Stewardship Code and Japan Stewardship Code. From 2024, our Stewardship Report will also address the principles of the Swiss Stewardship Report.
- **PRI Transparency Report and Assessment Reports** – Published on our website and made available to clients on request respectively.
- **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.

At Fund level, reporting includes:

- **ESG Fund Reports** – Voluntary Fund level ESG Summary and ESG Extended Reports are available for over 89% of our equity and corporate debt Funds by AuM covering ESG ratings, key climate metrics and details of controversies available on a monthly basis where there is sufficient coverage[11].
- **SFDR web disclosures** – From 2023, additional annual periodic disclosures are published for Funds classified as Article 8 and Article 9 outlining details of environmental or social characteristics, or sustainable investments are required.
- **Bespoke client requests** – For segregated mandates or on an ad hoc basis we will provide additional reporting where possible. This may include quarterly Fund level voting or engagement disclosures.

[11] As at end February 2024, each ESG Summary and Extended report for our equity and corporate debt funds has at least 78% ESG data coverage by AuM. The funds for which ESG reports are available represent approximately two thirds of our total fund AuM.

STEWARDSHIP CODE PRINCIPLE 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Our approach to ESG integration

We aim to embed ESG risks, opportunities and impacts in our investment analysis and decision-making using leading data, tools and insight. 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.

These issues are identified bottom-up (at an investment strategy level), generally during monitoring of portfolios or pre-investment, and top-down addressing key sustainability themes we believe are influencing the investment landscape over the longer term. Our priority ESG issues include:

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.

Climate change – We seek to integrate relevant transition and physical climate-related risks and opportunities into our investment decision making and the extent to which companies have appropriate transition plans in place.

Nature – In addition to the interdependency with climate change, the dependence of businesses and economies on nature and ecosystem services is increasingly understood. The publication of the Taskforce on Nature-related Financial Disclosures in September 2023 provided clear expectations for reporting on this issue.

Human rights and social impacts – Risks relating to social and human rights issues may result from the mismanagement of employee-related diversity, health and safety or wellbeing issues in direct operations and supply chains or issues affecting the local community or other stakeholders. We look to companies to have appropriate policies, procedures and disclosures in place to manage these risks.

Additional details of our expectations are available in our Corporate Governance and Voting Principles, Climate Change Statement and Human Rights Policy.

ESG integration across asset classes and geographies

The GRI team support investment managers in their ESG integration and stewardship. This means the approach differs across investment strategies, asset classes and geographies and will reflect the respective investment objectives and environmental or social characteristics of the Fund or mandate. A high level[12] outline is provided below for our four key asset classes.

Equities – Over 98% of our equity strategies by AuM, are managed by internal investment teams. These internal teams are supported by the GRI team with a structured quarterly review of PAIs. This uses our PAI review tool to quantitatively flag potential focus areas, which are then further reviewed by the GRI team to identify priority issues for review by the investment manager. This analysis is then used to agree areas for further research, engagement or voting action.

[12]Approaches are illustrative and differ over time and between strategies.

Fixed Income

- **Corporate Fixed Income** – Our corporate fixed income strategies (representing 20% of our Fixed Income AuM) follow an ESG assessment framework to identify key sector ESG risks alongside PAIs. There is a sector-specific framework for finance sector investment, which represents the largest proportion of holdings, and a sector-neutral framework of other sectors. This assessment approach has been independently reviewed.
- **Catastrophe and insurance-linked bonds** – Our catastrophe and insurance-linked bonds strategies (representing 52% of our Fixed Income AuM) follow a proprietary ESG ratings model. These strategies only invest in issuers with positive or neutral ESG ratings, based on an internal ESG rating methodology. This assessment is conducted at the investment and sponsor level.

Multi-asset strategies – Our multi-asset strategies follow our Corporate Governance and Voting Principles for any direct holdings or fund related voting.

Alternatives – Our Global Rates strategy[13] (representing 27% of our Alternatives AuM) is supported by the GRI team with a structured quarterly review of PAIs. This uses our PAI review tool to quantitatively flag potential focus areas, which are then further reviewed by the GRI team to identify priority issues for review by the investment manager. This analysis is then used to agree areas for further research and potentially engagement. Some of our alternative strategies have no explicit ESG characteristics.

Additional sub-asset classes – We have specific assessment frameworks for other sub-asset classes, including:

- **Sovereign Fixed Income** – This strategy uses a proprietary 'Crisis Cycle Filter' (CCF) assessment to capture nine macroeconomic variables that tend to be leading indicators for a deterioration in governance, political or economic or financial risk. Our ESG local emerging market debt strategy uses the JPM JESG GBI-EM index – which reflects multiple ESG factors to tilt exposure compared to the standard investment strategy. Our engagement is focused on JP Morgan as the index provider.
- **Mortgage-backed Securities** – Specific framework in place to assess mortgage lenders against relevant ESG criteria.
- **Green bonds** – Our three level assessment framework covers – issuer, bond, and green asset level. Each is assessed individually, using both in-house research and data from external third parties. Engagement is an important part of our investment process, both to enhance our analysis and to encourage improved standards within each pillar.
- **Geographic variation** – A number of our strategies are specific to certain countries or regions, such as our Japan, Asia or European strategies. In many cases these strategies are also run by investment managers based in or native to the relevant country or region. We note that geographical context is important when evaluating for example ESG disclosure, practises or expectations, as well as recognising the differences in regulatory, cultural or governance norms.

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 2. In 2023, we further developed process and tools to support our ESG integration, including:

- **Portfolio ESG Review** – The existing quarterly PAI review framework was enhanced to incorporate review process for further ESG considerations for those strategies in scope. The results of the review are made available to our investment teams in Bloomberg.
- **Net Zero Alignment Assessment Tool** – We developed the Net Zero Alignment Assessment Tool (NZAAT) to support our net zero targets set in 2022. Based on guidance including the IIGCC Net Zero Investment Framework (NZIF), Net Zero Investment Toolkit and multiple external data sources, the tool is designed to assess progress on net-zero alignment, prioritise and support engagement, and monitor progress against our targets. We incorporate our own data based on our engagements.
- **'Uncovered Names' Tool** – Some companies are not covered by our core ESG data providers due to their size or jurisdiction, and some companies are covered to a limited extent. In instances where insufficient data is available to make an assessment using our standard processes and tools, we aim to bridge the gap and gain comfort on the company's level of ESG risk by using a separate 'Uncovered Names Tool'.

Additional details are provided in the case studies below.

The use of service providers

As outlined in Principle 2, we use a range or ESG data and research providers to support our ESG integration and stewardship. This data and research feeds directly into our internal tools outlined above and are used by our GRI team and investment managers to identify priority ESG issues. Our selection of ESG data providers is driven by their ability to add value effectively to our stewardship activities. Further details of how we monitor and hold our service providers to account, including providing actional feedback, is covered in Principle 8.

[13]GAM entered into a partnership arrangement with Investcorp-Tages (IVCT) in November 2023 which sees the investment team of GAM's Global Rates strategy moving to IVCT but continuing to manage the strategy for GAM as a delegated investment manager.

CASE STUDY

Net Zero Alignment Assessment Tool

Context

We joined the Net Zero Asset Managers (NZAM) initiative in 2021, committing to work in collaboration with our clients to reach net-zero greenhouse gas emissions by 2050 or sooner to limit warming to 1.5°C. In 2022, we submitted our interim NZAM targets including 2030 decarbonisation, engagement and net-zero coverage targets.

Activity

In 2023, we developed our internal Net Zero Alignment Assessment Tool (NZAAT) to support and inform the three pillars of our climate plan – investment integration, active stewardship and collaboration. Based on guidance including the IIGCC Net Zero Investment Framework (NZIF) and the Net Zero Investment Toolkit, the tool is designed to assess alignment, progress on net-zero alignment, prioritise and support engagement, and monitor progress against our targets at an aggregate level and portfolio level. The tool also identifies companies in material sectors and applies the six core criteria according to NZIF. While the scope of our 2030 targets covers all funds classified as equity or corporate fixed income (representing approximately a third (32%) of GAM's Investment Management assets), this tool covers a broader universe of asset classes such as mixed equity and corporate debt funds, multi-asset funds as well as mandates. We incorporate multiple external data sources (including MSCI, TPI, Climate Action 100+, SBTi and data from the SBTi Progress Report), as well as information based on our engagement with companies, to assess company alignment progress based on the six core criteria with differing thresholds dependent on whether the company is considered a material sector (as defined by IIGCC as NACE code categories A-H and J-L) or non-material sector. These criteria are:

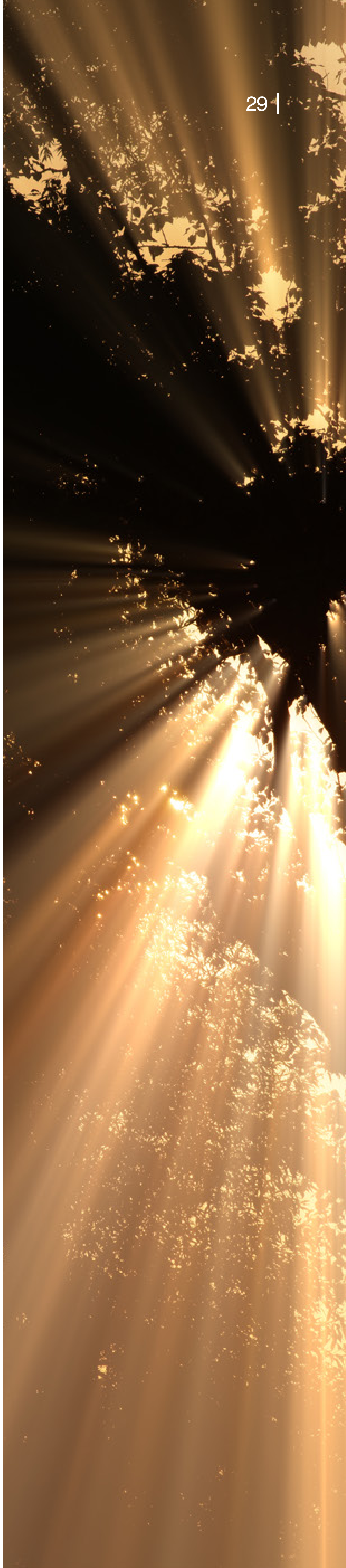
- At or close to net zero emissions
- Emissions performance
- Capital allocation alignment
- Decarbonisation strategy
- Disclosure
- Targets
- Ambition

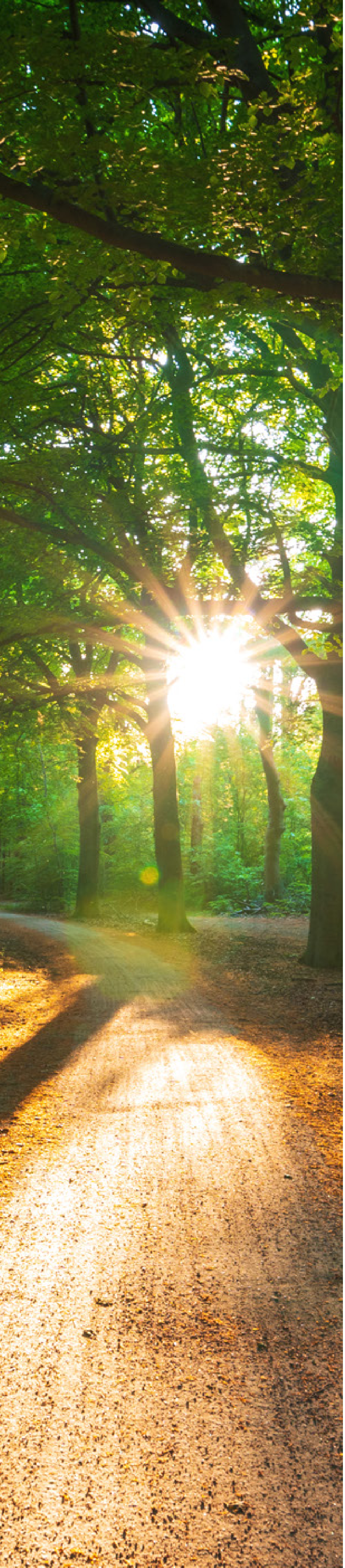
Outcome

NZAAT supports our climate plan and net zero engagement strategy, helping to prioritise engagement based on contribution of the company to our financed emissions and company alignment assessment. The tool also identifies specific next steps to shape engagement objectives based on the six core criteria above and the data points that cover them, identified as part of a top-down review as well as bottom-up portfolio reviews (such as through the PAI reviews).

Climate change was the dominant topic within our ESG engagements (covered in 41% of these engagements). We used our NZAAT to identify 26 priority companies, representing 76% of our financed emissions, as well as an additional 11 companies through our portfolio-level reviews. Sixty-four per cent of 'in scope' financed emissions in material sectors are either assessed as net-zero, aligned with a net-zero pathway (9% of financed emissions) or are the subject of direct or collective engagement and stewardship actions (55% of financed emissions).

In response to feedback from investment managers we added sector comparisons to support analysis and engagement. We are committed to reviewing, updating and expanding NZAAT as data becomes more sophisticated and granular.





CASE STUDY

Uncovered companies thematic case study

Context

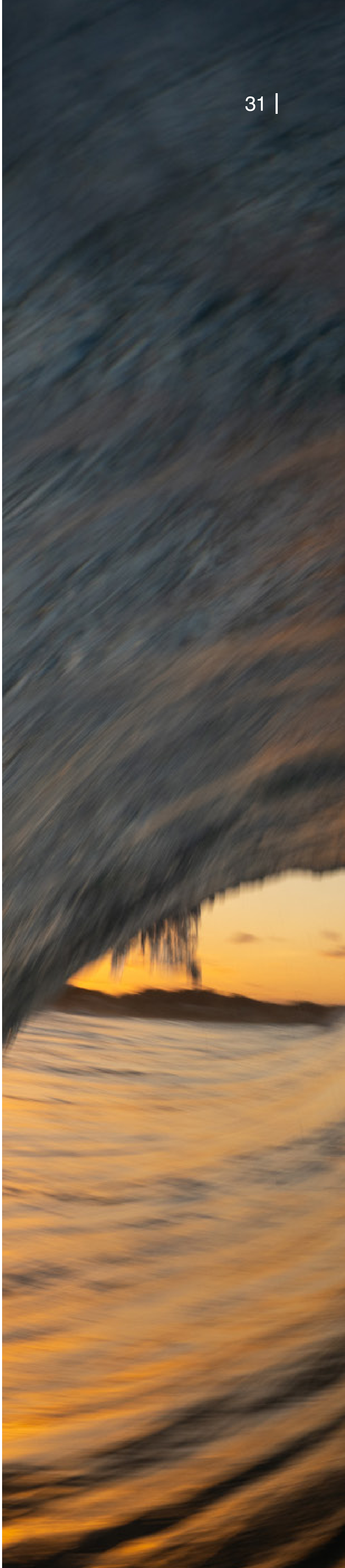
At GAM, we use several systematic processes and proprietary tools to consider ESG risks using data from our core third-party providers. Some companies are not covered by our core ESG data providers due to their size or jurisdiction, and some companies are covered only to a limited extent. In instances where insufficient data is available to make an assessment using our standard processes and tools, we aim to bridge the gap and gain comfort on the company's level of ESG risk by using a separate 'Uncovered Names Tool'.

Activity

Our Uncovered Names Tool utilises a variety of third-party data sources and internal research to complete an ESG risk assessment, incorporating principal adverse impacts. Where there is still insufficient data to adequately assess the ESG risks of the company, we collate all available information and send our preliminary assessment to the company, starting a constructive dialogue to enhance disclosure and close the data gaps.

Outcome

In 2023, we used the tool to analyse 20 companies with limited or no coverage from our core third-party ESG data providers. Of these 20 companies, we determined that 15 had adequate data from other sources for us to appropriately consider their ESG risk. We engaged with the five remaining companies and received three responses. Where responses were received, we were able to incorporate their data into our analysis. For those companies that did not respond, we intend to escalate our concerns throughout 2024 through further engagement and potential voting action.



CASE STUDY

Engaging with JP Morgan on their ESG Index

Context

Our ESG Local Emerging Bond strategy employs a positive tilt towards sovereigns with higher ESG scores, as defined by the JP Morgan ESG GBI-EM GD Index benchmark, with reference to the teams existing investment process. The JP Morgan index leverages third-party research, including Sustainalytics to create scored JESG bands.

Activity

Given the importance of the index to this strategy, we regularly engage with the index provider, including through the JESG Index Forum. In November, we attended the year-end review which covered topics including new thresholds for JESG band changes, and new data providers. We then arranged a follow-up call in December to provide further input.

Outcome

We are comfortable that the changes will be beneficial to clients, reducing index turnover and incorporating an alternative ESG data source to deliver a more robust methodology. It is important to us that JP Morgan continues to evolve and enhance their ESG indices to reflect the ESG priorities of investors.

STEWARDSHIP CODE PRINCIPLE 8

Signatories monitor and hold to account managers and/or service providers.

Oversight of external service providers

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.

For those service providers that support our stewardship and investment management activities, the GRI team is heavily engaged in the selection and on-going monitoring, to deliver on our requirements, and those of our clients.

There are three main categories of service providers:

1. **Proxy voting research and administration** – We retain the services of proxy advisor (ISS) to assist in implementing and administering proxy voting. ISS provides written analysis for each company resolution based on our Corporate Governance and Voting Principles, but the ultimate voting decision is made by GAM. GAM's funds are set up and updated on our voting platform by our investment services teams, which also set up Power of Attorney in relevant jurisdictions. Effective vote execution is monitored with the support of ISS, informing us of additional administrative requirements we must fulfil to cast our votes.

   The GRI team will instruct votes manually across all our portfolios after reviewing ISS vote recommendations based on our custom policy. This process allows us to closely monitor the implementation of our voting policy and monitor it is executed accordingly. If we notice any discrepancy or concerns in the proxy advisory research, we communicate directly with the ISS research team. The nature of voting is often time-sensitive and we therefore value prompt responses. Identified issues are logged in line with our Risk Management Framework.

   We additionally use research from Glass Lewis on a selective basis. We review proxy advisors periodically and will be next reviewing our provision in 2024.

2. **ESG data and analysis** – ESG data is becoming ever more critical for our stewardship activities and regulatory reporting. In particular, the SFDR has placed a significant focus on the quality and availability of specific ESG data points. We meaningfully expanded our ESG data provision in 2021 and continue to take an active approach to ESG data. Our main ESG data providers are listed above in the section on Principle 2.

   We routinely review new ESG data providers (both proprietary and open source) and engage with existing data providers to enhance their offering. This is particularly important to meet regulatory requirements (for example, Principal Adverse Impacts and taxonomy-alignment within SFDR) and in evolving areas (for example, nature and transition plans).

   As our ESG tools and analysis framework has continued to improve over 2023, we are able to review ESG data in more granular detail. Where we identify any data quality concerns, we log these internally and escalate to the service provider to support resolution. We also work in collaboration with our current research providers to better understand and provide feedback on new or updated methodologies and analytics.

3. **External investment managers** – Our Investment Management Oversight framework includes operational due diligence and risk identification, investment risk oversight and operational risk management, which is ultimately overseen by the Global Investment Management Oversight Committee and Risk Oversight Committee. Oversight is informed by quantitative performance metrics, risk reporting and in quarterly performance/risk review meetings. Monthly key performance indicators (KPIs) are reported by External Investment Managers (EIMs) and reviewed by the Investment Business Management team, in addition to periodic operational due diligence visits (physical or virtual), following the initial due diligence visit at the point of on-boarding.

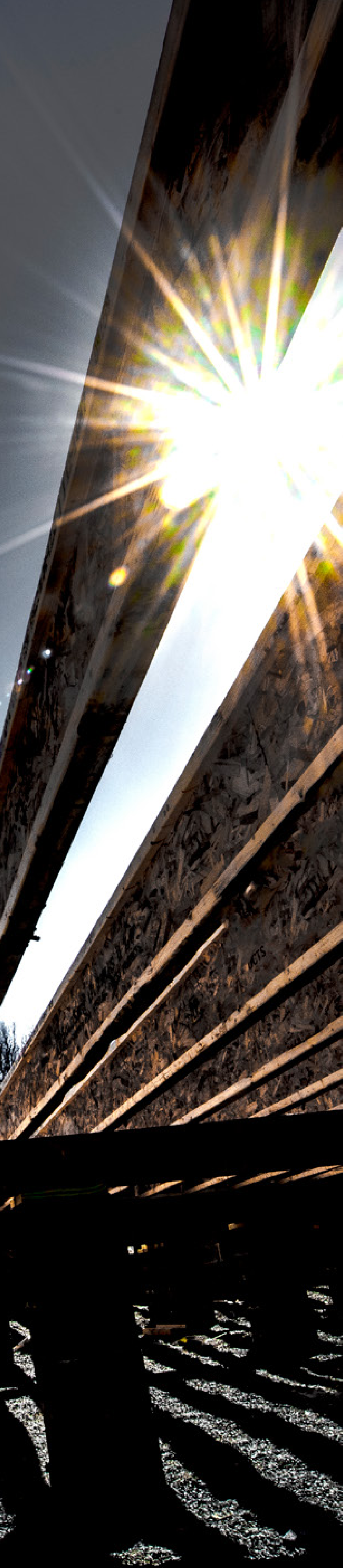
   We first introduced an annual External Investment Manager (EIM) ESG review in 2021. The purpose of the review is to assess each EIM's ESG integration into the investment process, as defined in the relevant pre-contractual documentation, as well as provide broader support on engagement and stewardship.

In 2023, we added specific ESG related key risk indicators (KRIs) confirming adherence to the environmental and social characteristics of the specific funds managed by the EIM's. These are attested to by each EIM as part of the monthly KRI process and provided to Investment Business Management to support ongoing monitoring and oversight.

The GRI team continues to provide guidance on how ESG should be implemented and controlled in line with GAM's expectations. The review considers the overall approach to ESG integration including areas such as policies and procedures, skills and resources, regulatory considerations alongside monitoring and controls. A questionnaire is completed by the EIMs on an annual basis in conjunction with regular communication between GAM's GRI team and each EIM.

We are satisfied with the progress our EIMs are making regarding ESG integration and stewardship. We will continue to work with both the investment managers to strengthen ESG integration and stewardship, and with GAM's Investment Business Management to enhance the oversight framework.

Overall, we are satisfied that the services provided to us in 2023 enabled us to deliver effectively on our stewardship activities. However, we recognise the importance of on-going monitoring and communication. This means we will routinely flag any errors we find or seek clarification, where necessary. We consider this engagement with our service providers to be an important contribution to improving the overall quality of ESG data provision.



CASE STUDY

Maintaining high standards for our service providers

Context

At GAM, we believe it is crucial that we engage with our service providers to ensure the quality of their services remains optimal.

Activity

In July 2023, we co-signed a letter along with 23 other institutional investors, coordinated by the Investor Forum, to engage with Institutional Shareholder Services (ISS) to provide feedback on the 2023 AGM season, and to request action to reduce the day-to-day friction that we experience when using the ISS Proxy Research service. Our engagement focused on three key topics: Investment in people, Business model evolution and Communication and transparency.

Outcome

We were pleased to receive a response to this letter in September where ISS outlined their approach and response to the points we raised in the letter. We maintain a good working relationship with ISS and will continue to engage on a regular basis to ensure the quality of their research and overall service is appropriate.

ENGAGEMENT

STEWARDSHIP CODE PRINCIPLE 9

Signatories engage with issuers to maintain or enhance the value of assets.

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. The analysis uses a variety of ESG data and analysis (including those sources outlined in Principle 2).

The topics covered during engagement activities will generally include strategic financial, operational or ESG considerations with a clear emphasis on materiality and value preservation and creation in line with the investment objectives of the strategy.

Our engagement and integration activity as strongly interlinked, for example pre-investment engagement is driven by our investment strategy where a potential new investment is identified; monitoring engagement is typical for all active holdings, for example, as we review annual or quarterly results. Examples of priority ESG themes are outlined in Principle 7.

Engagement may be proactive or reactive and identified either bottom-up (at an investment strategy level) or top-down addressing key sustainability themes we believe are influencing the investment landscape over the longer term such as climate change. The identification of companies where there is a specific concern or where we have identified an area for improvement will generally be driven by our periodic fund level ESG (now informed by principal adverse impacts as defined under SFDR) and proxy voting analysis (for equities only). We will tend prioritise based on where we consider the greatest risk to be such as any companies flagged for poor performance, companies that lag their peers on particular issues or where we have overweight or significant exposure.

Objective setting – We typically engage with one of four primary objectives – pre-investment research, monitoring, addressing concerns or driving change. We will generally have a specific area of focus for the first two objectives and will set more targeted objectives for the latter two once initial ‘exploratory’ engagement to establish the companies’ views, practices and plans on a particular topic is completed. For thematic engagement, we tend to establish an engagement framework to inform these engagements, for example out Net Zero Alignment Assessment (See Principle 7).

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.

- **Direct engagement** – We focus on developing meaningful dialogue with target issuers, and aim to conduct our engagements in a pragmatic and positive manner, seeking solutions, and appropriate actions from businesses. Engagement may take the form of one-to-one or group meetings, letters, emails or calls, and can be a one-off or multi-year. Our interactions will generally be with senior management, and executive or non-executive Board directors.

- **Collaborative engagement** – Investor-led engagement initiatives can be very effective in signalling the importance of a key topic to companies, as well as regulators and policymakers. We select collaborative engagement initiatives where we consider these to be complementary to or more effective than direct engagement. Examples of collaborative engagements are covered in the Principle 10 section.
- **Industry engagement** – We actively participate in key industry initiatives and organisations to build knowledge, standards and integrity in the market. This includes on policy and regulation through industry groups including the PRI Global Policy Reference Group and UK Investment Association Sustainable and Responsible Investment Committee, where we hold the position of Deputy Chair.

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.

- **Country context** – Differing regulations, policy, societal expectations and common practices across countries and regions can all influence both our engagement methods and objectives. For example, our governance expectations set out in our Corporate Governance and Voting Principles recognise different governance codes and practices across markets. On a practical level we find that using the appropriate language, for example when engaging with companies in China or Japan improves the quality and effectiveness of engagement. Our country or regional strategies tend to be run or supported by individuals with the appropriate language skills and may be located 'in country'. Typically, we do find that establishing engagement with management may take longer in emerging markets, due to various factors including the levels of shareholder control, shareholder rights and language barriers. Collaborative engagement initiatives, such as the ACGA, can facilitate engagement in markets with historically lower levels of shareholder or bondholder engagement.
- **Asset class approaches** – Equity investment teams will routinely communicate with investee companies as part of their monitoring and research activities. We tend to favour direct engagement either through one-on-one meetings or small group meetings but also use written forms of communication (i.e., letters or emails) to set out our questions and expectations. These types of two-way interactions allow our teams to gain additional insight and knowledge of a company, while allowing us to communicate our expectations and raise concerns directly with senior management or directors. Proxy voting is used alongside engagement to highlight our views or for escalation purposes.

Within **corporate fixed income**, engagement is a key tool pre-investment to support our investment due diligence process, covering topics including the purpose of the bond, the use of proceeds and the management quality of the corporation issuing the bond. Engagement prior to the issuance of a bond can at times influence the covenants or the structure of the issuance. For our green bond strategy, we engage with issuers on their own strategy and practices, the structure and management of their green bond and the reporting on use of proceeds. While bondholders do not carry the same influence as shareholders once invested, especially due to the lack of voting rights, we consider ongoing communication an important part of the investment process. As most companies need to reissue at maturity, an issuer's responsiveness to engagement may also impact our perspective positively or negatively on their future bond issuances from the same organisation.

Direct engagement within **sovereign fixed income** is generally limited. Our approach to engagement focusses mostly on risk management, helping us to better understand geopolitical or economic dynamics and developments, through discussions with government officials, treasury representatives, policymakers, central banks and other experts and institutions, including through research trips.

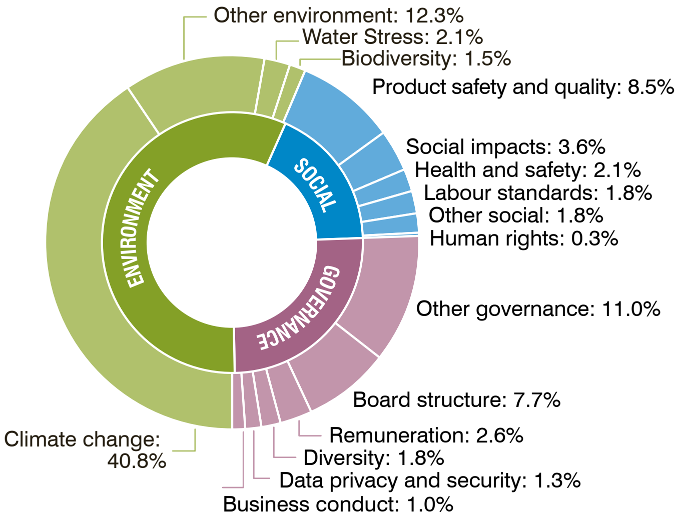
Tracking engagement outcomes

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 topics[14]. 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.

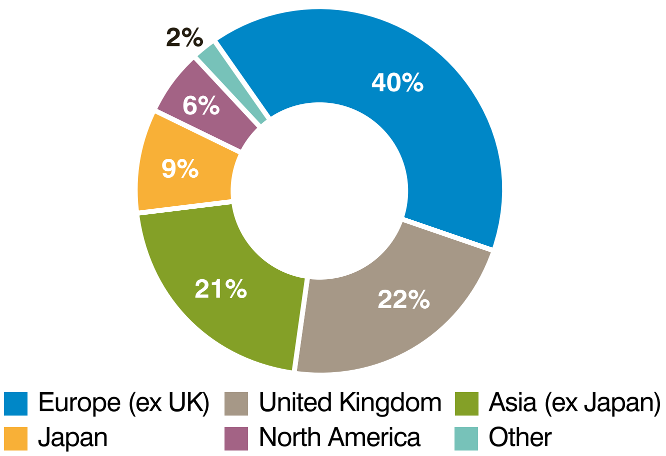
[14]Scope of engagement records includes all internally managed GAM equity funds and those corporate debt engagements conducted by Atlanticomnium (external manager). This covers over 95% of our equity funds and over 95% of our corporate fixed income funds. The data reported is based on recorded engagement data. Engagement themes are allocated based on the primary topic of the engagement. Most engagements will cover multiple ESG topics.

Figure 6: ESG engagement by primary ESG topic



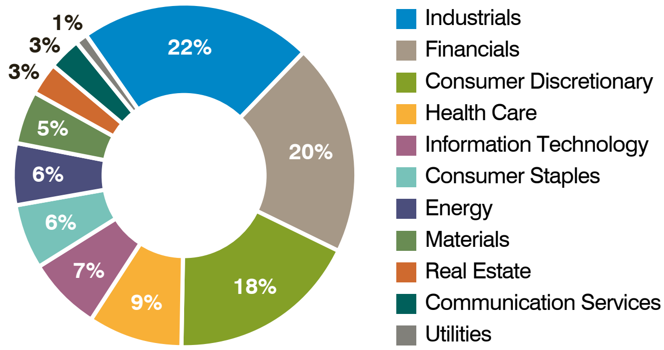
Source: GAM.

Figure 7: ESG engagement by geography



Source: GAM.

Figure 8: ESG engagement by sector



Source: GAM.

Number and type of engagements

	2021	2022	2023
Number of engagements	1047	830	1,019
Of which 1-on-1 meetings	428	391	584
Of which group meetings	619	439	435
Number of engagements on ESG themes	381	255	390
Number of companies engaged	752	508	624
Number of companies engaged on ESG themes			274

Source: GAM

CASE STUDY

Shin-Etsu – decarbonisation in ‘hard to abate’ sector

Objective: Decarbonisation plans
Asset class: Equity
Country: Japan

Context

Shin-Etsu is a large global player in the chemicals industry, with a rapidly growing electronic materials segment supported by strong demand for semiconductor components. The chemicals industry is one of the harder to decarbonise sectors due to the raw materials used and complex industrial processes. Shin-Etsu was identified as a focus company within our portfolio ESG assessment and net zero analysis using our NZAAT tool.

Activity

We held our initial meeting with Shin-Etsu in 2023 with members of the company’s Sustainability Committee to get a better understanding of the company’s climate strategy and net zero targets. Noting the progress the company has made to date, there were three main topics of discussion: 1) the company’s approach to Scope 3 target setting, 2) capital allocation with regard to their decarbonisation solutions and 3) the role of supplier collaboration to achieve their carbon neutrality by 2050.

During the meeting we also discussed the company’s tech-driven emission strategy to meet their targets such as the utilisation of hydrogen as well as the challenges and limitations the company is facing in setting Scope 3 targets. Furthermore, we were pleased to hear about the company’s supplier partnerships focused on joint research and development for products that can support decarbonisation.

Outcome

Having set our expectations based on our net zero alignment framework, we will continue to monitor the progress of the company on the three main areas of discussion. Overall, we feel that the initial discussion was satisfactory and that Shin-Etsu is making progress on its strategy. Next steps involve gaining further clarity on capex strategy and allocation.

CASE STUDY

Thematic engagement – Sustainable Aviation Fuel

Context

During our engagement on climate change with oil and gas and aviation companies last year, we identified sustainable aviation fuel (SAF) as an important area for further investment and development. According to IATA, SAF could contribute to the emission reduction needed by the aviation sector to reach net zero by 65%.

Activity

The companies we engaged with on SAF include Ryanair, Shell, Total Energies and BP. We were pleased to hear that companies had already begun investments in SAF. They all highlighted that SAF comes with its limitations which include sourcing raw material for SAF, certification of SAF sources, location dependence and changes in infrastructure to support the use of SAF.

Ryanair has set the target of powering 12.5% of its flights with SAF by 2030. The company has already signed agreements on the supply of SAF with four energy companies including Shell. While for the energy companies we have engaged with, SAF comprises a small part of their revenues it is necessary to decarbonise aviation.

Outcome

We will continue to engage with aviation companies, energy companies as well as other companies along the SAF value chain such as airports to promote the need for an alternative more sustainable fuel for aviation.

CASE STUDY

Thematic engagement – Banks and fossil fuel financing

Context

Our Sustainable Climate Bond strategy focuses on finance sector issuers of green and sustainability bonds. Part of the analysis and engagement is focused on the issuers' climate strategy, including fossil fuel financing.

Activity

The climate transition plans of twelve of the largest banks in Europe and Australia were analysed, including for current exposure to fossil fuel financing and their associated policies. The team met with senior management from these companies to discuss the findings.

1. **Point-in-time exposure to fossil fuels** – Our findings showed that of the twelve banks we engaged, the exposure to the fossil fuel sector is limited. We acknowledge that data availability through the companies or public sources remains a challenge, as disclosures sometimes lack transparency and granularity.
2. **Fossil fuel exclusion policies** – We found that the approaches banks are taking can differ markedly in scope and detail. In general, policies on coal and unconventional oil and gas have been tightened. However, challenges can also arise from the geographic footprint of banks, with those operating in countries where there is a greater dependency on fossil fuels and/ or the national commitments are weaker, taking a less stringent approach to phase-out.
3. **Climate transition plans** – Banks are increasingly setting their approach and reporting on engagement with clients in greenhouse gas-intensive sectors. This typically includes requiring clients to publish transition plans and disclosure of GHG emissions. More advanced practice includes setting timebound targets. Banks are at very different stages of progress, with some already reporting on the outcome of their client engagement and disclosing how they assess clients' transition plans in detail, while others are at earlier stages.

Outcome

The topics covered in this engagement are extremely complex and require many stakeholders playing their part in the value chain to see real world change. We will continue to engage with banks to support the transition to a lower carbon economy.

CASE STUDY

Thematic engagement – Improving Gender Diversity in Asia

Context

We believe that diversity in gender, skillsets and background on the board as well as within the wider organisation enhances corporate governance standards, improves decision-making and supports business in attracting and retaining talent. Regulators are also setting targets to encourage greater diversity. As a result of these considerations, in recent years we have increased our scrutiny on board composition and in 2023, we raised our expectations for board gender diversity globally (further details can be found under the Principle 12 section).

Activity

With the purpose of encouraging fundamental change within our investee companies, we initiated a focused thematic engagement on board diversity. As part of our Principal Adverse Impacts monitoring and proxy voting, we identified companies where the level of female representation was a cause of concern, particularly in the absence of a clear strategy and actions to improve over time. We began our engagement activity with a formal letter, setting out our expectations on board diversity and promoting dialogue on this topic. Our outreach was staggered throughout the year based around the company AGMs. For Japan, our board diversity focus started in 2022 through engagement meetings and we monitored progress during 2023 proxy season. We continue to engage with a number of companies on this topic and expect to see further progress in 2024.

Outcome

During 2023, we engaged with twenty separate companies to push for increased gender diversity either via a meeting or letter. Of these twenty companies, twelve responded to our engagement request. We note positive progress on board gender diversity within our investee companies in Japan, China and Taiwan (see examples of voting linked to our thematic engagement on diversity below). However, all-male boards are still a common feature in the Asian markets and, while we acknowledge that adding new members to the board is not a small or quick task, we expect companies to continue to make progress on gender balance both at board and senior management levels. As our engagement campaign is still ongoing, we are expecting to see further changes in the upcoming year.

MediaTek Inc. (Taiwan)

Resolution: Election of directors
Vote instruction: Support

In the 2022 Annual Report the company clearly states its commitment for promoting gender equality across the organisation. The company also provides detailed disclosure on diversity of skills, background, age and nationality of directors. Nonetheless, the board and senior management comprised of all male members and no explicit target was set to improve female representation throughout the organisation. These concerns led us to send an engagement letter in March 2023. The company acknowledged the importance of a diverse board and stated that they were working on improving gender balance. At the following AGM, we welcomed the appointment of one female director on the board. We will continue to monitor the company's progress.

Chroma Ate, Inc. (Taiwan)

Resolution: Election of directors
Vote instruction: Support

While the company disclosed its commitment to improve female representation on its all-male board at the next director re-election in its 2021 Annual Report, no further detail was provided on what steps were being taken to achieve this goal. Our engagement letter was sent in February 2023 to understand the company's progress and plan on board composition. The company confirmed that a female director would be proposed at the upcoming shareholder meeting, as well as their ongoing efforts to meet ESG targets. As we recognised the positive direction of travel with the proposed appointment of one female director at the 2023 AGM, we supported the election of all directors. Nonetheless, we will continue to monitor the company's progress on board composition.

Meituan (Hong Kong)

Resolution: Election of directors
Vote instruction: Support

In February 2023 the company was a focus of our engagement to understand plans and progress on their 2021 commitment to appoint a female director on its all-male board and to improve gender balance at its senior management level. Our letter was followed by an engagement meeting where the company provided insights on their selection process and challenges faced in recruiting candidates with the appropriate set of skills by no later than 2024. At their AGM in June 2023, we welcomed the appointment of one female candidate on the board and supported both her and the Chair of the Nomination Committee appointments.

PDD Holdings, Inc. (China)

Resolution: Election of directors
Vote instruction: Oppose

The Company is Cayman Islands-incorporated, with principal executive offices in Shanghai, China. At the 2023 AGM we opposed the re-election of the Chair of the Nomination Committee given the absence of female representation and explicit commitment to improve gender imbalance on the board. The director appointment resolution received 15% shareholder dissent, which can be considered significant in light of the dual class structure and presence of major shareholders. On these grounds we sent a formal letter to the company in February 2023. While we did not receive any clarification on the steps taken to address shareholder concerns, we acknowledged that a female director was appointed in August 2023.

Makita Corporation (Japan)

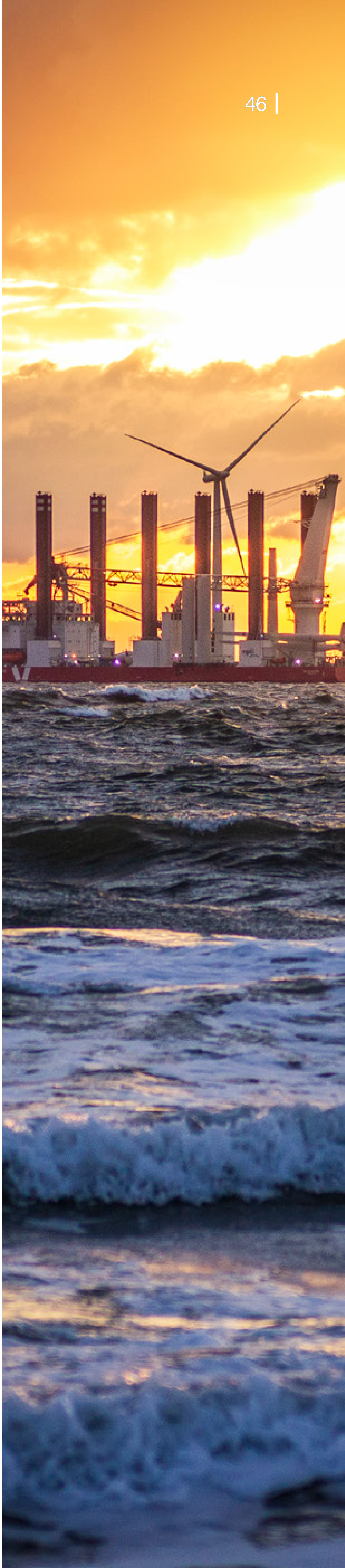
Resolution: Election of directors
Vote instruction: Support

At the 2021 and 2022 AGMs we voted against the Chair of the board to signal our concerns on the absence of female directors on the board. In its 2022 Corporate Governance statement, the Company expressed the commitment to increase board gender diversity by recruiting female directors as well as increase the female representation within senior leadership roles to train and consider them as future directors. At the 2023 AGM, the board proposed the election of one female director, which we considered positive progress and, as a result, we supported the election of all directors. We also favourably viewed the setting of a clear target on increasing diversity at management level and further appointment made 2023 to management positions overseas.

Obic Corporation (Japan)

Resolution: Election of directors
Vote instruction: Oppose (due to board independence)

We signalled our concerns regarding board independence and lack of female directors by opposing the re-election of the Chair at the 2022 AGM. Our expectations were also discussed throughout our two engagement meetings in 2022. Further, the company was part of the engagement letter outreach co-ordinated by the Asian Corporate Governance Association (ACGA) suggesting a series of targets for accelerating the improvement of board gender diversity, which we co-signed. At the 2023 AGM, we supported the appointment of a female candidate who is also an independent outsider. Notwithstanding the increased diversity and independence of the board, the 25% independence is still below our expectations, therefore we reiterated our opposition to the election of the Chair of the board.



CASE STUDIES

Multi-year engagements

Engagements, in particular for where we have longer term holdings or are focused on strategic topics, are often multi-year. Here we provide an update of engagements we have reported on in previous years.

European Oil and Gas Majors Transition Plans

Objective: Assess and influence climate transition plans
Asset class: Equity
Region: Europe

Context

According to the International Energy Agency (IEA), oil and gas operations (Scope 1 and 2 greenhouse gas emissions) contribute 15% of energy-related greenhouse gas emissions, while the use of the oil and gas results in a further 40% of emissions. Many European oil majors have set net-zero targets over recent years highlighting projects that will contribute to the reduction of carbon emissions and harnessing climate opportunities in future investments. While fossil fuels will continue to play a role in the energy mix, future demand may be significantly impacted and opportunities to reduce operational emissions remain.

Activity

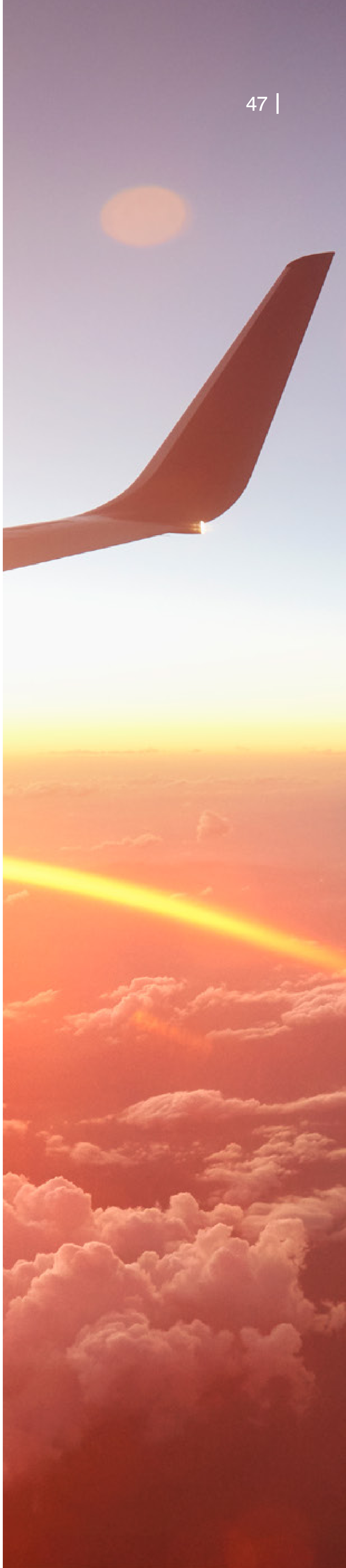
In 2022 we engaged with four European oil and gas majors to set out our expectations for net zero and to support our assessment of the companies' climate transition plans. We continued our engagement in 2023, and updated our analysis using our NZAAT tool to focus on:

- Net zero targets on carbon emissions
- Capital allocation alignment to net zero ((R&D expenditures, Capex, Opex)
- Renewable energy capacity
- Climate opportunity projects (Ambitions around carbon capture, storage, and offsets)
- Remuneration tied to climate targets

These areas guided our engagement and voting for 2023.

Outcome

2022 was a record year of profits for the oil and gas sector, in part driven by increased dependence on fossil fuels due to energy security challenges. While all companies remain committed to the ambition of reaching net zero by 2050, some of the companies we engaged with have decreased their medium-term Scope 3 targets to account for this increasing demand of oil and gas, with one company focusing its capex on low-carbon infrastructure rather than renewable energy. Decreasing Scope 3 emissions will be predominantly driven by a reduction in demand and we therefore welcome capex allocation on the development of Sustainable Aviation Fuel supply chains. The energy transition will be a complex one and we remain focused on engagement with these companies in particular on capital allocation alignment to deliver on their net zero targets.



Ryanair

Objective: Continue pushing for optimal board composition
Asset class: Equity
Country: Ireland

Context

Ryanair has been a long-term holding for our European Equity investment team, and over the past few years we have conducted and maintained an active dialogue with the company. In 2021, our research highlighted two areas of potential improvements in terms of its ESG practices – carbon targets and board diversity.

Activity

We maintain a direct dialogue with Ryanair to understand how it addresses these challenges.

During 2022:

We met with the company's Sustainability team to discuss its ESG strategy. We specifically raised the following two expectations:

- We encouraged the company to commit to the Science Based Targets initiative (SBTi) – in line with guidance for the airline industry – in order to reinforce the credibility of its climate strategy and align with direct competitors. At the time, the team informed us they were actively in discussion with SBTi to better understand their guidance and were considering committing to the initiative. We welcomed that the company was pro-actively in dialogue with SBTi and that it was taking the time to understand the new guidance and its impact for the company.
- We strongly encouraged Ryanair to increase board diversity. We consider that the addition of appropriately experienced and skilled Continental European nationals would also add local insights to the board. We highlighted that Ryanair's flight staff was far more representative of its geographic footprint.

During 2023:

- We met with the company's management to discuss board composition and remuneration concerns before the company's annual general meeting. We were pleased that the board has now increased the level of diversity. We encouraged the company to disclose details of their succession planning as it relates to tenured members of the board, given shareholder concerns with two directors who were deemed non-independent.
- On remuneration, the company disclosed the comprehensive approach that the remuneration committee took when setting and agreeing the targets for the long-term incentive plan.

Outcome

In March 2023, Ryanair announced the appointment of Elisabeth Köstinger to its board, an Austrian citizen, and former Austrian Minister for Agriculture, Sustainability and Tourism. In its announcement, Ryanair highlighted that she is its first Continental European board member since 2013. We supported all proposals at the 2023 annual general meeting following our conversations with management.

STEWARDSHIP CODE PRINCIPLE 10

Signatories, where necessary, participate in collaborative engagement to influence issuers.

Our approach to collaborative engagement

Collaboration with like-minded investors can be an effective way to clearly signal investor expectations, influence company management and effect positive change. Collaboration can be particularly effective in regions where investor engagement is less established, for example in certain emerging markets, or to engage with a wider set of companies than is possible through direct engagement alone. Our collaborative engagement activity is typically through established investor-led organisations with clear objectives, strong governance and transparency.

We review collaborative engagement initiatives on a case-by-case basis, and will join those where we believe they support our specific engagement objectives, help deliver value for our clients and are inline with our fiduciary responsibilities. New initiatives are approved by our Sustainability Committee. Where we elect to lead or support engagement on specific companies, this is in agreement with the relevant investment manager(s).

Industry collaboration

GAM participates in and supports key industry initiatives and organisations to build knowledge, standards and integrity in the market, as well as initiatives specifically focused on company engagement. Details of our broader industry engagement is detailed in section Principle 4.

Examples of key organisation we work with for collaborative engagement include the following:

Climate Action 100+

Context: Climate Action 100+ is a global investor-led initiative focused on supporting engagement with 170 of the largest corporate greenhouse gas emitters, with a collective market capitalisation of USD 10.3 trillion, to address climate risk. It sets clear objectives to implement a strong governance framework, take action to reduce emissions across the value chain, and provide enhanced climate disclosure and transition plans, to create long-term shareholder and bondholder value.

Activity: We joined the initiative in 2018 as an investor signatory. We are the European asset manager representative on the Global Steering Committee, attending regular meetings to guide key deliverables such as the net zero company benchmark and progress reports. Since 2022, we have participated as one of the leading investors within the engagement group focused on Compagnie de Saint-Gobain, a French manufacturer of glass products, high-performance materials, and construction materials. As the initiative enters Phase 2 we are identifying further company and thematic engagement opportunities.

Outcome: The initiative has contributed to significant progress in the setting of net zero targets. The latest benchmark, released in October 2023, illustrates steady improvement – 93% of companies have Board committee oversight, 77% have committed to net zero across Scope 1 and 2 emissions, and 59% have disclosed decarbonisation actions to meet their targets. However, 71% do not disclose how much they have invested in climate solutions in the last year, and only 3% have just transition plans developed in consultation with key stakeholders.

Our engagement with Compagnie de Saint-Gobain continues to focus on lobbying activity and capital expenditure. This year, we were therefore pleased to see the company set as a requirement for lobbying or collaboration, the adherence of partners to the company's values including a commitment to support the Paris climate agreement, which it published in its 2023 Universal Registration document. Our investment team is comfortable with the positive engagement and company progress and at the time of writing we remain invested.

Finance Sector Deforestation Action (FSDA) Initiative

Context: Resource exploitation, including deforestation, is one of the five main drivers of nature loss. We have focused on this driver since joining the Finance Sector Deforestation Pledge in March 2022. As part of the Finance Sector Deforestation Action (FSDA) initiative, alongside over 30 other investors, we have committed to eliminate deforestation driven by the supply of commodities including palm oil, soy, beef, pulp and paper in our investment management portfolios by 2025.

Activity: The working group of FSDA identified a list of priority companies for engagment based on the Forest 500 list by Global Canopy. As part of the group, we participate in regular initiative meetings to set and progress the initiative objectives – including the importance of improving data quality and coverage to better identify deforestation risk exposure. In 2023, we engaged with five companies alongside other investors in the initiative. The overall topics of engagement were aligned to the investor expectations of companies of the FSDA initiative which includes the public commitment to end commodity driven deforestation, trace supply chains, assess and transform their value chains as well as publicly disclosing their progress annually.

Outcome: The predominant outcome for the companies we engaged with in 2023 was to establish a constructive dialogue and outline our objectives. We will continue our engagement throughout 2024, focusing on public commitments on deforestation, tracking risk in the supply chain, as well improved deforestation-related disclosure. Our involvement in the initiative has also been helpful to share good practice between peers in preparation for the engagement with companies. During 2023 the initiative was introduced to new data platforms and tools to support company assessment, monitoring and reporting progress in alignment to the FSDA. These include data from not-for-profit organisations such as Global Canopy, Zoological Society of London (ZSL), Forest IQ and Stockholm Environment Institute (SEI).

CDP

Context: CDP is a non-for-profit global disclosure initiative – building better disclosure on corporate and city-level risks and opportunities of climate change, water security and deforestation. The initiative uses the data to score performance on addressing these three issues and facilitates investor engagement to further improve disclosure and action. The initiative is supported by over 700 investors.

Activity: We have supported as an investor signatory in 2021 and have previously supported specific collaborative engagement focused on non-disclosing companies and the setting of science-based targets. In 2023 we participated in the CDP Green Finance Accelerator initiative aimed at accelerating the adoption of green taxonomies and the disclosure of principal adverse impacts across climate and nature. We use the data disclosed via CDP to support our investment analysis and engagement.

Outcome: Through this initiative, the CDP sent a request with the support of the participants of the Green Finance Accelerator to over 2,200 EU companies. In 2023, more than 23,000 companies disclosed to CDP where many of them were engaged on the Green Finance Accelerator topics. More than 5,000 companies responded to questions on activities in biodiversity-sensitive areas, approximately 1,600 companies provided responses on water management, of which 700 provided quantified metrics, and almost 800 companies reported on climate transitioned aligned spending and revenues in line with the EU Taxonomy. This enhanced disclosure is valuable for our ESG integration, engagement and regulatory reporting in line with the Sustainable Finance Disclosure Regulation.

Nature Action 100

Context: This global investor initiative was formally launched in December 2022 at COP15. This initiative aims to address nature-related risks through engagement based on a set of corporate actions to protect and restore nature and mitigate the financial risk arising from nature degradation. The initiative outlines six investor expectations for companies in the areas of Ambition, Assessment, Targets, Implementation, Governance, and Engagement. The initiative is co-led by Ceres and the Institutional Investors Group on Climate Change (IIGCC); Finance for Biodiversity Foundation and Planet Tracker support the technical advisory group.

Activity: We joined Nature Action 100 as co-signatories in September 2023, supporting the initial letter sent to 100 companies in eight sectors[15] identified as having high potential impact on nature, including habitat loss, resource over-exploitation, soil degradation and water and waste pollution. This letter outlined the investor expectations and sought to establish a constructive dialogue. Given the systemic importance of nature, we consider this an important collaboration to drive corporate action.

Outcome: The initiative and investor expectations, alongside the draft benchmark, is building greater corporate awareness. Engagement, following the initial responses from the companies, will continue in 2024. The initiative will also develop a company benchmark to assess the company performance against the initiative.

Net Zero Engagement Initiative (NZEI)

Context: Institutional Investors Group on Climate Change (IIGCC) launched a new Net Zero Engagement Initiative (NZEI) in 2023 aimed at scaling up and accelerating corporate engagement on climate. In line with the Net Zero Investment Framework (NZIF), there are four main recommendations for climate transition plans – 1) a comprehensive commitment to net zero, 2) net zero aligned GHG targets, 3) tracked emissions performance and 4) a credible decarbonistation strategy. This initiative supports the achievement of our net zero interim targets.

Activity: We became signatory members of the initiative in 2023, and co-signatories for engagement with four companies. In March 2023 the initiative sent 107 letters to the companies in scope and with the support of 90 investors. We had responses from three out of the four companies whose letters we co-signed.

Outcome: Part of the initiative is to engage with all companies and support the implementation of the four recommendations. We actively engaged with the engagement teams of the initiative to follow up with the four companies. This involves collaboration with peers in the planning and execution of engagement with the companies. By the end of 2023 we had collaborative calls with peers in preparation for the company engagement in H1 of 2024.

[15] Companies – Nature Action 100

STEWARDSHIP CODE PRINCIPLE 11

Signatories, where necessary, escalate stewardship activities to influence issuers.

Our approach to escalation

Our engagement falls into four broad categories: pre-investment research, monitoring, addressing concerns and driving change. We aim to have constructive discussions with management and Boards and resolve any issues of concern without the need to escalate. We aim to set clear objectives as outlined in section Principle 9, and see progress on objectives set where we are aiming to drive change. However, there may be cases, for example where a company is unresponsive, or where we deem the issue to be investment critical, when we consider escalation to be appropriate.

Escalation can take different forms and will often depend on the engagement objective, the issue being faced, and the type of asset. This may include:

- Directly contacting the board of directors of a company if we are not satisfied with our dialogue with management.
- Collaborative engagement to encourage the appropriate response.
- For equity investments, we may consider abstaining or voting against specific resolutions at the AGM. To support this escalation approach, we use watchlists on our voting platform. These watchlists are built internally with focus on specific areas of concern to ensure we are using our voting rights to escalate where necessary.
- Reducing our holdings or exiting an investment.

Outcomes of escalation

Attributing an outcome to specific engagement and escalation is challenging, however we present the following examples where we have chosen to escalate our engagement and voting in both developed and emerging markets, and how our approach differs between equity and corporate fixed income.

CASE STUDY

Compagnie Financiere Richemont SA – focus on promoting higher corporate governance standards

Objective: Improving board composition and remuneration
Asset Class: Equity
Country: Switzerland

Context

Richemont is a luxury goods company based in Switzerland. The Audit Committee composition is considered highly problematic given one of the company founders serves as chair of the Audit Committee and two non-independent directors serve as members. We are also concerned with the Remuneration Committee practice of awarding significant discretionaryawards to executive directors as well as the poor transparency on the variable incentive plans and the process of the determining awards under these plans.

Activity

Our concerns on board composition and remuneration practice led to our decision to oppose the re-election of the chair of the Audit Committee and the remuneration resolutions for multiple years. While shareholder dissent on these resolutions increased over the years, these resolutions always passed given the company's ownership structure with multiple voting rights. No steps were taken by the company to address the minority shareholder dissent. In light of this lack of responsiveness, we decided to escalate through a meeting with the Company's Group Corporate Communications and Investor Relations Director.

Outcome

The engagement was a beneficial exchange of views, where the company announced upcoming changes to the Audit Committee composition, including a new chair appointment. The company also committed to improve transparency by providing further details on discretional awards and performance objectives under the incentive plans. The engagement meeting was also a good opportunity to clarify what we consider best practice on executive remuneration, including examples of remuneration reports which in our view meet best market practice.

CASE STUDY

The Swatch Group – significant shareholder concerns regarding independence and remuneration

Objective: Address board composition and remuneration concerns
Asset Class: Equity
Country: Switzerland

Context

The Company maintains a dual class share structure with Hayek Pool controlling 25.2% share capital and 43.9% voting rights. Despite the passing of all resolutions put forward at the Company AGMs, largely as a result of the controlled ownership structure, shareholder dissent on board composition and remuneration practices has heightened during recent years. At the 2023 AGM, shareholder opposition to the re-election of directors was between 17% and 23%, and reached 32% dissent for the re-appointment of executive directors as member of the Compensation Committee. The approval of executive remuneration resolutions received 27% of shareholder dissent.

Concerns were raised over the lack of board independence due to the presence of shareholder representative as well as long tenured directors. As all members of the board serve on the Audit and Compensation committees, independence concerns were also highlights, which were further aggravated by the membership of executive directors and the lack of a nomination committee.

Furthermore, the absence of clear disclosure on outcomes of executive variable remuneration and the structure of the long-term incentive scheme – lacking performance criteria and relying on a heavily discounted price and short vesting periods – heightened concerns.

Lastly, we consider highly concerning that fact that the Company did not provide any meaningful response to this significant shareholder dissent.

Activity

In line with previous years, we opposed the re-election of all directors on the Board and on the Compensation Committee to signal our concerns on the board composition. We also opposed the approval of executive remuneration resolutions. We escalated our engagement with a letter to the Company's Investor Relations Team to outline our concerns and request an opportunity to engage directly.

Outcome

We would expect a company to engage with its shareholder to address their concerns, given the high level of shareholder dissent. The company was unresponsive to our concerns and failed to acknowledge and address shareholder discontent. This contributed to our investment manager's decision to exit this company.

EXERCISING RIGHTS AND RESPONSIBILITIES

STEWARDSHIP CODE PRINCIPLE 12

Signatories actively exercise their rights and responsibilities.

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 principles-based 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.

Voting policy – our public Corporate Governance and Voting Principles outlines our voting policy. We support global standards of good governance, including the International Corporate Governance Network (ICGN) Global Governance Principles, the UK Corporate Governance Code, and the G20/OECD Principles of Corporate Governance. We publicly disclose our voting principles on our website and review them annually.

For our active holdings, the relevant investment manager reviews the vote recommendations made by the GRI team. Given each of our investment teams has a unique investment process and may have a regional focus for their strategies, the principles we follow when making voting decisions are applied within the context of the investment strategy and the specific governance practices they consider critical for their portfolio holdings. When holdings are held by multiple portfolios with different strategies, we aim to execute a single voting decision. If there is a lack of agreement, the voting decision is escalated to the Sustainability Committee. We believe that this collaborative approach across teams allows us to best fulfil our stewardship duty for our clients.

We aim to vote on all the meetings for which we have voting rights, across all our asset classes. We monitor all our fixed income and multi-asset funds for any voting activity. Bondholder meetings are rare and are voted in line with our Corporate Governance Principles and the relevant investment teams' input. We tend to support well-functioning markets through our involvement in industry associations such as the PRI or Investment Association outlined in the sections covering Principle 4 and Principle 10.

Use of proxy advisors – We retain the services of ISS to assist in implementing and administering proxy voting. ISS supports the design and review of our custom policy, provides written custom analysis and recommendations for each resolution up for voting. ISS recommendations are based on our guidelines, but the ultimate voting decision is made by GAM. In 2023, 599 resolutions (5.3%) were voted contrary to ISS benchmark voting policy recommendation. In 2023 we also retained Glass Lewis as proxy advisor to provide services on proxy voting research.

We monitor material thematic ESG issues and important company general meetings through the use of watchlists. These watchlists are uploaded into the voting platforms based on lists built through flags from PAI reviews, engagements, investment managers, our thematic priorities, investor associations or voting decisions and outcomes of previous years.

Review and oversight – The Corporate Governance and Voting Principles, custom voting policy and Proxy Voting Procedure are reviewed and updated annually to reflect changes in regulatory environment, market practice and our approach. The following are the changes made in 2023:

- We updated our Principles to strengthen our expectation on gender diversity and board independence;
- We redesigned our custom policy to enhance our focus on corporate governance themes, such as board tenure, director attendance and the use of environmental and social metrics in executive remuneration and better tailor our approach by market and company's size;
- We updated our proxy voting procedures and centralised them in one location.
- One of our equity strategies are managed by external manager. We conduct an annual review on this third-party manager to ensure their voting approach is in alignment with ours and in the best interest of our clients. To support this, we also receive a voting report for the year outlining the voting decision made.

The execution of proxy voting, including monitoring and oversight, escalation, conflicts of interest management and record keeping of the voting activity is underpinned in our internal proxy voting procedure. Our voting activity is now reported quarterly to our Group Investment Management Oversight Committee and reviewed by our Group Management Board and Board as part of our Sustainability Report.

Client-directed voting – Clients increasingly engage with us on voting matters ahead or after general meetings. We welcome our clients' feedback about our voting activity and process. We disclose our voting intentions ahead of meetings for certain segregated mandates. Dialogue with clients on proxy voting matters allows us to understand their priorities, in turn helping us to make better informed voting decisions in their interest. We have provisions to allow clients to direct voting for segregated mandates, where agreed in advance. Our general approach and preference is not to split votes in segregated or pooled accounts. However, we can facilitate this in exceptional circumstances.

Securities lending – GAM has a securities lending programme in place for several funds. When shares are on loan, GAM is contractually unable to exercise voting rights for these shares. Our current policy is only to recall stock for voting in exceptional circumstances if we consider our vote is absolutely critical to safeguard shareholders' interests. GAM undertakes relatively limited stock lending. Due to its limited nature, we do not consider our approach contributes significantly to 'empty voting'. We did not recall any shares out on loan last year for voting purposes.

Disclosure – We publicly disclose our voting decisions for all our funds on a monthly rolling basis on our website. In 2023 we enhanced our disclosure so reporting is now available by Fund. We also started publishing rationales for our votes against management on a half-yearly basis. These records are updated in the first and third quarter of each year.

In line with the obligations under the Shareholder Rights Directive II, we publish on our website a list of votes we consider significant. This section is updated on an annual basis.

Voting activity

In 2023, we voted at a total of 912 meetings (2022: 1,097) representing 99.6% of all the votable meetings (2022: 99.3%). We aim to vote on all shares for which we have voting authority and we may attend shareholder meetings to submit our votes in person. We attended one meeting in person in 2023 as requested by our client.

There were limited instances where we did not successfully execute our votes. In 2023, this included operational barriers due to changes to ballots past the custodian deadline. We also did not exercise voting rights at three meetings where the companies were subject to economic sanctions.

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

As in many markets record date can be set with a long timeframe ahead of shareholder meetings, there may be instances where we have sold our position but are still eligible to vote. In these instances, we will continue to execute our voting in line with our stated policy and process. We believe it is our stewardship responsibility to hold companies accountable and promote corporate best practice.

Voting decisions

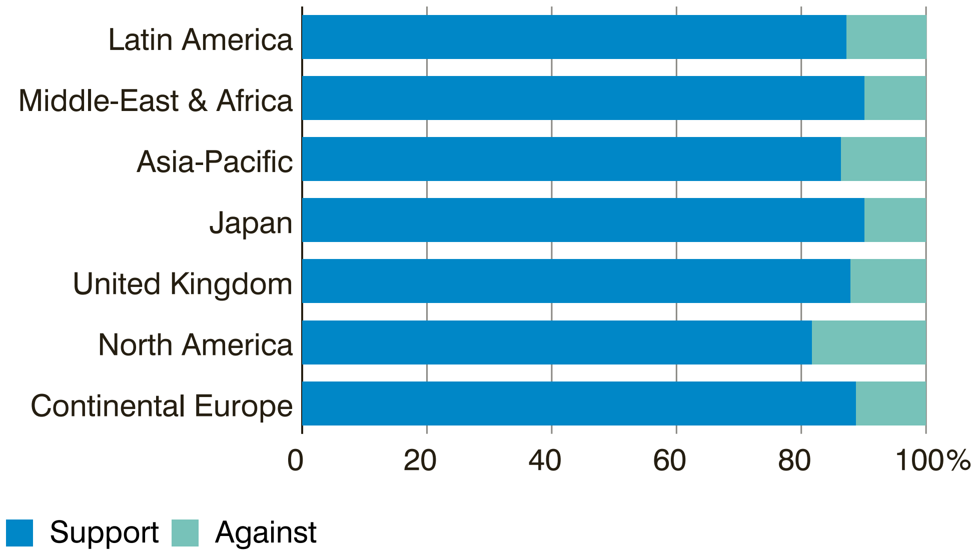
Votes against management – We seek to support resolutions, unless we consider doing so would not promote long-term interests of our clients. We voted on 11,216 unique resolutions in 2023, of which 10.8% were votes against management (14.4% in 2022). Voting rationales of our votes against management are available on our website and are updated on a six-monthly basis.

Our main considerations for not supporting the management recommendations are as outlined:

- Votes against the board and/or board directors' resolutions – our considerations include board composition, effectiveness and responsiveness, capital structure detrimental for shareholder rights, excessive auditor tenure, pay and long-term value creation alignment, financial resilience resolutions;
- Votes against shareholder resolutions – our considerations include the value, restrictiveness and company resources required to meet the proposal.

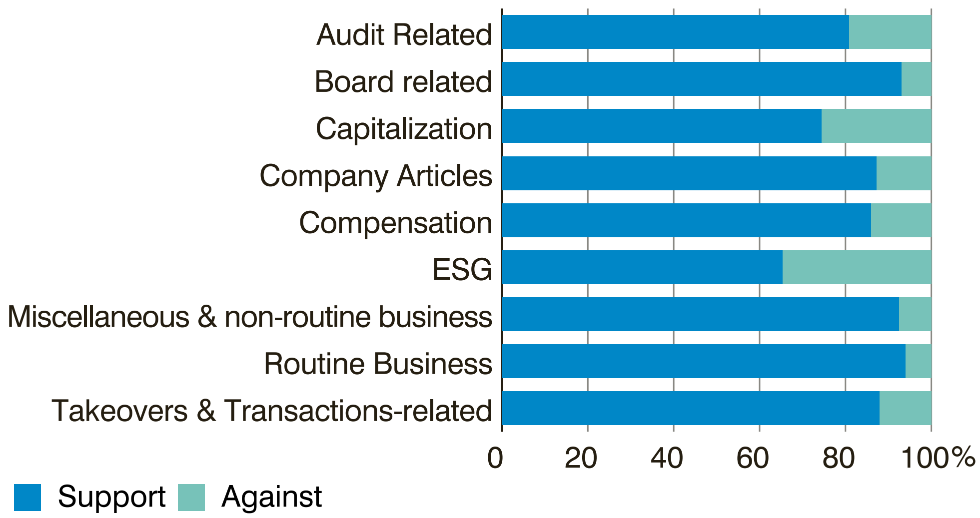
In 2023, resolutions related to board composition covered the majority of our votes against management recommendations. These votes reflected primarily our concerns on board diversity and committee independence. We also voted against routine business resolutions requesting shareholder support for any other item that may be introduced at the meeting but unknown at the time of voting. These resolutions are specific for certain markets, such as Switzerland. Another significant area where we voted against management relates to executive remuneration. The main reasons driving our opposition were poor board responsiveness or disclosure, concerns regarding pay quantum and misalignment with performance.

Figure 9: Shareholder meetings by geography



Source: GAM. As at 31 December 2023.

Figure 10: Votes against management



Source: GAM. As at 31 December 2023.

Votes withheld – We abstain from voting on resolutions whose approval, in our view, is not in the best interests of our clients and we believe our concerns would be better addressed through engagement. Our vote of abstention is normally accompanied by an engagement letter to the company detailing our position and setting our expectations.

Shareholder resolutions – While we consider shareholder resolutions a valuable tool to communicate, escalate and promote board actions on ESG and sustainability matters, we take a case-by-case approach when making voting decisions. We believe this approach also allows us to address the challenges posed by the proliferation of 'anti-ESG' resolutions. Our voting assessment is based on our client's long-interest and considers the material relevance of the request, company commitments and disclosure in relation to the issue raised as well as potential implication and constraints on the company if the resolution is supported. Reasons for not supporting shareholder resolutions may also include if there is an ongoing dialogue with the company on the issue raised, the company has shown commitment and progress, or we believe that engagement is more effective.

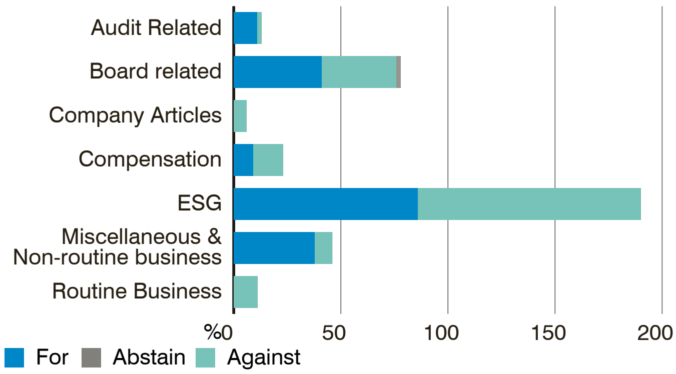
We also evaluate board responsiveness to shareholder resolutions that received significant shareholder supports at previous AGMs and scrutinise board actions for resolutions that receive majority shareholder support.

Shareholder resolutions represented 3% of the total resolutions voted in 2023. We supported 50.4% of the 367 shareholder resolutions we voted on (2022: 73.1%). As environmental and social risks continue to be a prime interest of shareholders, the highest proportion of shareholder resolution we voted on dealt with climate-related issues. These resolutions included requests on climate change or 'just transition' reporting, limiting fossil fuel financing, and setting Scope 3 emissions. As outlined in our case studies below, while we supported all resolutions relating to 'just transition plans', we preferred to address our concerns on Scope 3 emissions through engagement as part of our ongoing dialogue with our investee companies, rather than supporting the shareholder resolutions proposed. We also did not support shareholder resolutions on fossil fuel financing, as we consider the policies and restrictions for some of their activities already in place met our expectations.

Our voting approach on climate-related resolutions explains the decline in the number of shareholder resolutions supported in 2023.

We also voted on a growing number of resolutions focusing on human capital management. The most common resolutions in this area relate to gender and/or racial median pay gap and freedom of association and collective bargaining rights. We were general supportive of the human rights related resolutions, however we did not support resolutions that did not clearly outline the need of additional reporting or the level of disclosure provided by the company on the issue was in line with our expectations.

Figure 11: Vote instructions on shareholder resolutions



Source: GAM. As at 31 December 2023.

The following are selected examples of shareholders resolutions we voted on in 2023:

Scope 3 GHG Reduction targets at oil companies

Activity: In 2023 we did not support resolutions on the reduction of Scope 3 emissions at BP Plc, Shell Plc, TotalEnergies SE and Exxon Mobil Corporation.

Rationale for opposition: We support action on climate change. However, we recognise the uncertainties for oil and gas companies in setting and reducing Scope 3 targets given geopolitical events and energy policy. Our voting decisions reflect our belief that the resolutions filed would have required oil companies to scale back their operations despite the growing demand of energy, therefore imposing unnecessary constraints. As we have an ongoing dialogue with our investee companies, we consider engagement a more effective way in supporting the transition to a low carbon economy.

Outcome: At 2023 AGM, a resolution on GHG emission targets, including Scope 1 and 2, was filed at all oil companies. At Exxon Mobil and BP shareholder support for these resolutions declined, while at Shell it remained aligned to the 2022 vote. These outcomes may be signalling the broader investor sentiment on the nature of these resolutions which may be perceived as overly prescriptive given the business operations of energy companies. The Scope 3 emission targets resolution at TotalEnergie received around 30% support, given the weak evidence provided by the Board that Scope 3 targets are in alignment with Paris Agreement goals. Scope 3 emissions will continue to be a central topic of our engagements, with a focus on understanding the challenges posed by the economic environment, while delivering on an appropriate transition plan. Progress against commitments and our expectations will be closely monitored.

Reporting on Just Transition at BorgWarner Inc. United Parcel Service, Inc., Amazon.com, Inc., Exxon Mobil Corporation, FedEx Corporation.

Activity: We supported resolutions requesting additional reporting on social impacts of the business transition strategy filed at BorgWarner Inc, United Parcel Service, Inc., Amazon.com, Inc., Exxon Mobil Corporation, FedEx Corporation

Rationale for support: In line with the guidelines provided by the International Labour Organization, we believe that a company transition strategy should also outline how the risks related to the impact on human capital and communities are mitigated. We considered that more detailed disclosure on the management of social risks would allow a better understanding of the considerations given to all stakeholders in the low-carbon transition programs and provide assurance that all relevant risks are taken into accounts.

Outcome: Shareholder support for resolutions on Just Transition was significant at the 2023 AGMs, with FedEx Corporation and BorgWarner Inc. receiving above 30% of votes in favour. We will continue to monitor company efforts and reporting on incorporating workers and communities' considerations in their transition strategies.

Deviations from our voting policy – As our voting policies are principle-based, we take a non-prescriptive approach to voting and retain the ability to vote against our policies. In our voting decisions we consider company circumstances such as jurisdiction, market norms, size and ownership structure. We also take into account engagement outcomes and companies' commitments. Our decisions are taken in line with the investment strategy and the governance practice that the investments team consider critical for the best interest of our clients.

The following are selected examples of deviations from our policy in 2023:

Vail Resorts (USA) – Director tenure and committees' composition

Director John Sorte has been serving as independent director on the board for 30 years as well as chair of the Audit Committee and member of the Compensation, Nomination & Governance Committees. We also noted that the average Board tenure is 13 years. These tenures have been flagged within our guidelines, as they exceed our expectations of 9 year maximum for individual directors and average board tenure. Furthermore, Mr. Sorte's tenure compromises the independence of key committees he is serving on. We also noted that, while directors are expected to retire from the board at the conclusion of the term in which they reach age 72, the Nominating and Governance Committee recommended Mr. Sorte's re-appointment notwithstanding his age of 76.

We believe that long tenures and lack of board refreshment compromises independence and weaken the management oversight and expose the board to significant risks regarding long-term performance. However, as we recognise the value added to the board by John Sorte's leadership and finance expertise, we decided to abstain on the election of John Sorte as director at the 2023 AGM and engage with the company to communicate our expectation that a periodic board refreshment and succession planning would be considered, and adequate disclosure provided. The company acknowledged our perspective and stated that it will be considered; we will continue to monitor board composition at Vail Resorts.

Ferrari NV (Netherlands) – Director time commitment

The re-appointment of John Elkan, who serves as CEO at Exor, the controlling company of Ferrari and Stellantis, has been flagged under our policy and opposed by our proxy advisor ISS due to the excessive number of Board mandates.

While we expect that directors are mindful of the number of significant directorships held to ensure they devote enough time to the board and carry out their duties effectively, we also consider a range of factors beyond the sole number of other roles when evaluating time commitment.

When forming our voting decision at the 2023 AGM we considered the John Elkan's excellent attendance record at Ferrari and Stellantis. We also acknowledged that his long-standing knowledge of the company and the industry is crucial for the board and success for the company. Given these considerations coupled with the challenges related to the recruitment of executive directors with the appropriate set of skills and expertise, we believed that that removing John Elkan from the board would have likely had a material negative impact on the company's value.

Kardex Holding AG (Switzerland) – Supporting progress on gender diversity

Over the past years we have been closely monitoring gender diversity at Kardex Holding and noted the positive progress the company has made in the past two years by appointing two female directors to the board. Following the 2023 AGM, female directors represented 29% of the board. In 2023, our proxy voting advisor Institutional Shareholder Services (ISS) recommended voting against the reappointment of the Nomination and Remuneration Committees Chair as member of these committees, despite the company's commitment to reach 30% female representation on the board by 2024 and the clear steps taken to reach this target ahead of the timeline set. ISS recommendation was driven by the blanket application of the 30% threshold set in their guidelines, which also reflects the quota mandated by the Swiss law effective from 2026. As we expect further progress on board diversity at Kardex Holding and the mandatory gender quota to be fully met, we supported the reappointment of the chair of Nomination and Remuneration Committees as we acknowledged the company's responsiveness on this issue and positive direction of travel.

The following are selected examples of outcomes on notable votes for listed equity assets in 2023:

Health & Safety Pay-outs

Context: Performance goals on health & safety are common components for executive remuneration at companies operating in the mining and oil and gas industries given their exposure to health & safety related risks.

In the past year, we have closely monitored safety performance in our investee companies in the extractive sectors, and while many reduced safety incidents, tragically no company was able to reduce the number of fatalities related to the business operations to zero. Despite the occurrence of fatal accidents, the CEOs at BP, Shell and Impala Platinum were still awarded pay-outs under the safety component of their annual bonus.

Activity: We followed a case-by-case approach to determine our voting decisions on the remuneration report resolutions at the 2023 AGMs of these mining and oil investee companies. Our scrutiny focused on how the Remuneration Committee took into account the fatalities in their remuneration outcomes, the progress made on health and safety metrics both at company level and against peers as well as the alignment of pay and performance. The following are the voting decisions that were taken.

BP Plc (United Kingdom)

Resolution: Remuneration Report
Vote instruction: Abstain

After an assessment of the safety performance, the Remuneration Committee determined a bonus reduction of 3.2% for the CEO to reflect the four fatalities reported in 2022, despite the overall progress made on safety metrics. Our analysis also considered the citations from the US Occupational Safety and Health Administration ("OSHA") related to the 2022 incident at the Toledo refinery, which resulted in the deaths of two employees. While we would have expected a greater adjustment to the CEO annual bonus, in light of the serious nature of all these events, we also acknowledged the overall remuneration alignment with performance. We also recognised the changes made to the safety measurements for 2023 aiming at increasing focus on most serious events. These considerations led us to abstain from voting the remuneration report resolution and engage with the company on the matter. We contacted the company to explain our views and clarify our expectation that a negative outcome under the citation by OSHA should be appropriately reflected in the 2023 remuneration pay-outs.

Shell Plc (United Kingdom)

Resolution: Remuneration Report
Vote instruction: Abstain

The company significantly reduced the number of serious injuries and process-related safety events, leading to a top quartile position in safety with the industry peer group. Nonetheless, two fatalities were reported in 2022. The Remuneration Committee reviewed performance under the safety component of the CEO's annual bonus, which accounted for 15% of the award, and determined to award a full pay-out under this metric. While would have expected that the fatal events were better reflected in the bonus outcomes, we have also acknowledged progress made by the company on safety, the transparent approach taken by the committee and the overall pay and performance alignment. We abstained from voting the remuneration resolution and communicated our rationale and concerns to the company.

TotalEnergie (France)

Resolution: Remuneration Report

Vote instruction: Support

The remuneration formula regarding the number of accidental deaths per million hours worked versus peers resulted in a 75% of maximum pay-out. However, the Remuneration Committee considered that this outcome did not reflect adequately the three contractor fatalities recorded in 2022 and decided to review the safety measurements to include 50% weighting for the occurrence of no fatalities during the year. Given the three fatal events, the committee reduced to zero the portion of the award related to accidental deaths. We welcomed this assessment and supported the company's remuneration resolution at the 2023 AGM.

Impala Platinum Holdings Ltd. (South Africa)

Resolution: Remuneration Report

Vote instruction: Against

While the overall safety performance improved compared to the previous year, five fatalities at the company and one at a joint-venture operations were recorded. The fatal events were not reflected in the Remuneration Committee assessment process and the CEO was a awarded a full pay-out under the safety component of the annual bonus. We considered this outcome not appropriate particularly given the company zero harm commitment and we opposed the remuneration implementation report resolution.

Outcome

We believe that the occurrence of fatal events should be fully and adequately reflected in remuneration outcomes and no payment should be made for the portion of the award affected by these events. Our discussions with investee companies on this topic have focused on implementing alternative measures to track performance on safety goals, such as replacing the safety metrics with malus provisions[16], underpin or fatality 'hardlines'. In general, this was acknowledged by companies, and we will continue to monitor changes to the remuneration framework and how safety risks are reflected.

[16]A 'malus' provision is one that – should specified events occur – allows the remuneration committee to adjust an executive's bonus downward before the award vests and is delivered.

Fixed income assets

For all our fixed income assets, ESG considerations form part of the pre-investment due diligence. This includes a thorough analysis of prospectus documents to understand covenants, structure, and risks. Our engagement as bondholders focuses on mitigating ESG risks though a long-term sustainable financial strategy to protect the quality of credit and financial solidity.

We actively vote at any bondholder meetings where we have the rights to vote. These are meetings where we are asked to grant consent for changes that can impact our holdings in a given company. All our fixed income funds are set up in our voting platform to ensure we review any upcoming bondholder meeting. The voting process is the same as for equity assets where the GRI team will review the proposals and provide a voting recommendation to the investment teams in line with our voting principles.

While we do not have specific guidance for bondholder meetings, we will look to review all resolutions on a case-by-case basis, always keeping the best interest of our clients in mind when making a voting decision. We expect that all relevant information is made publicly available in a timely fashion and financial disclosure and bond prospectus are accessible. Bondholder meetings normally covers any board request related to the life of the bond, approval of proceeds and reviewing prospectus and transaction documents. They also may include the resolutions relating to:

- seeking amendments to terms and conditions in indentures or contracts;
- seeking access to information provided in trust deeds;
- impairment rights; and
- reclassification of a conventional bond as a green, sustainable or social bond.

In 2023, we voted on three bondholder meetings. These were predominantly related to the approval of 2022 activities and allocations of proceeds, which we supported.

APPENDIX

Swiss Stewardship Code Index

The **Swiss Stewardship Code** was drawn up by the Asset Management Association Switzerland and Swiss Sustainable Finance to promote the active exercise of shareholder rights by investors in Switzerland. The Code was published in October 2023, and we publicly committed to the Code in December. The Stewardship Report covers the reporting requirements as outlined in the index.

Principle	Description	Disclosures on page(s)
1	Governance	9-14
2	Stewardship Policies	15-17; 21-22; 24-26
3	Voting	54-62
4	Engagement	37-52
5	Escalation	50-52
6	Monitoring of Investee Entities	27-31; 37-47
7	Delegation of Stewardship Activities	32-34
8	Conflicts of Interest	15-17
9	Transparency and Reporting	9-10

Source: GAM

DISCLOSURE

The information in this Report is given for information purposes only and does not qualify as investment advice or as meeting any particular financial objectives, risk profiles, sustainability preferences or sustainability-related objectives of the recipient. Opinions and assessments contained in this Report 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. There is no assurance that any sustainability-related objectives, if applicable, will be achieved. Further information on GAM's approach to responsible investing can be found here:

https://www.gam.com/en/corporate-responsibility/responsible-investing

https://www.gam.com/en/policies-and-disclosures#sfdr

The investment strategies described in this Report may involve the selection, prevent the acquisition of or require the disposal of securities of certain issuers for reasons other than investment performance or other financial considerations. As a result, the strategies may underperform other strategies with a similar financial objective or policy that do not utilise an ESG-focused investment strategies and may suffer investment losses if it is required to dispose of a security as a result of non-financial considerations.

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ESG ratings generally assess the impact of environmental, social and governance (ESG) factors on a company and/or a company's impact on the outside world and provide an opinion, expressed as a rating, of such impacts. ESG ratings may not capture all sustainability risks or impacts of a particular company. As different ESG ratings may rely on different data sources and calculation methodologies (including the weightings applied to ESG factors), the ratings applied to one company by a ratings provider may be different to the rating applied to the same company by another provider. The businesses of ESG ratings and ESG data providers are generally unregulated. ESG ratings may be provided by third parties that have an existing relationship with the companies that are being rated (and may have been engaged by that company to provide ESG ratings), which can create a conflict of interest for the ESG ratings provider. ESG ratings providers may also not make timely changes in a rating to reflect changes to the relevant company, sustainability risks or other external events. The investment strategy may suffer losses (including loss of opportunity) and its ESG performance may be different from that intended because of reliance on data or ratings which prove inaccurate, incomplete, or out of date or if the Co-Investment Manager does not correctly assess the impact of such data.

The Portfolio ESG Rating, where applicable, stated in respect of any given strategy is derived from ratings provided by a third party in respect of the investments and is designed to help investors understand the resiliency of the portfolio to long-term ESG risk and opportunities. A strategy with a high Portfolio ESG Rating implies that its investments are perceived to have a strong or improving management of financially relevant ESG risks and may be more resilient to disruptions from ESG events. However, the investments of such a strategy with a high Portfolio ESG Rating may still create significant negative externalities on environmental or social factors such as pollution and poor labour practices. Further, a strategy with a high Portfolio ESG Rating does not necessarily achieve or seek any positive ESG or sustainability impact. There can be no assurance that the Portfolio ESG Rating correctly represents the strategy's exposure to financial loss because of ESG risks.

The strategies described in this Report may invest in economic activities which are aligned with the EU Taxonomy. Alignment of investments with the EU Taxonomy is calculated by specific metrics (such as revenue or expenditure) and determined by data most recently disclosed or provided by investee companies or collected by third parties in relation to those economic activities. Such metrics are calculated and disclosed, provided, or collected as at a point in time for each investee company and are based on the activities of those investee companies which may vary over time or be impacted by external events. As a result, any taxonomy-alignment of the strategies will be indicative only and will not be a true reflection of the taxonomy-alignment of the strategies as at a point in time or over a particular reference period. The strategies may involve investment decisions based on the taxonomy alignment of an investment and the impact of such decisions may result in the strategies generating lower financial returns than if the taxonomy alignment were not considered.

The strategies described in this Report may include sustainable investments as defined in the EU's Sustainable Finance Disclosure Regulation (EU 2019/2088) ("SFDR"). A sustainable investment is an investment in an economic activity which contributes to an environmental or social objective, which does not significantly harm any environmental or social objective and where the investee company follows good governance practices. SFDR does not provide for objective criteria to determine the contribution of an economic activity to a particular environmental or social objective or set thresholds for identifying whether an economic activity causes significant harm to an environmental or social objective. As a result, the definition of "sustainable investments" is not standardised and requires firms to make subjective decisions. Firms subject to SFDR may take different approaches to categorising such investments. There can be no guarantee that a sustainable investment will attain its environmental or social objective or avoid harm to any particular environmental or social objective. The strategies may involve investment decisions based on the whether or not an investment is determined to be a "sustainable investment" and the impact of such decisions may result in the strategies generating lower financial returns than if it did not consider such determination.

The strategies described in this Report may be intended to have an ESG-related impact. Any impact will be calculated based on sustainability-related data, and will be subject to the data limitations outlined above. Any ESG-related impact may not be as expected and there is no assurance that any ESG-related impact will be achieved.

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This Report contains forward-looking statements relating to the objectives, opportunities, and the future performance of the U.S. market generally. Forward-looking statements may be identified by the use of such words as; "believe," "expect," "anticipate," "should," "planned," "estimated," "potential" and other similar terms. Examples of forward-looking statements include, but are not limited to, estimates with respect to financial condition, results of operations, and success or lack of success of any particular investment strategy. All are subject to various factors, including, but not limited to general and local economic conditions, changing levels of competition within certain industries and markets, changes in interest rates, changes in legislation or regulation, and other economic, competitive, governmental, regulatory and technological factors affecting a portfolio's operations that could cause actual results to differ materially from projected results. Such statements are forward-looking in nature and involve a number of known and unknown risks, uncertainties and other factors, and accordingly, actual results may differ materially from those reflected or contemplated in such forward-looking statements. GAM cautions against placing undue reliance on any forward-looking statements or examples. None of GAM or any of its affiliates or principals nor any other individual or entity assumes any obligation to update any forward-looking statements as a result of new information, subsequent events or any other circumstances. All statements made herein speak only as of the date that they were made.

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