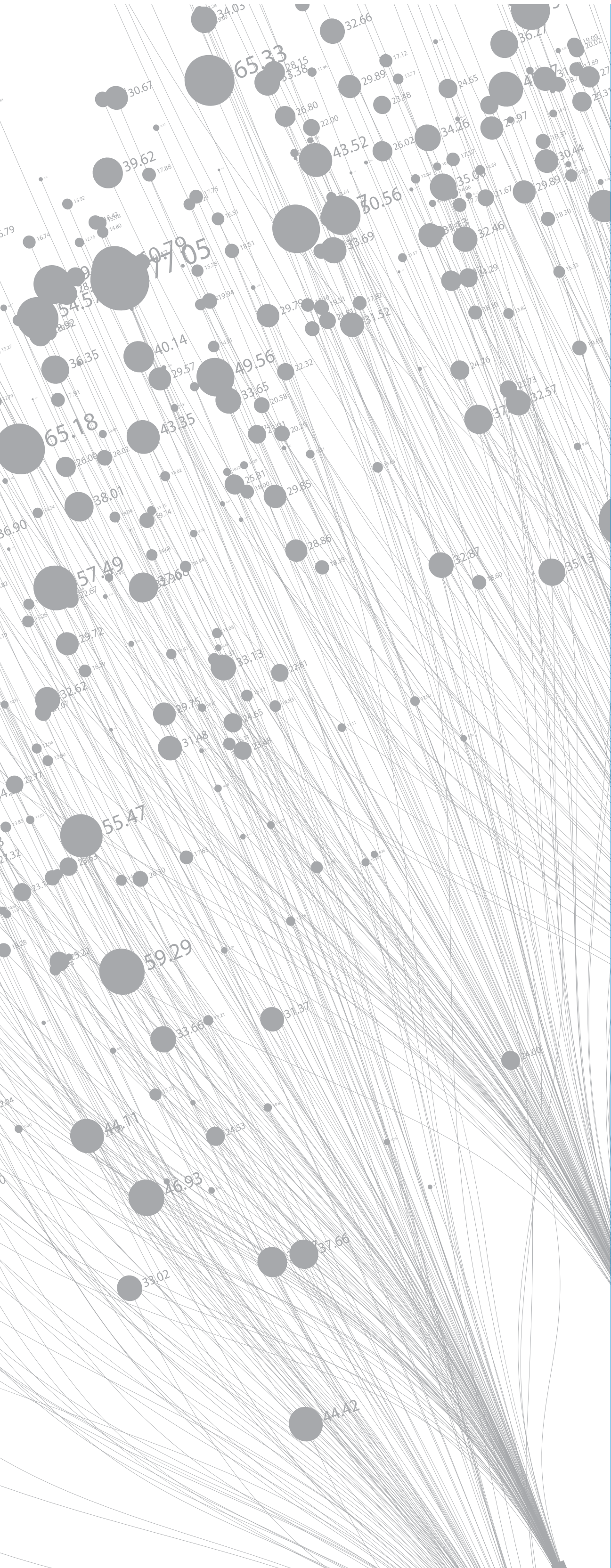
SUSTAINABILITY REPORT 2021



CEO'S FOREWORD

FOREWORD

Peter Sanderson
Group Chief
Executive Officer

From Covid-19 to COP26, the headlines throughout 2021 were dominated by social and environmental issues. It was a year which reinforced the theory that the world is changing faster, and to a greater extent, than many of us thought possible.

At GAM we believe that investing in sustainable solutions, and being a responsible corporate citizen, are key to navigating these changes and helping our clients to prosper. We have put sustainability at the heart of our business and this report reflects how this has manifested itself throughout a turbulent year.

High-conviction products and processes

We are not afraid to steer our own path when it comes to sustainability and last year, we launched market-leading ESG-led strategies including our Climate Bond and Sustainable Local Emerging Bond strategies. This plays to our strengths of delivering results beyond the ordinary, by thinking beyond the obvious. Our Sustainable Climate Bond strategy is one of the first to focus on green and sustainability bonds issued by European financials only, and thus provides exposure to a wide range of environmental projects from green mortgages to renewable energy farms in an increasingly critical sector.

Behind the scenes, we have continued to strengthen resources to ensure our teams can embed ESG factors into their investment thinking. This has included the roll out of our new ESG dashboard and the adoption of new climate risk tools.

We want to lead by example, and 2021 saw GAM commit to become a net-zero investor by joining the Net Zero Asset Managers initiative, be accepted as one of the first signatories to the new UK Stewardship Code and continue to steer investor collaborations such as Climate Action 100+.

Our holistic approach to responsible investment also includes an unshakeable commitment to active ownership, and our portfolio managers conducted over 350 company meetings including ESG considerations and voted on more than 15,000 resolutions in 2021. Our engagement activity helps us to not only understand the changing trends in each sector, but to shape them.

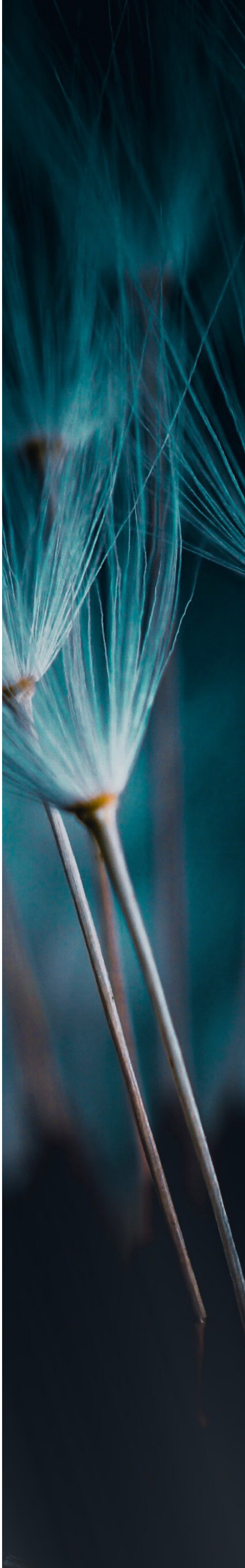
Living our values

We also recognise that sustainability begins at home, and we have worked throughout the year to improve the diversity, training standards and the environmental impact of our own organisation. In 2021, GAM became a committed supporter of the UN Global Compact. There is much still to do but we are encouraged by the increasing proportion of women in our investment and wealth management teams and the higher levels of training throughout our organisation.

Looking ahead we want to more deeply embed sustainability into everything we do and strive for a positive impact on the environment and society. We steadfastly believe that this will help our clients' capital to prosper in a rapidly changing market.

Yours sincerely

Peter Sanderson
Group Chief Executive Officer



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INTRODUCTION

Overview of GAM

GAM is a leading independent, pure-play asset manager. The company provides active investment solutions and products for institutions, financial intermediaries and private investors through three businesses: Investment Management, Fund Management Services and Wealth Management. GAM employed 605 FTEs in 14 countries with investment centres in London, Cambridge, Zurich, Hong Kong, New York, Milan and Lugano. The investment managers are supported by an extensive global distribution network. Headquartered in Zurich, GAM is listed on the SIX Swiss Exchange with the symbol 'GAM'. The Group has AuM of CHF 100 billion (USD 109.3 billion) as at 31 December 2021. Further details are available in our Annual Report.

Scope of report

This is GAM's second stand-alone Sustainability Report. It aims to highlight the key sustainability challenges and opportunities for our business, how we are addressing them and some of our achievements in 2021. Our Annual Report includes a sustainability summary and outlines our broader strategy, major developments in 2021 and corporate governance arrangements.

All data in this report relates to the period from 1 January to 31 December 2021 unless otherwise stated. Where available, we include data from 2020. This year we engaged a third-party assurance provider to review our data collection processes, with the intention of seeking limited assurance on certain key performance indicators next year.

Feedback

Sustainability is of growing importance to our clients and all our stakeholders, and we are committed to achieving best-in-class standards for our sustainable investment and operational sustainability activities. We welcome feedback on this report from all stakeholders.

IN NUMBERS

A few numbers that provide a snapshot of our sustainability activity in 2021:

1.5°C

GAM committed to be a net-zero investor by 2050 or sooner, working with the Net Zero Asset Managers initiative to play our part in keeping global warming to 1.5°C or less.

CHF 875 million AuM

invested in sustainable strategies including the two new strategies Sustainable Climate Bond and Sustainable Local Emerging Bond, launched in 2021[1].

70%

of our funds have ESG summary reports covering key ESG and climate metrics.

First cohort

of signatories accepted by the new UK Stewardship Code in 2021. We also became signatories to the Japan and Singapore stewardship codes.

15,000

resolutions voted on in 2021, with over 350 companies engaged on ESG topics by our portfolio managers.

29%

proportion of women in our Investment and Wealth Management teams, an increase from 25% in 2020.

1,361.5 hours

of volunteering activities engaged in by our employees.

19

charities supported through our corporate sustainability activities.

200%

carbon offsets for operational carbon emissions, our third year as a CarbonNeutral® company.

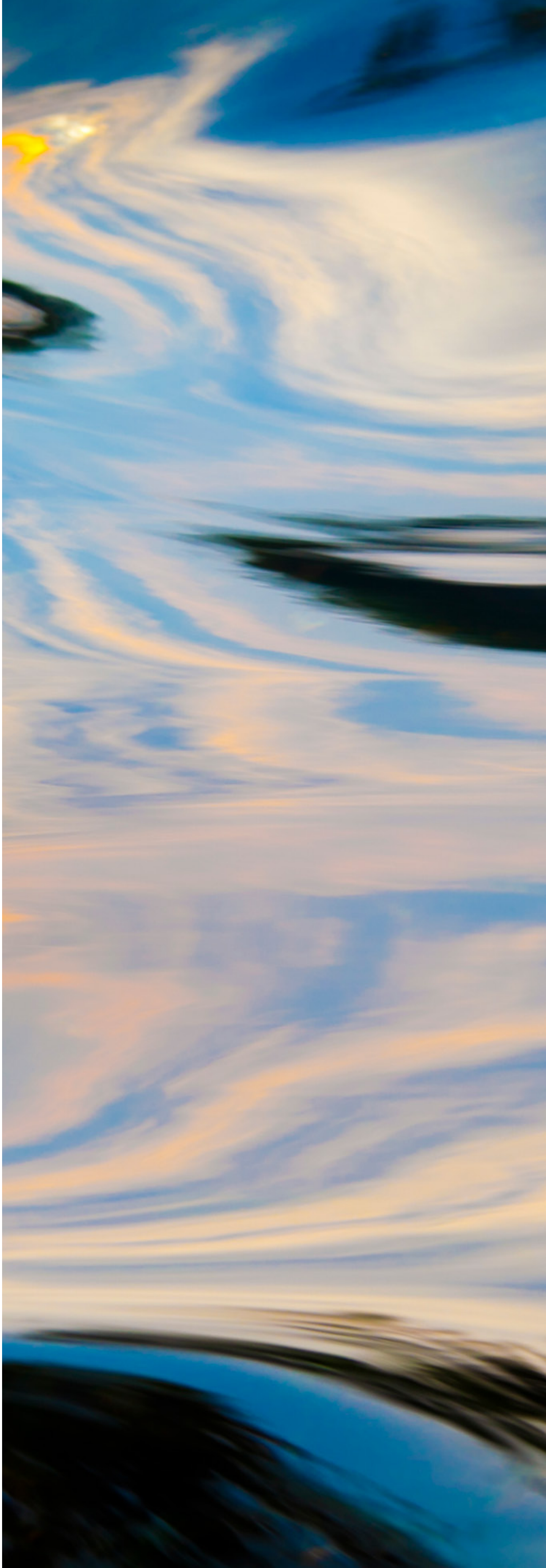
72/100 Inrate

Corporate Governance zRating – once again making us the best-ranked financial services provider in Switzerland.

[1] Sustainable Local Emerging Bond fund, Sustainable Climate Bond, Sustainable Emerging Equity, Swiss Sustainable Companies.

Highlights and goals

	Highlights in 2021	Goals for 2022
Commitments	• First TCFD report published • Joined Net Zero Asset Managers initiative • Became a UN Global Compact supporter	• Publish Net Zero Asset Managers interim targets
Embedding ESG	• Rolled out ESG dashboard to 100% of equity holdings • Enhanced climate-risk analytics	• Continue ESG dashboard roll out • Develop & implement in-house assessment for ESG, climate and impact • Further develop climate-risk tools across additional asset classes
Sustainable products	• Launched new Sustainable Local Emerging Bond fund • Launched Climate Bond fund • Introduced sustainability exclusions in response to client demand • Launched ESG summary reports for 70% of funds (by AuM)	• Build our fund range – sustainable core macro & thematic equity • Client reporting – introduce extended ESG reports
Active ownership	• First cohort of 2020 UK Stewardship Code signatories • Joined Japan and Singapore codes	• Maintain UK Stewardship Code signatory status • Deliver strategic engagement plan
Corporate sustainability	• Employee training increased from 12 to 22 hours on average • 1,361.5 hours employee volunteering • MSCI ESG score improved from 5.1 to 5.4	• Increase renewable energy use to 100% • Expand reporting on equal pay analysis • All positions to consider Inclusivity candidates • Dedicated coaching for all eligible returners



CHAPTER 1: OUR APPROACH

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

Governance of sustainability

Sustainability starts at the top with the GAM Holding AG Board holding overall responsibility for our sustainability strategy. Our Sustainability Committee, chaired by our Global Head of Sustainable and Impact Investment, oversees our strategy. The Sustainability Committee reports to the full Board and our Group Management Board on a quarterly basis.

The Sustainability Committee is one of ten key group oversight committees, and its terms of reference were refreshed in 2021, together with the introduction of two sub-committees, our Responsible Investment and Sustainable Operations committees, to focus on monitoring and continually improving our ESG integration, active ownership and operational sustainability.

Sustainability oversight is also integrated within the relevant functions. This includes the Investment Management Oversight Committee providing oversight over the performance of investment teams as well as key risks and controls relating to the Investment function, the Product Strategy Committee, which authorises development of new products and strategies and reviews existing products, and the Risk Oversight Committee, which oversees operation of the risk management framework (see Figure 1).

> Our governance aims to put sustainability at the heart of our business, and keep it there on a daily basis.
>
> **Katia Coudray**
> Independent Non-Executive Director

We also have a nominated non-executive director responsible for championing sustainability at the Board level and a separate Board member with responsibility for climate risk. Sustainability and climate risks are overseen at the Board Risk Committee. Our TCFD (Taskforce for Climate-related Financial Disclosures) disclosure (see Chapter 6) contains further details of our governance structure specifically in relation to the management of climate risk.

Figure 1: Our governance structure for sustainability

Source: GAM.

Focus on transparency

We believe transparency is core to good governance and is one of our three strategic pillars. In 2021, we published our first Sustainability Report and stewardship reports in line with both the UK and Japan stewardship codes. This year, our Sustainability Report serves as our Communication on Progress under the UN Global Compact and we are additionally publishing our first TCFD report and initial update on our commitments under the Net Zero Asset Managers (NZAM) initiative; our fuller NZAM targets will be disclosed in the second quarter of this year.

All of our responsible investment-related policies were refreshed and updated in 2021 and can be found online.

Alongside such annual firm-level reporting, we introduced our ESG Summary Report – comprising ESG rating and carbon intensity metrics – in 2021 for 70% of our funds by AuM. In 2022, we will be introducing extended ESG reports and improving report coverage where possible depending on data availability.

Linking to incentives

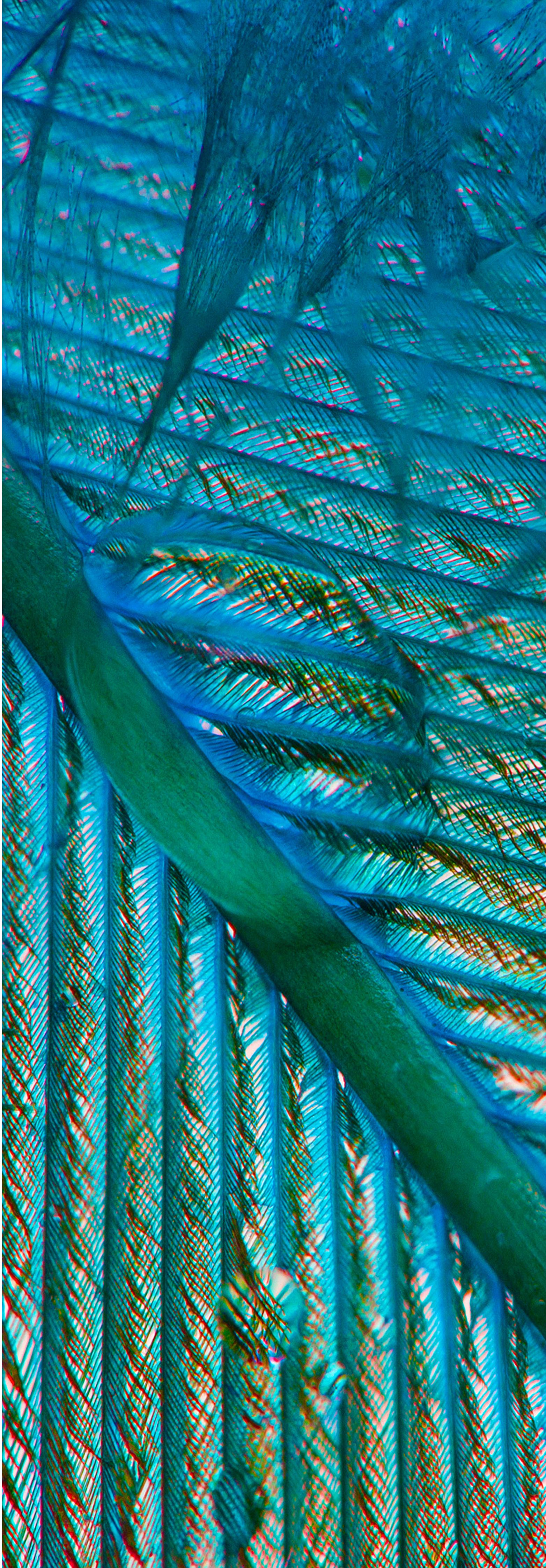
Sustainability objectives for 2021 form part of the individual goals assessment within the Group Management Board scorecard. For 2022, the GAM Compensation Committee has agreed that sustainability should form a more explicit element of the strategic annual bonus scorecard component directly driving all GMB members' annual remuneration. The Committee will continue to review its approach to set clear ESG targets for the GMB through the course of 2022.

ESG integration is an increasingly important feature of our investment process as ESG factors increasingly have a material impact on the performance of companies.

Our strategy

At GAM, we have long appreciated how powerful environmental and social megatrends – from climate change to conscious consumerism, from diversity to digitalisation – are reshaping the global economy, creating both risk and opportunity for investors.

That is why we steadfastly believe that understanding ESG issues related to our portfolio, and acting on them where we can, is integral to our ability to deliver better returns for our clients and better outcomes for the wider world. We strive for a positive impact on the environment and society, in our investments and operations, and take a holistic and detailed approach.

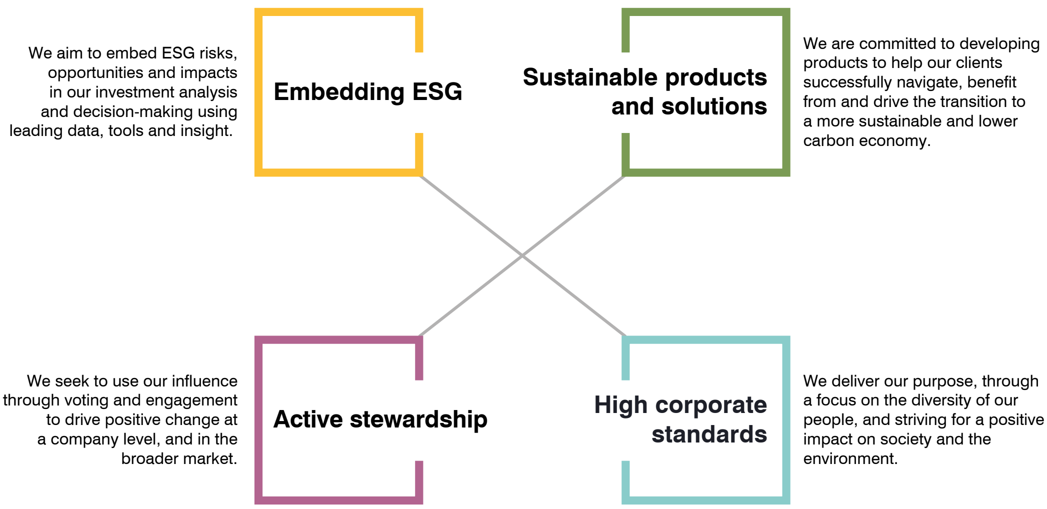


We strive for a positive impact across four core pillars:

- **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 and engagement to drive positive change at a company level, and in the broader market.
- **Sustainable products and solutions:** We are committed to developing products to help our clients successfully navigate, benefit from and drive the transition to a more sustainable and lower carbon economy.
- **High corporate standards:** We deliver our purpose, through a focus on the diversity of our people, and striving for a positive impact on society and the environment.

Our latest assessment from the PRI awarded our responsible investment strategy and governance the highest-possible A+ ranking[2].

Figure 2: Our holistic approach to sustainability



Source: GAM.

External standards and recognition

As we strive to improve our sustainable investment and corporate practices, we have received recognition in external ratings, assessments andawards. These ratings are welcome recognition of our efforts, can be important for our stakeholders and can play a role in driving the adoption of good practice in the market.

The recognition we received in 2021 includes:

- **Inrate Corporate Governance zRating:** GAM Holding is once again the best-ranked financial services provider in Switzerland, ranking 15th overall out of a total of 171 companies listed in Switzerland, with 72 out of 100 possible points.
- **MSCI rating:** At the end of 2020 we were graded BBB, during 2021 we improved our score from a weighted-average key issue score of 5.1 to 5.4.
- **B Corp:** In our 2019 Annual Report we stated our goal to achieve B Corp accreditation by 2022, and reiterated our intention to continue to explore B Corp certification in our 2020 Annual Report. This year, we have continued to engage with B Corp, completing the Preliminary & Final Risk Review and the Risk Screen Review, however, we note that they have introduced a moratorium on submissions from financial sector companies, while sector-specific frameworks and requirements for financial services are developed. We are, however, continuing to engage in the B Corp process.
- **Citywire Gender Diversity Awards:** GAM was the winner of the 'Best AuM Split' category for asset managers with 50–100 managers recognising fund groups that have a greater parity in the proportion of assets managed by women and men.
- **Citywire Alpha Female Report 2021:** GAM's Jian Shi Cortesi, Investment Director for China and Asia growth equities, was selected for Citywire's list of the 30 most consistently best performing female managers. The list is compiled from Citywire's database of 1932 female fund managers based on managers' ratings consistency over the last five years. This is the fourth year that Jian has featured in the Citywire Alpha Female Top 30 list, having also been included in 2017, 2019 and 2020.
- **Investment Week Women in Investment Awards:** Jian Shi Cortesi, Investment Director for China and Asia growth equities, was chosen as the winner in both the 'Fund Manager of the Year (large firms)' and 'International Investment Woman of the Year' categories. The Women in Investment Awards honour the inspiring achievements of women across all parts of the UK investment industry with a specific international category.
- **UK 2020 Stewardship Code:** We met the standards to become one of first signatories to the new, more extensive Stewardship Code.

[2] The latest available PRI Assessment Report was based on year-end 2019.

CHAPTER 2: OUR INVESTMENTS

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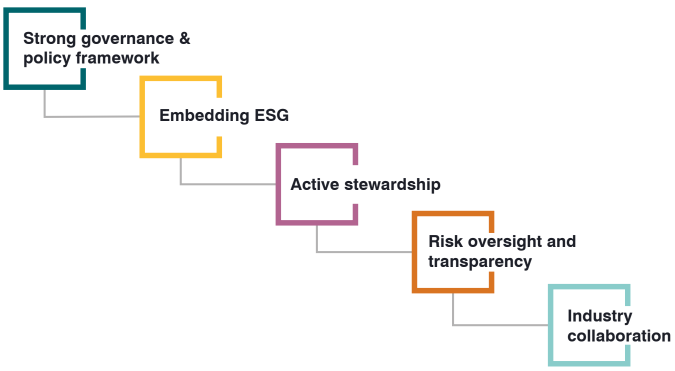
Embedding ESG and sustainability considerations

At GAM we have nearly 40 years of investment management experience. We know that unless we consider all elements of a potential investment – including its management of relevant ESG issues – then we cannot fully understand the potential risks, opportunities and value of that entity.

However, that is easier said than done.

Sustainable investing is evolving, and rapidly becoming more nuanced and complex across different asset classes, themes, regulatory environments and products. At GAM we aim to seek out opportunities that may not be unearthed by the use of simple third-party ratings or as defined by broad taxonomies. We aim not only to understand the changing nature of the global economy but to help shape it, as an active steward of our clients' capital.

Our sustainable investment framework



Source: GAM.

> Tools like our ESG dashboard help us bring together the best expertise, data and insight in a way that help our high-conviction fund managers to better manage risk and drive alpha at the portfolio level.
>
> **Greg Clerkson**
> Head of Discretionary Investment Management

Our sustainable investment framework outlines our approach:

- **Strong governance & policy framework:** A robust policy framework with clear governance and commitment from our CEO, Board and senior leadership.
- **Embedding ESG at the portfolio level:** ESG expertise, data, tools and insight to manage risks and drive alpha. Regular dialogue with companies supports our analysis.
- **Active stewardship:** Proactive voting and engagement to drive positive change.
- **Risk oversight and transparency:** Quarterly investment risk meetings include an ESG portfolio review, flagging companies with poor ESG or carbon scores or controversies. The Global Responsible Investment (GRI) team undertakes periodic ESG portfolio reviews.
- **Industry collaboration to improve policy and practices:** Actively leading and participating in key industry initiatives and organisations.

Key to this challenge in 2021 has been the roll-out of our proprietary ESG dashboard. This uses multiple ESG data points and in-house voting to identify specific ESG risks and opportunities including any controversies an investment might be associated with. Currently, the dashboard has been rolled out to all equity investments and almost a third of fixed income credit strategies. We anticipate a roll-out to 70% of fixed income credit in the first quarter of 2022 following a further stage of our platform integration project. We have stand-alone tools covering sovereign fixed income strategies. We are developing a proprietary ESG, climate and impact model that we will be rolling out next year. We will continue to work to further expand our ESG data integration across all investment teams in the most efficient and effective way.

Figure 3: Our ESG dashboard

Source: GAM.

We specialise in active investing, and therefore the specific approach to ESG integration used by each investment strategy will depend on the investment objectives, philosophy, asset class and investment timeframe. The GRI team works together with investment managers to support and improve our integration approach within the investment strategies.

Case study: A novel approach to ESG in sovereign debt

A proprietary 'Crisis Cycle Filter' framework forms a pivotal and unique element of our local emerging bond strategy and, more specifically, it is one of the tools we use to incorporate ESG factors into our investment process.

In the past, ESG risks might not have been fully reflected in market prices, and investors might have been able to outperform by simply allocating capital towards stronger ESG credits. As ESG risks become better understood by the market – and therefore more efficiently priced – outperformance becomes harder to achieve. The challenge for investors is to identify those opportunities where ESG risks are still mis-priced. In our view, this is most likely to occur when ESG factors (especially governance) and macroeconomic factors interact.

We developed our proprietary 'Crisis Cycle Filter' (CCF) to capture this interaction. It focusses on nine macroeconomic variables that tend to deteriorate when governance is poor, and which we consider to be the most reliable early signs of an impending financial crisis. In our view, this is superior to looking at traditional ESG metrics in isolation, because changes in these measures tend to lag financial markets. As an example, poor governance contributed significantly to both the Russian crisis in 2014 and the Turkey crisis from 2016 to 2018. In both cases, however, ESG measures deteriorated well after the currencies weakened.

A fundamental part of the Sustainable Local Emerging Bond fund's (LEBF) ESG philosophy, however, is that we need to take into account ESG factors alongside their impact on future returns. If ESG factors become efficiently priced by markets and the alpha to be gained from these factors declines, a purely returns-led ESG strategy will no longer allocate capital towards the stronger ESG credits. In the Sustainable LEBF we aim to allocate towards countries with stronger ESG characteristics.

Our preferred approach is to use an independent ESG benchmark. The index adjusts the weights of the countries in a traditional index based on their ESG scores, ensuring an allocation of capital away from ESG countries with poorer ESG scores and a tilt towards those with higher scores. Active positions around this benchmark use our standard ESG-integrated investment process aimed at achieving outperformance.

Building knowledge

Training and knowledge sharing are key to continuous improvement, and are particularly important in an area as dynamic as sustainability. We support external qualifications such as the CFA Certificate in ESG Investing and are participating in the pilot programme for the new CFA Certificate in Climate and Investing due for release in 2022. We also promote internal knowledge sharing, dedicated learning materials and micro-seminars. Our Global Head of Sustainable and Impact Investment ran a number of all employee micro-seminars in 2021 on the sustainable investment landscape, stewardship, climate change, COP26, green bonds and the Sustainable Finance Disclosure Regulation.

In 2021, an average of 4.9 hours of ESG-related training was completed per employee.

Committing to net zero

In July 2021, we joined the Net Zero Asset Managers initiative, an international group of asset managers committed to supporting the goal of net-zero greenhouse gas emissions by 2050 or sooner. We are working as part of the IIGCC Paris Aligned Investment Initiative to develop appropriate methodologies. We were part of the group that developed the Net Zero Investment Framework published in March 2021. We plan to publish our net-zero interim targets in the second quarter of 2022.

We seek to integrate relevant transition and physical climate-related risks and opportunities into our investment decision-making. We use climate data from external sources, as well as security level analysis and engagement, to identify significant areas of risk. This year we expanded our provision of climate data, which now includes MSCI (climate data and climate value at risk (VaR) analysis under multiple scenarios), CDP (formerly Carbon Disclosure Project) and TPI (Transition Pathway Initiative) to assess the quality and resilience of a company's strategy to address climate-related risks and opportunities, in addition to our own engagement.

CHAPTER 3: SUSTAINABLE PRODUCTS

CHAPTER 3: SUSTAINABLE PRODUCTS AND SOLUTIONS

Developing new products

We are committed to **developing sustainable products and solutions** that will help our clients successfully navigate, benefit from and drive the transition to a more sustainable and lower carbon economy.

We now have CHF 875 million AuM in sustainable strategies including the Sustainable Local Emerging Bond, Sustainable Climate Bond, Sustainable Emerging Equity and Swiss Sustainable Companies strategies.

Two of our major launches in 2021 were of sustainability-related products:

Sustainable Local Emerging Bond: In February, in close partnership with a leading pension fund for sustainable investments in Austria, we developed a Sustainable Local Emerging Bond fund as the first in a new range of sustainability-focused strategies. The strategy combines a positive tilt towards sovereigns with higher ESG scores, as defined by its benchmark, the JP Morgan ESG GBI-EM GD Index, with the team's 'Crisis Cycle Filter' used for active allocation within the index tilts. This fund seeks to invest in line with the requirements of Article 8 of the EU SFDR (see next section).

Sustainable Climate Bond: Our new Sustainable Climate Bond strategy is one of the first to focus on green and sustainability bonds issued by European financials. The strategy adopts an active, bottom-up, high-conviction approach, investing in green projects across the economy from green energy to green mortgage products. The bond market for climate change solutions is worth over USD100 trillion and mobilising capital is key for a green transition.

The strategy uses third-party environmental data specialists (Carbone 4) to evaluate the environmental impact and externally validate our selection in the Climate Bond fund's investment process (see case study). As part of the product launch we also joined the not-for-profit Climate Bonds Initiative to help drive forward more fixed income investments in a climate resilient economy. This fund seeks to invest in line with the requirements of Article 9 of the EU SFDR.

> The global economy is changing and we are committed to developing those products and solutions that help our clients navigate and drive the powerful environmental and social transitions that will, and need to, shape our world.
>
> **Stephanie Maier**
> Global Head Sustainable and Impact Investment

Implementing the EU Sustainable Finance Disclosure Regulation (SFDR)

SFDR is part of the EU's wider Sustainable Finance Framework and introduces new sustainability disclosure obligations for manufacturers of financial products. One of the most tangible changes is the classification of funds into three categories – so called 'Article 6', 'Article 8' and 'Article 9' funds. While funds are required to take into account sustainability risk in the decision making process, broadly, Article 6 funds do not have binding sustainability considerations, Article 8 funds promote environmental or social characteristics, or a combination of those characteristics, provided the companies in which investments are made follow good governance practices. Article 9 funds are those funds that have sustainable investment as their objective.

In response to client demand, we introduced our Sustainability Exclusion Policy to a subset of our equity and corporate credit funds to support alignment with requirements of an 'Article 8' fund. This policy covers involvement at specific thresholds of thermal coal extraction and power generation, tobacco production and retail and nuclear weapons, as well as civilian and conventional weapons, oil sands and UN Global Compact breaches. Over three quarters of our equity funds and over 90% of our corporate credit funds by AuM now apply these exclusions. Exclusions are also applied to selected funds across other asset classes.

> The introduction of SFDR is changing the product landscape. We listen closely to clients to ensure our product range meets their requirements.
>
> **Kaspar Boehni**
> Head of Global Product & Fund Development

At the end of the year, we had CHF 12 billion in funds classified as Article 8 or Article 9.

Improving disclosure

Transparency is key for us and our clients. This is why we have introduced ESG summary reports comprising ESG rating and carbon intensity metrics for 70% of our funds by AuM. This is intended to help our clients better understand the ESG profile of their funds.

Looking ahead

In 2022, we plan to continue to improve and increase our range of sustainability funds, helping our clients invest smartly in a net-zero economy. This is likely to include the launch of a sustainable core macro strategy, which will aim to achieve long-term capital growth by evolving an in-house ESG scoring system for commodities and marrying this with a quantitative, macroeconomic focus, and a range of sustainable thematic equity funds. In 2022, we will be introducing extended ESG reports and improving report coverage where possible depending on data availability.

BRINGING IMPACT ACCURACY TO CLIMATE BONDS

Our Sustainable Climate Bond strategy, launched in August 2021, aligns with our concerted aim to contribute to a net-zero future. It offers investment in green bonds that contribute to lowering carbon emissions while providing attractive spreads, and is expected to deliver close to triple the yield of other investment-grade bonds.

Two factors distinguish our strategy from similar offerings in the marketplace. First, we have elected to focus on European financials from an issuer perspective. European banks dominate the European corporate financing landscape, and therefore have a pivotal role in driving sustainable growth, both generally and in terms of environmental transition. The top 35 banks provided close to USD 3 trillion of funding to the energy sector between 2016 and 2019, reflecting the significant impact potential from the banking sector.

Second, we recognise that issuers typically report their environmental KPIs using a wide range of divergent methodologies or metrics, and so have taken the additional step of engaging a third-party provider – Carbone 4, a leading consulting firm specialising in low-carbon strategy and adaptation to climate change – to provide an independent view on the KPIs reported at an aggregate level for the fund and at the detailed green bond level. This ensures GAM has a robust, credible and unbiased account of our strategy's positive impact.

CHAPTER 4: ACTIVE OWNERSHIP

CHAPTER 4: ACTIVE OWNERSHIP

> As a leading asset manager, we recognise that we have the power and the responsibility to positively improve corporate behaviour on issues from deforestation to diversity.
>
> **Stephanie Maier**
> Global Head Sustainable and Impact Investment

Stewardship is a core element of the investment process, and critical in shaping the way we allocate, manage and oversee capital. By engaging, we not only gain valuable insights into corporate business models or management practices, we can also use our influence to encourage them to focus on long-term, sustainable value creation. We engage as both shareholders and bondholders.

In 2021, we were particularly proud to be accepted as one of the first signatories to the updated UK Stewardship Code and committed to support the stewardship principles outlined in Japan's Stewardship Code and the Singapore Stewardship Principles for Responsible Investors.

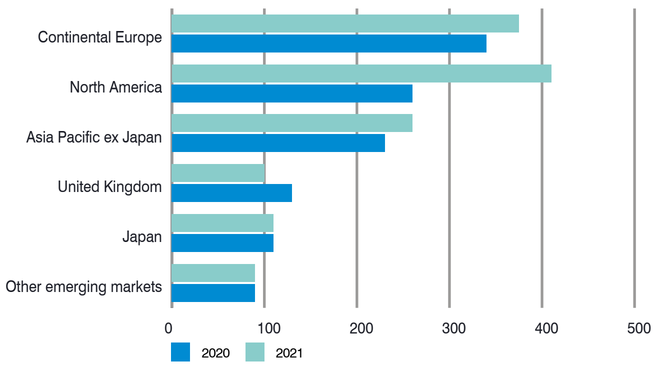
We exercise our stewardship in three ways: voting, direct and collaborative engagements and public policy engagement.

Voting

Voting is a fundamental part of our active ownership approach, and our Corporate Governance and Voting Principles outline our corporate governance expectations for companies, our approach on key voting issues and our procedures. We aim to exercise our voting rights for all shares for which we have voting authority and make voting decisions for all our funds publicly available on a monthly rolling basis on our website.

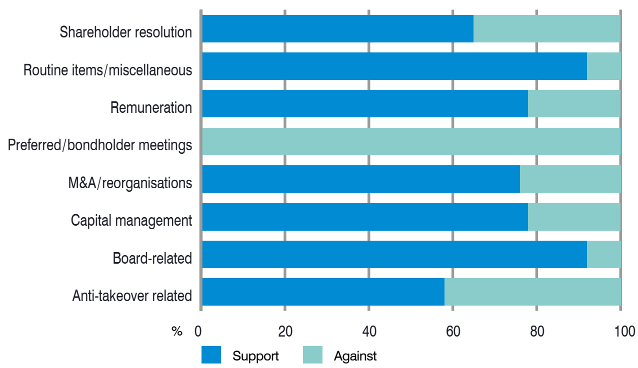
In 2021, we voted at a total of 1,322 meetings (2020: 1,136). This represented 99.2% of the meetings at which we could vote, compared to 97.7% in 2020. We voted on 15,125 unique resolutions in 2021, of which 12.0% were votes against management (8.1% in 2020). We supported 73.6% of the 401 shareholder resolutions we voted on in 2021 (2020: 64.1%).

Shareholder meetings by geography



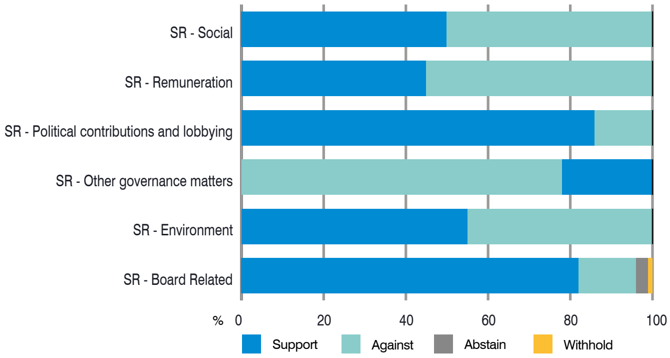
Source: GAM.

Votes against management by category



Source: GAM.

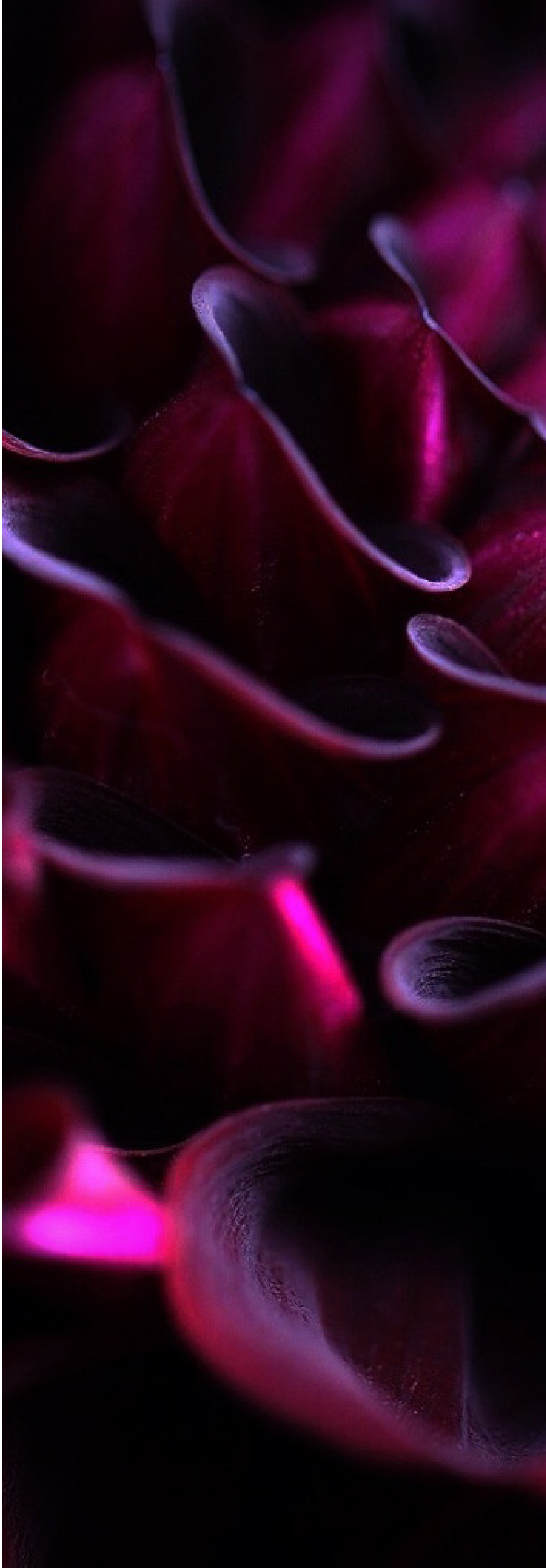
Votes on shareholder resolution



Source: GAM.

Direct and collaborative engagement

We engage with companies regularly as part of our investment process. Our investment teams conducted more than 1,000 company engagement meetings in 2021. This includes one-to-one and group meetings. In 2021, approximately 36% of these meetings covered environmental, social and governance themes.



Case study: Catalysing better governance at SMC Corporation (Japan)

In 2019, as part of our portfolio ESG reviews, we noted that SMC Corporation stood out in the portfolio for having critical and ingrained corporate governance issues.

Governance concerns:

The Board composition, for a company of this size with international exposure, fell below market standards. With the appointment of Yoshiki Takada as Representative Director, there were 11 directors on the Board. Our concerns were as follows:

- **Lack of independence:** Only two directors are independent while all the others are executives. Yoshiki Takada's appointment to succeed his father, the Chairman of the Group, further reduced independence levels (18%).
- **Lack of diversity:** The Board is only comprised of male directors.
- **Long-standing directors:** The average tenure on the Board is 17 years; six directors have tenures of over 12 years. While we recognise the benefits of experience and familiarity with the business, we have concerns over long-tenured directors' ability to remain independent, impartial and objective.
- **Non-compliance with the Corporate Governance Code:** Absence of Nomination Committee and no performance-based reward for executives.
- **Lack of experience of corporate auditors:** The two corporate auditors, who oversee the work of the auditor, are not accountants and therefore do not match the requirement of having a "considerable level of knowledge about finance and accounting" and breach the Corporate Governance (CG) Code.

Engagement activity:

On 4 June 2020, GAM's Investment team engaged with SMC to share these concerns and communicate our expectations in having a more diverse and independent Board.

At this meeting, the company confirmed that it would look to comply with the CG code and that it had already been making improvements, such as introducing a stock compensation plan in May and establishing a majority independent Nomination and Compensation Committee in April. We also noted the refreshment of the Board composition, which decreased in size, leading to a slight increase in independence and a reduction in the average age of its members.

Still, the independence of the Board remained too low (20%), with only two independent directors, and the lack of diversity was still a critical concern. As a result, we decided to vote against the appointment of President Katsunori Maruyama, in line with our voting guidelines on diversity and independence.

At a Group call in February 2021, SMC acknowledged receiving numerous objections to its directors' appointments, with investors pointing out the low percentage of independent directors and women on the Board. The company confirmed that investors can expect SMC to address these concerns at the next AGM.

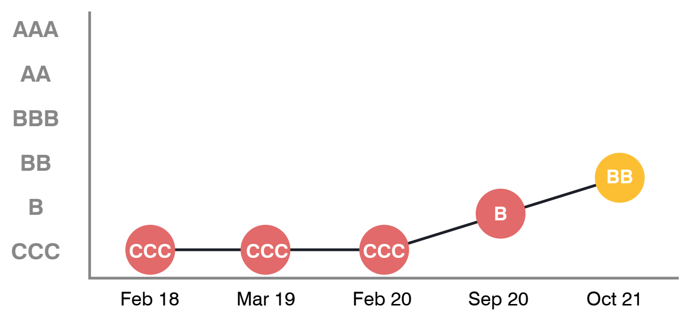
During an engagement meeting we had with SMC in June 2021, we re-iterated the importance of having sufficient independence and diversity on the Board and followed up on the commitments made by SMC. The company confirmed that they would be appointing a new female director at the 2021 AGM and that they were going to appoint additional independent directors. At the 2021 AGM, we acknowledged this improvement by supporting the re-election of all directors.

Outcomes:

During our engagement over the last two years, the company:

- Increased its Board independence from 17% to 40%
- Refreshed its Board significantly with younger and more diverse members: one female director appointed, average age of directors decreased by 10 years (69 to 59 years) and average tenure reduced from 17 years to four years
- Created a majority independent Nomination and Compensation Committee
- Strengthened its compliance with the Japanese Corporate Governance Code
- Saw one of the two corporate auditors become a certified accountant
- Saw its MSCI ESG rating go from CCC to BB

MSCI ESG rating history



Source: MSCI as at December 2021.

Looking forward

We are pleased with the progress and improvements in SMC's governance, which have met our expectations. We welcomed the company's responsiveness to investor feedback. There are other areas we are continuing to engage on with SMC, including climate reporting and the development of a credible net-zero strategy and targets.

Collaborative engagements

We collaborate with like-minded investors to improve the overall standards of a particular market or sector, or to amplify our voice. Some of these collaborations in 2021 included:

- **Climate Action 100+:** We sit on the Steering Committee of Climate Action 100+, the world's largest and most influential shareholder engagement which urges the biggest corporate greenhouse gas emitters to take necessary action on climate change. The collaboration has already encouraged 52% of the 160 highest-emitting companies in the world to commit to net zero by 2050 and is monitoring progress through its detailed net-zero company benchmark. In 2021, we joined Climate Action 100+ investor engagement groups for five companies.
- **Net-zero banking:** We supported the publication of 'Investor Expectations for the banking sector' with the IIGCC. The banking sector plays a critical role in aligning the real economy with the Paris Agreement and this detailed document sets out how banks must improve if we are to build a net-zero economy.
- **Science-based targets:** We participated in the CDP 2021 Science-Based Targets Campaign in September and joined more than 200 investors in asking high emitting companies to set science-based emissions reduction targets.
- **Access to medicine:** We support the Access to Medicine Index, which is driving 20 of the world's largest pharmaceutical companies to provide millions of people in developing nations with affordable medicine. Our work in this area in 2021 included co-signing the global investor statement in support of an effective, fair and equitable global response to COVID-19.
- **Access to nutrition:** We support the Global Access to Nutrition Index, which encourages the world's largest food and beverage makers to better address obesity and undernutrition issues related to their products.
- **Credit risk:** GAM signed a commitment alongside 170 other investors to incorporate ESG factors into credit ratings and analysis in a systematic and transparent way.

Public policy engagement

Part of our active ownership approach is to engage openly with regulators and policymakers to advocate policies that we believe can help build the stable and well-governed social and environmental systems in which our investments can thrive. This was especially important in 2021, during the build-up to the crucial COP26 climate summit in Glasgow, which was attended by our Global Head of Sustainable and Impact Investment.

We tend to engage on policy both directly and through the PRI Global Policy Reference Group, the Institutional Investor Group on Climate Change and the UK's Investment Association. In 2021 this activity included:

- Signing a global investor statement calling for governments to significantly strengthen their plans to cut carbon emissions in the next decade and to bring in detailed targets for net-zero emissions by 2050 or sooner.
- Providing oral evidence at the House of Commons in the UK on how to engage the public and business in the COP26 climate summit. A video of the event is available here.
- Welcoming the European Commission's proposal for a new Corporate Sustainability Reporting Directive. This directive revises the Non-Financial Reporting Directive and its aim is to elevate sustainability information to the same level as financial information to further increase transparency.
- Signing the global investor statement in support of an effective, fair and global response to COVID-19 – as detailed in the box below.

FAIRER FINANCE IN THE FIGHT AGAINST COVID-19

While many advanced economies are already distributing booster shots to their populations, we believe we must not lose sight of the goal of vaccine procurement for everyone, everywhere. A failure to offer global vaccine coverage is dangerous to both public health and the global economy.

Aside from the catastrophic loss of life, the global economy stands to lose as much as USD 9.2 trillion if governments fail to ensure developing economies gain equitable access to vaccines. These potential losses dwarf the funding needed for an effective, fair and global international response.

That is why in February 2021, GAM signed the global investor statement in support of an effective, fair and global response to COVID-19. The statement calls for full capitalisation of the Access to COVID-19 Tools (ACT) Accelerator, a partnership dedicated to developing, producing and ensuring equitable access to tools and a coordinated global approach to distribution.

When the statement was published, more than three quarters of all vaccines had been administered in just 10 countries, while a further 130 countries, home to 2.5 billion people, were yet to administer a single dose. In the subsequent months, GAM and other signatories have made significant progress against the issues covered in the statement.

First, engagements with investee healthcare companies have helped promote industry action supporting the ACT Accelerator, from cross-industry partnerships to voluntary licensing agreements.

Second, signatories have also encouraged world leaders to finance the ACT-Accelerator in full, and deploy adequate funding to ensure fair and equitable access to COVID-19 tools globally.

Third, GAM and other investors continue to explore innovative finance mechanisms to support the response. This includes vaccine bonds, which played a role in accelerating the availability of critical funding for COVAX, the Covid-19 Vaccines Global Access initiative.

There is still much work to be done, but finance has an important role to play in our battle to overcome this pandemic.

Climate stewardship

Climate change poses a systemic risk to the global economy, environment and society, and presents specific risks and opportunities at an asset level. Given the speed and scale of the transition that is required to keep within the 1.5°C goal of the Paris Agreement, 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; acts to reduce greenhouse gas emissions across the value chain, consistent with the Paris Agreement's goal of net-zero emissions by 2050; and provides enhanced corporate disclosure in line with the final TCFD recommendations. We engage directly and as part of collaborative initiatives such as those outlined previously.

In July, we supported IIGCC's call for consistency on 'corporate net-zero alignment plans' and director accountability on climate targets. As investors are increasingly asking for transparency and accountability on companies' climate commitments and transition plans, we have seen a rise in climate-related proposals submitted by both management and shareholders.

In our voting policy, we expect companies to identify and report material and business-specific risks, including climate-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. We 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. When voting on climate policy resolutions submitted by management, we will review each proposal individually.

In 2021, a few companies asked for shareholder approval of their climate plan. We expect this number to increase as more companies have committed to do the same next year. As a member of the Net Zero Asset Managers initiative, we expect companies seeking shareholder support on their climate strategy to have evidence of clear and credible commitment to net zero, with ambitious, broad and credible targets.

When it comes to resolutions submitted by shareholders, we are generally supportive of resolutions which align with this same principle and encourage a company to have ambitious climate plans. However, we will be cautious of not supporting resolutions which are overly prescriptive in how the business should conduct its operations.

In 2021, we voted on 28 resolutions relating to climate change at 18 companies. We supported over 70% of these.

Case study: BP (UK)

Following the appointment of a new CEO, BP announced its ambition to be net-zero by 2050 and published a transition plan in February 2021. We welcomed this announcement, and engaged to better understand their strategy and ensure that robust targets are in place.

We met with BP three times over the course of the year to communicate our expectations.

Our expectations included:

- Better understanding their climate change strategy and commitment to net zero
- Meeting investors' expectations set out in the Climate Action 100+ benchmark
- Developing a clear strategy around BP's stake in Rosneft
- Encouraging the adoption of science-based targets

We voted in support of a shareholder resolution on climate targets at the 2021 AGM. We also became a signatory of a collaborative engagement letter sent by CDP to BP to support the adoption of science-based targets.

In 2021, BP scored strongly on the Climate Action 100+ company benchmark, reflecting the strong targets and ambitions it had implemented with its net-zero strategy. We will continue to engage with the company to track their progress against our expectations and to hold them accountable to the targets they have set.

Our collaborations

We are committed to investing in a way that supports stable and well-governed social and environmental systems. But we cannot do this alone. Here are some of the industry bodies, standards and organisations we support and/or collaborate with to improve sustainability practices across the market.

Access to Medicine	Supporter since Q1 2018 Health Care Analyst active participant in initiative
Access to Nutrition	Supporter since Q1 2018
ACGA	Member since Q4 2020
CDP	Investor Signatory since Q1 2021 and participated in investor engagement on Science-based Targets.
Climate Action 100+	Signatory Q1 2018 Head of Sustainable and Impact Investing is a member of the Global Steering Committee ESG Analyst member of the IIGCC CA100+ Resolution Working Group Part of investor engagement group for 5 focus companies
Climate Bond Initiative	Partner since Q3 21 Active involvement from Investment Manager running our Climate Bond Fund and we were also invited by the CBI to join their Transitions Investors Advisory Council to develop guidance on credible transitions for both the use of proceeds and entity-level assessment for green bonds.
Emerging Market Investor Alliance	Member since Q4 2021 4 EM Investment Managers active participants in working groups
EUROSIF	Member Q4 2020
Human Rights Investor Alliance	Member Q2 2021
ICGN	Member since Q3 2020
IIGCC	Head of Sustainable and Impact Investing is the Co-Chair of the Corporate Programme, ESG Analyst member of Paris-Aligned Investing Initiative, ESG Analyst member of the Net Zero Stewardship & Corporate Policy Programme, Member of the Working Group which developed Net Zero Toolkit,
Investment Association	Member Q1 2002 Member of Sustainable and Responsible Investment Committee Member of Fixed Income Stewardship Working Group
Japan Stewardship Code	Signatory Q2 2021 Report against principles
Mining and Tailings Safety Initiative	Signatory Q1 2019
Net Zero Asset Managers initiative	Signatory Q3 2021
UN PRI	Signatory since Q4 2014 Head of Sustainable and Impact Investing is a member of Global Policy Reference Group
Singapore Stewardship Code	Signatory Q2 2021
SSF (Swiss Sustainable Finance)	Member since Q4 2019
TCFD	Supporter Q1 2021 Releasing first report in 2022
Transition Pathway Initiative	Formal support since Q4 2021 and use data to support integration and analysis
2020 UK Stewardship Code	Signatory status for 2020 Code
UKSIF	Member since Q4 2020. Actively participate in roundtables and speaking on webinars

Source: GAM.

A proud participant of:

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CHAPTER 5: CORPORATE SUSTAINABILITY

CHAPTER 5: CORPORATE SUSTAINABILITY

> Sustainability is integral to our strategy, both in the way we operate as a firm and in the investment strategies and solutions we provide for our clients. We are pleased to join the UN Global Compact and committed to achieving and upholding best-in-class standards for our sustainability activities across the business.
>
> **Peter Sanderson**
> Chief Executive Officer

Our people

Diversity and inclusion

At GAM, diversity and inclusion are critical to our success and we are committed to championing diversity at all levels. By fostering an environment that embraces diverse perspectives we become better investors and better problem solvers. A diverse, inclusive environment makes us good listeners, empathetic to the needs and aspirations of our clients. Senior management take specific steps to foster this environment and cultivate inclusiveness through appropriate training at all levels and regions. We are deeply committed to offering equal employment and advancement opportunities for all individuals regardless of age, race, ethnicity, gender, sexuality, disability, religion or other characteristics. We believe that diversity and inclusion are values that attract, develop and retain exceptional colleagues and strengthen our talent.

In our 2021 Employee Survey we asked employees to voluntarily disclose additional diversity data including gender identity, sexual orientation, disability, religion and neurodiversity, all on a non-attributable basis, to help us monitor and continute to improve diversity.

Culture

We have a diversity and inclusion employee network called Equals which is led by a working group of colleagues who collaborate with internal and external partners to champion, co-ordinate, monitor and drive diversity-related initiatives across the firm globally. Equals is open to all employees and is sponsored by members of our Senior Leadership Team. In addition, we have an Ethnic Minority Network which forms part of Equals and focuses on supporting ethnicity-specific programmes such as 10,000 Black Interns.

Examples of some initiatives include arranging quarterly internal events around International Women's Day, Pride Month and Black History Month to raise awareness, promote education and celebrate diversity, as well as arranging external events such as the Power of Diversity panel discussion led by our female portfolio managers. Furthermore, Equals collaborated with Human Resources to collect GAM's first set of Diversity and Inclusion data in 2021 via the Employee Survey.

We are signatories to the Women in Finance Charter in the UK, and members of the 30% Club in Ireland and of the Diversity Project's InterInvest – an initiative to drive LGBT+ equality and inclusion across the investment industry – all of which support our progress toward our Diversity and Inclusion goals.

For 2021, CEO Pete Sanderson cascaded an objective to all employees to demonstrate at least one action taken to support diversity at GAM. This was measured in year-end performance reviews.

Talent

To support us in achieving our firm-wide diversity and inclusion goals, we have partnered with Inclusivity, a consultancy devoted to supporting diverse talent, including those already in work, returning to work after a break or seeking new opportunities. By partnering with them, our goal is to ensure we reach more diverse talent pools when we are recruiting for open roles across the business.

As part of our commitment to nurturing, developing and retaining our existing talent, we have also partnered with Talent Keepers. Through this partnership, we are offering executive one-to-one coaching to support colleagues coming back from long-term leave. The coaching is also offered to their managers. This includes but is not limited to, all long-term leave, maternity leave, adoption leave, parental leave or sick leave.

Encouraging talent in asset management

At GAM we believe diversity of talent is crucial for both our company and the industry. This means providing opportunities to encourage a wide range of disciplines and backgrounds to access the industry.

GAM has a long-standing partnership with Investment20/20 and in October we welcomed our seventh intake of trainees, who joined a range of departments. Many former trainees, including women in our investment teams, were offered permanent positions at the end of the programme.

We offer similar trainee schemes in Zurich and Dublin, as well as corporate mentoring to Year 13 students, in the last year of secondary school.

IFS Apprenticeship scheme – Dublin

We joined this initiative in 2020 and currently have four individuals in the programme. The two-year programme offers the possibility for individuals who may not have had an opportunity to work in the funds industry or go to third level college to combine paid on-the-job training with academic study. On completion of the apprenticeships, individuals will have a Level 6 Higher Certificate in International Financial Services or a Level 8 Higher Diploma in Financial Services Analytics combined with 2 years' work experience in the funds industry.

#10,000BlackInterns programme – London

When we signed up to the 100BlackInterns programme in 2020, its goal was to offer 100 internships to black students across the UK to help kick-start their career in investment management. With only 12 black portfolio managers who currently manage money in the UK, it seeks to tackle the poor representation of black people in investment roles in the industry. The founders received an overwhelming response to the initiative with 200 firms making 450 offers. As a result, the programme has expanded and rebranded, with the new objective to offer 10,000 internships over five years across 24 different sectors involving more than 700 companies. Three interns joined our investment teams this summer and for 2022, we have committed to increase the number of internships from three to five.

> My highlight was meeting such a range of different people. Because of the flexibility my manager had given me, I was able to speak to so many people in different departments and that meant that I was able to talk to people who'd been at the company for two years right through to twenty plus years. I loved that exposure because everyone was so welcoming and supportive.
>
> **Abena Akyeampong**
> Intern, #10,000BlackInterns programme

Family-friendly and flexible working

We recognise the importance of supporting employees in balancing work with family life, caring responsibilities, personal and social life. To this end, we offer enhanced family policies across all our locations. This is reflected in the 384 weeks of family leave taken in 2021, of which 51% of the population were male, highlighting our commitment to gender equality.

We want to foster and encourage flexibility in the way we work at GAM. We have adopted a fully agile working policy following feedback we received from our employee well-being survey. Employees are now able to work remotely for all or part of the week, with personal preference supported.

Mentoring

The results of our Global Employee Experience survey last year told us that one of our areas for improvement is offering development opportunities. As part of our commitment to making improvements in this area, we launched a Global Mentoring Programme. Since its launch in June 2021, 46 employees have signed up to become mentors, with 18 active mentorship pairings.

Development

Training and knowledge sharing are key to continuous improvement. We have a group-wide learning management system that provides a centralised repository for all learning and development needs.

Our ESG training approach takes the form of external qualifications such as the CFA Certificate in ESG Investing as well as internal knowledge sharing, dedicated learning materials and micro-seminars.

For 2021, we cascaded a company-wide objective for all employees to acquire a minimum of 4 hours of ESG-related training. Completion of this objective is reviewed as part of the annual performance appraisal process. In 2021, 4.9 hours of ESG-related training were completed per employee.

To support this objective, we provide access to a range of learning content including four dedicated modules from Swiss Sustainable Finance (SSF). We launched LinkedIn Learning, a new e-learning resource for all employees with a digital library of more than 6,000 courses, where we have a range of ESG curated content covering sustainability and environmental awareness.

We also support professional qualifications such as the Investment Management Certificate (IMC) and CFA. In 2020 and 2021, a number of colleagues across GAM enrolled in the CFA Certificate in ESG Investing. This was actively sponsored in 2021 as part of GAM's overall ESG training approach. GAM also participated in the pilot programme for the new CFA Certificate in Climate and Investing due for release in 2022. In 2021, we partnered with the PRI (Principles for Responsible Investment) to provide e-learning and certification on 'Foundations in Responsible Investment', which delivers an accredited course for our distribution functions who require more specialist knowledge. So far, 65 out of 79 employees (82%) in-scope for this e-learning have become certified.

We have seen a considerable increase in average training hours per employee from 12.10 hours in 2020 to 22.4 hours in 2021.

Gender pay analysis and action

GAM is firmly committed to ensuring equal pay for men and women doing comparable work, and ensuring diversity through our firm, including ensuring strong female representation across functions and seniority levels. We apply those principles globally, and in our Swiss and UK locations there are also specific requirements with which the Group will comply, concerned respectively with equal pay and the gender pay gap.

Equal pay is the fundamental requirement that employees should receive equal pay for equal work, unless any difference can be justified on unbiased grounds. Equal pay analyses look at individual employees' pay relative to that of comparable peers – they do not compare across those with different job characteristics.

A gender pay gap, as now characterised in UK regulation, is a much broader measure which compares the pay of all men and women in the group in question, irrespective of the jobs they perform. It does not therefore measure whether women are paid more or less than men for like work, but whether overall, the average pay of all women and men in that group differs. The presence of a gender pay gap does not imply the presence of unequal pay, but does illustrate that there is some form of imbalance in the pay of men and women. Employers need to determine the reasons for that gap through further analysis; typically a gap is found to stem principally from proportionally lower female representation in more senior roles and higher-paying specialisms.

We believe that both measures are important ways to assess and inform our delivery of a fair, diverse talent environment, by ensuring equal pay for like roles while maintaining focus on our continued drive for female representation across our whole firm. GAM's Compensation Committee has therefore given its support to GAM progressing both over the next year and beyond.

For 2021, GAM has undertaken its equal pay analysis for Switzerland, covering 180 of our employees representing 26% of our employees.* That analysis, which was subject to an independent audit by KPMG, found no equal pay discrepancy in our Swiss businesses.

We have also, for the first time, undertaken to complete and disclose any UK Gender Pay Gap based on the UK's statutory date of 6 April 2021. GAM is not required by UK law to make that disclosure, as none of its employing companies meets the 250-employee threshold set by UK Government, but has voluntarily elected to do so for its aggregated UK employee base. That analysis will therefore cover employees representing 52% of our global employee base as of 31 March 2021, and is planned for disclosure to employees and on our website in late March or early April 2022. Disclosure will show the standard UK Gender Pay Gap statistics, for consistency with our peer firms, along with accompanying analysis to identify drivers of that pay gap and so inform our ongoing action to improve our gender diversity.

For 2022, the intent is to expand the scope of those analyses in order to improve our transparency on this topic across our global footprint in addition to our 'home' populations. For equal pay, we will be using the Swiss-based methodology to undertake equal pay analysis in other countries, beginning with the UK; extension of the gender pay gap methodology outside the UK to our global population will also be examined, with the aim of supporting our drive for greater gender diversity across the Group.

Employee engagement

Our employees' opinion matters to us, and in seeking their opinion we aim to increase a sense of ownership and responsibility while helping GAM to understand our employees' motivation, attitude and satisfaction. In 2021, we once again conducted our annual Global Employee Experience survey which gives us the opportunity to share feedback about what works well at GAM and what we can do to improve our experiences. The annual survey closed in December 2021. We increased our response rate to over 80% of employees. We continued to have strong results for 'our values', 'diversity and inclusion' and 'well-being' overall but the results highlighted 'personal development', 'employee engagement' and communication as further areas for improvement. As last year, we will hold focus session with employees to analyse and respond to feedback in the first quarter of 2022.

* Analysis date 25 March 2021.

Our community

Volunteering

We support our employees in playing a positive role in their communities. All permanent employees and full time contractors are now entitled and recommended to take up to two paid volunteer days per calendar year. We have six core areas that we encourage our staff to focus on: education & teaching, social mobility, environmental & conservation, community (young people, elderly, disabled, homeless), animal welfare & care and the administration of public events. We have also entered into two partnerships with Junior Achievement and IntoUniversity to support skills-based volunteering. This year, 26% of employees took advantage of opportunities to volunteer through volunteering days, totalling 1361.5 volunteering hours. As a result of the pandemic, the opportunities to coordinate in-person volunteering were more limited. In 2021, we for the first time set an objective for all employees to volunteer. We will set this goal again in 2022 with the intention of increasing employee participation.

Our employees around the world took the opportunity to volunteer in their communities:

Hong Kong: 16 employees spent the afternoon helping to clean up the 5.8 kilometre trail from Pok Fu Lam Reservoir to The Peak. They volunteered in support of Green Low Carbon Day, an initiative to support green projects and encourage participants to adopt a low-carbon lifestyle.

New York: Six colleagues spent the day helping to clean up Hunter's Point South Park. This waterfront park was, until recently, an abandoned post-industrial area in Long Island City, but has now been transformed into a space that offers fun and relaxation for everyone in the area.

Zurich: Four employees went into schools and taught finance topics to secondary students to support their workforce readiness by creating a link between school and the world of business. GAM participates in the project in partnership with the worldwide operating organisation Junior Achievement to develop entrepreneurship skill sets and enhance financial education.

> A former work colleague was looking for volunteers to build a new adventure garden, and as I myself grew up with four children in my local area who went to this school because of their disabilities, it was obvious to me that I would like to help out there. I am still a friend of one of these children today and he was happy when I told him about my volunteering in his former school. Thank you also to GAM for making this great experience possible for me.
>
> **Daniel Rossacher**
> Investment Manager, Volunteer at
> Heilpädagogisches Zentrum Hagendorn

Charitable donations

Our commitment to promoting diversity and inclusion through education and building future skills informs the focus of our charitable giving. Last year, we established a charities policy to set out how we support organisations and causes that are aligned with our own culture and values, in particular those that focus on social mobility.

In 2021, we supported 19 charities, donating a total of CHF 140,455 (2020: CHF 78,043). We also support direct employee donations through a 'Give-As-You-Earn-Scheme' in the UK.

Our suppliers

Wherever possible, GAM strives to work with and support local suppliers. A local approach helps to grow the local economy as well as reducing emissions released while transporting goods and delivering services.

GAM is committed to ensuring that our operations and supply chains are free of any slavery and/or human trafficking and will not knowingly support or do business with any supplier who is involved in such activities. GAM expects its employees, contractors and suppliers to prevent acts of modern slavery and human trafficking from occurring within their businesses and supply chains and has provided mandatory training on this topic for all employees.

Our environment

We are a global firm, with offices in 14 countries and clients in many more. Our main direct environmental impacts are linked to the operation of our office facilities and business travel.

Reducing our climate impact

We have been able to minimise our direct emissions in recent years by locating our offices in modern buildings with strong sustainability credentials. Our largest office, in London, is rated BREEAM 'Excellent' for sustainability best practice, a rating only awarded to the top 10% of new non-domestic buildings in the UK. It is fitted with photovoltaic panels on the rooftop that supplement the building's supply of electricity. In Zurich, GAM is located in Prime Tower, a modern building with various environmental certifications including LEED Gold (Leadership in Energy and Environmental Design) and green property gold (Credit Suisse: quality seal of approval for sustainable property).

We measure our Scope 1 and 2 emissions, as well as business travel, which is our largest source of operational Scope 3 emissions. We measure flights, car hire and rail when booked through our business travel agents, but taxis and other road transportation have not previously been recorded centrally and are therefore estimated. Other sources of Scope 3 emissions such as waste and water consumption are also estimated as our consumption is not differentiated from that of other building occupants in most of our office locations. To account for the huge increase in homeworking during the pandemic, estimated homeworking emissions have been included in our Scope 3 reporting for 2020 and 2021. As actual data was not available, we have benchmarked an average homeworking day accounting for IT, heating, ventilation, air-conditioning and lighting.

Renewable energy: We have set a target for all our GAM-managed global offices to be using 100% renewable electricity resources by the end of 2022. At the end of 2021, 83% of our staff were based in office buildings which source only renewable electricity.

Business travel and video conferencing: The ongoing pandemic has undoubtedly suppressed demand for business travel, but even prior to recent events, GAM had begun a transition to greater use of alternatives such as video conferencing.

Last year we completed the deployment of video-conferencing equipment to all major offices globally, and in London and Zurich every meeting room has been enabled for video conferencing. Everyone at GAM is now equipped for video conferences wherever they choose to work, be that at home, in the office or on the move. Large scale staff and client events are also now regularly hosted over video conference.

We have set a target to maintain our total distance travelled by air at a level at least 25% below our 2018 figures. We achieved this in 2021 and will maintain the same target for 2022.

Remote working: The high proportion of staff working from home during the pandemic has resulted in reduced energy consumption at many of our offices. We are conscious that some of that reduction will have been offset by increased domestic usage, so during Big Energy Saving Week, an initiative which aims to help people to cut their electricity bills while also reducing their carbon footprint, we incentivised employees to switch their home energy provider to one that only uses energy from renewable sources.

Carbon offsetting: We have looked to carbon offsetting projects to compensate for those emissions we have been unable to avoid. GAM has been certified as a CarbonNeutral® company for its operational emissions since 2019. GAM has gone a step further by voluntarily committing to offset 200% of the emissions generated by our business operations and travel by supporting projects across the developing world that build renewable energy infrastructure, prevent deforestation and reduce, avoid or remove greenhouse gas emissions. We have maintained this certification over that last three years and are now looking to combine certified emissions reductions with carbon removal projects as part of achieving net-zero emissions from our own business operations. We are committed to ensuring that any offsets meet the Oxford Principles for Net Zero Aligned Carbon Offsetting and our target is to maintain our offsets at 200% of our Scope 1, 2 and 3 emissions as reported.

Community reforestation in Ghana

We are continuing our partnership with Natural Capital Partners to support two further carbon reduction projects and a carbon removal project; One of these is a community reforestation in Ghana, which aims to improve the livelihoods in the Ashanti Region of Ghana by using reforestation projects to support ecosystems and the local economy.

This project is restoring degraded forest reserves with indigenous trees among riparian buffer zones, which have been degraded as a consequence of overexploitation, bush fires and conversions to agriculture. Working closely with local farmers, this project aims to expand by around 1,000 hectares per year, introducing new project areas and improving more livelihoods through reforestation. In addition to delivering emission reductions to further our action to combat climate change, the community reforestation project delivers a significant number of sustainable development benefits that includes the improvement of gender equality, as 40% of jobs created are to be filled by women and 25% of those available areas for intercropping are to be distributed to female farmers. The project also supports clean water and sanitation by improving the supply and quality of the water available through the planting of trees near waterways. Furthermore, sanitary infrastructure and boreholes have been installed in a local village Kotaa.

Projects such as community reforestation in Ghana allow us to enhance biodiversity and better the health and livelihoods of local communities around the world.

Water and waste

Our ability to monitor waste and water consumption is limited as it is not differentiated from that of other building occupants in most of our office locations. Our London office is, however, fitted with a greywater system that recycles non-contaminated waste water.

Environmental indicators

Energy	2021	2020	2019	% change 2021 vs 2020
Scope 1				
Heating natural gas (MWh)	556	564	1,148	(1.4)%
Scope 2				
Electricity consumption (MWh)	911	1,704	3,206	(46.5)%
Percentage of which renewable electricity	72%	60%	65%	20%
Scope 1&2				
Total energy consumption (MWh)	1,467	2,268	4,354	(35.3)%
Scope 3				
Business travel – Air (km)	236,408	845,190	5,177,042	(72.0)%
Homeworking (tCo^2e)	143	127	-	
Greenhouse gas emissions				
Scope 1 & 2	237	490	567	
Scope 3	78	343	1,332	
Total activities (tCO^2e)	315	833	1,908	(62.2)%
Total per FTE	0.52	1.16	2.28	(55.2)%
Carbon offsetting commitment (tCO^2e)	630	1,666	3,816	
Percentage of carbon offsetting	200%	200%	200%	

Source: GAM. 2020 data has been updated using actual figures rather than estimates which were disclosed in the 2020 Annual Report. Similarly, the 2020 Annual Report includes some estimated data and will be independently verified when actual data becomes available.

CHAPTER 6: CLIMATE-RELATED DISCLOSURES

CHAPTER 6: CLIMATE-RELATED DISCLOSURES

Context

The delayed COP26 conference in Glasgow provided a clear reiteration of the imperative to keep within 1.5°C of global temperature rise and led to a further set of commitments, both from countries and the private sector. However, the necessary scale and pace of transition to net zero is significant.

We are committed to supporting our clients in navigating this transition. Indeed, we consider it part of our duty of care and, where applicable, our fiduciary duty to do so.

In line with this commitment, we formally became supporters of the Taskforce on Climate-related Financial Disclosure in February 2021 and joined the Net Zero Asset Managers initiative in July 2021.

This section represents our first TCFD-aligned report and outlines our approach and key areas of progress in response to the TCFD recommendations. We will continue to work on enhancing our disclosure.

Task Force on Climate-related Financial Disclosures

GOVERNANCE

TCFD disclosure recommendation	Approach and progress in 2021
Describe the board's oversight of climate-related risks and opportunities.	The Board is responsible for our sustainability and associated climate strategy. The Board Risk Committee provides oversight of climate-related risks and the Chair of the Risk Committee has taken on specific responsibility for climate-related issues. A Climate Risk Register was agreed in 2021 and appropriate Key Risk Indicators (KRIs) will be tracked and reported from Q1 2022. A 2-hour training session was held with the full Board covering climate risks for the finance sector, regulatory response and risks management and key initiatives and commitments. Climate-related issues were raised at each quarterly update in 2021. Further details on our Sustainability Governance are in Chapter 1.
Describe management's role in assessing and managing climate-related risks and opportunities.	Management-level oversight is provided though relevant committees including the Investment Management Oversight Committee, Risk Oversight Committee and Sustainability Committee. Climate risks are embedded in risk and control self-assessments (RCSAs) for relevant functions. RCSAs are reviewed and updated on at least an annual basis and when incidents/events occur by the 1st line of defence owners. Quarterly meetings between each department and the risk department are in place to ensure that any issues are raised and appropriately escalated, including climate risk-related issues.

STRATEGY

TCFD disclosure recommendation	Approach and progress in 2021
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	We recognise two major risk categories, as outlined in the TCFD guidance, that can contribute to potential financial implications if not considered as part of risk management or strategic planning. These are: • **Transition risks** - related to the transition to a low-carbon economy including policy and legal, technology, market and reputational risk • **Physical risks** - related to physical impacts including acute risks such as increase in severity of extreme weather events and chronic risks such as increase in mean temperature We have identified key risks from the perspective of risk to clients, our firm and the market over a short-term (1-5 years), medium-term (5-10 years) and long-term (10 years or more) time horizon. Potential climate-related risks relate to: • **Investments** – Climate-related transition or physical risks negatively impacting client asset values, this includes impacts on the markets as a result of failure of governments and action on climate change • **Product set** – regulatory, reputational and commercial risks associated with ensuring we have an appropriate product range • **Operational** – disruption to operations and client services as a result of physical risks
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate change, and the scale, pace and nature of our response, will increasingly shape economies, markets, companies and investment portfolios for the coming decades. How we align companies and portfolios with this transition to a net-zero future, will be a defining characteristic of investment. In July, we made the strategic decision to join the Net Zero Asset Managers initiative and commit to support the goal of net-zero greenhouse gas emissions by 2050 or sooner, working in partnership with our clients. Our strategy focuses on three areas: • **Committing to net-zero** – the Net Zero Asset Managers commitments include setting interim targets, implementing targeted stewardship and policy advocacy in support of achieving global net-zero emissions by 2050 or sooner • **Developing new climate products and solutions** – to facilitate the decarbonisation of client portfolios and increase investment in climate solutions • **Building out climate analytics** – to better incorporate climate risks and opportunity into our investment decisions and help our clients understand their climate exposure Further details on progress against our strategy and NZAM commitments are provided in the next section.
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We review and monitor our resilience in three main areas – our investments, our product set and our operations. Key Risk Indicators (KRIs) are tracked in our Quarterly Risk Reports. **Investment resilience** – we review climate-related risks at the portfolio level in the following ways: • **Data and analytics** – we use a range of data, analysis and research to understand climate-related risks. This includes MSCI Climate Metrics and Climate Value At Risk Analysis, CDP, TPI and Climate Action 100+ Net Zero Benchmark. This is complemented by our fundamental analysis. • **Quarterly investment risks reviews** – these include a review of key portfolio carbon metrics including absolute and relative carbon intensity of the portfolio relative to its benchmark, and holdings with the highest carbon intensity. • **Scenario analysis and stress testing** – Climate scenarios are a helpful tool to identify and understand possible physical and transition to low-carbon economy risks and opportunities at different time horizons. We reviewed two aggressive transition scenarios developed by the Network for Greening the Financial System (NGFS) - NGFS 1.5 Orderly and Disorderly and the IPCC RCP8.5 (Representative Concentration Pathway) scenario which assumes a mean temperature rise of ~4°C. • **Stewardship** – our engagement and, where relevant voting, support both better information on climate-related risks and encourages companies to put in place appropriate transition plans. **Product set resilience** – we review our product set on an annual basis. We now additionally review products on climate metrics relative to the benchmark where data is available. **Operational resilience** – we have reviewed our disaster recovery and business continuity planning (BCP) for specific BCP events linked to physical climate-related risks. No material risks are currently identified as part of our RCSA reports. Further details on our activities are in 'our investments', 'sustainable products' and 'active stewardship' chapters.

RISK MANAGEMENT

TCFD disclosure recommendation	Approach and progress in 2021
Describe the organization's processes for identifying and assessing climate-related risks.	**Climate Risk Register –** our approach to managing risk is a structured process which involves the identification, assessment, mitigation, monitoring and reporting of such risks. **Risks management framework –** climate-related risks have been identified across functions, mainly through the review and consideration of information from many external sources. This includes existing and emerging risks. All identified risks are documented, assessed, reviewed and approved by the Risk Oversight Committee. All risks are assessed in line with our risk and control assessment methodology. The Impact assessment considers Financial, Client, Reputational, Regulatory and Business Disruption factors in determining the severity of a risk. The Likelihood assessment matrix considers frequency, complexity and automation. **Climate-related investment risks –** climate risks are considered as part of our investment process as outlined in our Responsible Investment Policy and Climate Change Statement.
Describe the organization's processes for managing climate-related risks.	**Risk appetite statements** are determined for all material risk areas. Climate-related risk is a consideration in several of the material risk areas that the firm monitors. Qualitative and quantitative Key Risk Indicators (KRIs) are defined to measure and monitor adherence to the firm's risk appetite. KRIs are tracked and reported through risk reports to the various company Boards and Committees to identify and escalate any issues outside of the firm's risk appetite. **Risk and control self assessments (RCSAs)** – all Climate risks are represented in RCSAs for each team that manages those risks. RCSAs are reviewed and updated on at least an annual basis and when incidents/events occur by the 1st line of defence owners. Any residual risk assessment over a certain threshold requires the risk owner to take action to reduce the risk or to request formal risk acceptance. Quarterly meetings are in place between each department and the risk department to ensure climate-risks are raised and appropriately dealt with. Any climate risk-related incidents that occur are required to be entered as soon as is practicably possible in the firm's incident management system, following the standard incident process. **Climate-related investment risks** – our approach to managing climate-related investment risks is outlined in our Climate Change Statement. Our approach includes ESG integration, engagement with companies and broader policy advocacy, our voting and ESG risk oversight. **Product-related risks** – these are managed as part product strategy and development process and overseen by our Product Strategy Committee. **Operational risks** – these are managed as part of BCP and facilities management. Measures include targets reducing operational emission, increasing renewable energy and purchasing credible carbon offsets where we are unable to further reduce emissions.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Climate risks are embedded in the standard risk management structures across the firm. One of the keys for effective Risk Management is a Risk governance structure that provides appropriate senior level oversight, segregation of duties, as well as adequate, effective, and independent control within a risk-conscious culture. A Policy Management Framework and a set of Group policies support the delivery of the organisation's business and strategic objectives by establishing operating principles and standards for managing GAM's Risks across the organisation. Our Risk Management Framework is underpinned by a three lines of defence/control model, with defined accountabilities and responsibilities for risk management which are designed to deliver the standards of conduct that our stakeholders expect. This provides structure around our risk management and control by defining roles and responsibilities in different areas and the relationship between those different areas. As outlined above, specific climate-related risks are integrated into the risk and control self assessments (RCSAs) of each relevant function.

METRICS AND TARGETS

TCFD disclosure recommendation	Approach and progress in 2021
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Disclosure on carbon exposure across GAM-managed funds and mandates provides the foundations to better understand our climate-related risks and opportunities. At GAM we manage more than 90 products across different asset classes. We use several metrics to measure risk and track our impact across our key areas of risk: **Carbon Footprint Analysis** – we have selected three of the main carbon footprint calculation approaches to measure our exposure on an aggregate basis. These include the Weighted Average Carbon Intensity as recommended by TCFD, Financed Carbon Emissions, which measures carbon footprint per million invested and Finance Carbon Intensity, which measures the carbon intensity per revenue. At a granular company level, we use additional data points including exposure to fossil fuel, quality of climate governance and targets, and broader strategic approach. **Scenario Analysis** – climate scenarios are a helpful tool to identify and understand possible physical and transition to low carbon economy risks and opportunities at different time horizons. To stress test the portfolios to the greatest degree we decided to choose the most aggressive transition scenario as well as the most aggressive physical risk scenario. This provides a high level view but we consider fundamental analysis as required to understand climate-related risks and how well positioned companies are to address these. We report on an aggregate basis for equity, fixed income corporate credit and sovereign funds. The indices are broad-based indices for each asset class – MSCI ACWI (equity), Bloomberg EuroAgg Corporate Total Return Index (corporate credit), JPMorgan GBI-EM Global Diversified Composite (sovereign). Each of these metrics has strengths and limitations which we have sought to outline in the definitions, methodology and limitations section in Appendix 2. **Operational** – we disclose energy-related emissions and renewable energy use (Scope 1 and 2) and business travel by air (Scope 3). We aim to expand the scope of our Scope 3 operational emissions to include train and car.

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Table 1: Carbon footprint metrics for aggregate equity

		GAM Equity Agg	Coverage (%)	MSCI ACWI	Coverage (%)	Comparison
WEIGHTED AVERAGE CARBON INTENSITY						
WACI (tCO2e / (CHF)M sales	Scopes 1 and 2	97	97	138	99.8	-30%
	Scope 3 Upstream	265	69.9	227	99.7	17%
	Scope 3 Downstream	331	69.9	369	99.7	-10%
FOOTPRINT METRIC BASED ON INVESTOR ALLOCATION						
Allocation Base:	EVIC					
Financed Carbon Emissions (tCO2e / (CHF)M invested)	Scopes 1 and 2	29	95.7	48	99.7	-40%
	Scope 3 Upstream	83	95.6	72	99.6	16%
	Scope 3 Downstream	150	95.6	169	99.6	-11%
Financed Carbon Intensity (tCO2e / (CHF)M sales)	Scopes 1 and 2	95	95.7	162	99.7	-41%
	Scope 3 Upstream	271	95.6	241	99.6	13%
	Scope 3 Downstream	490	95.6	565	99.6	-13%

Please see Appendix 2 for scope and coverage of analysis

Table 2: Carbon footprint metrics for fixed income credit

		GAM Fixed Income Credit Agg	Coverage (%)	Bloomberg EuroAgg Corporate Total Return Index	Coverage (%)	Comparison
WEIGHTED AVERAGE CARBON INTENSITY						
WACI (tCO2e / (CHF)M sales	Scopes 1 and 2	56	82.3	129	96.7	-57%
	Scope 3 Upstream	128	81.6	219	96.1	-41%
	Scope 3 Downstream	358	81.6	460	96.1	-22%
FOOTPRINT METRIC BASED ON INVESTOR ALLOCATION						
Allocation Base:	EVIC					
Financed Carbon Emissions (tCO2e / (CHF)M invested)	Scopes 1 and 2	27	76.7	70	89.5	-62%
	Scope 3 Upstream	45	76.7	102	81.5	-56%
	Scope 3 Downstream	102	76.7	267	81.5	-62%
Financed Carbon Intensity (tCO2e / (CHF)M sales)	Scopes 1 and 2	78	76.7	175	89.5	-56%
	Scope 3 Upstream	131	76.7	255	81.5	-49%
	Scope 3 Downstream	298	76.7	667	81.5	-55%
Please see Appendix 2 for scope and coverage of analysis						

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. (Part II)

Table 3: Carbon footprint metrics for fixed income sovereign

		GAM Fixed Income Sovereign Agg	Coverage (%)	JPMorgan GBI-EM Global Diversified Composite	Coverage (%)	Comparison
Sovereign Constituents GHG Intensity tCO2e/ (CHF)M GDP nominal	GHG Intensity	798.5	94.1	867.6	58.6	-8%
Please see Appendix 2 for scope and coverage of analysis						

Table 4: Climate Value at Risk metrics for aggregate equity and fixed income credit

Scenarios	GAM Equity Agg	MSCI ACWI	GAM Fixed Income Credit Agg	Bloomberg EuroAgg Corporate Total Return
Transition Risk Scenario NGFS 1.5 Orderly	-4.50%	-4.87%	-0.96%	-1.2%
Transition Risk Scenario NGFS 1.5 Disorderly	-21.30%	-26.99%	-5.30%	-13.7%
Physical Risk Scenario IPCC RCP 8.5	-9.89%	-10.16%	-2.62%	-1.49%

Please see Appendix 2 for scope and coverage of analysis

Operational – this data is provided in 'Our environment' section.

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Investments and product range
Based on joining the **Net Zero Asset Managers initiative** GAM has committed to support the goal of net-zero GHG emissions by 2050, in line with global efforts to limit warming to 1.5°C. GAM has committed to 1) Set an interim target for the proportion of assets to be managed in line with the attainment of net-zero emissions by 2050 or sooner, and 2) Review our interim target at least every five years, with a view to ratcheting up the proportion of AUM covered until 100% of assets are included. These targets will be published in Q2 2022.

Operational impact
We set targets in 2020 relating to the use of renewable energy, business travel and carbon offsetting. Details on progress against our 2021 targets and targets for 2022 are in the 'Our environment' section of this report.

Net Zero Asset Managers commitment

In July 2021, we joined the Net Zero Asset Managers (NZAM) initiative and committed to support the goal of net-zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C.

Specifically, we committed to:

- Work in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net-zero emissions by 2050 or sooner across all assets under management ('AuM')
- Set an interim target for the proportion of assets to be managed in line with the attainment of net-zero emissions by 2050 or sooner
- Review our interim target at least every five years, with a view of ratcheting up the proportion of AuM covered until 100% of assets are included

Our progress on the ten commitments is outlined below. We will be providing our updated targets in the second quarter of 2022 and submitting our annual plan to the Investor Agenda.

	Commitment	Progress
1.	Set interim targets for 2030, consistent with a fair share of the 50% global reduction in CO2 identified as a requirement in the IPCC special report on global warming of 1.5°C	We completed GHG emissions exposure assessment across all GAM-managed Equity and Fixed Income Credit and Sovereign funds. Metrics reported as part of TCFD-aligned report.
2.	Take account of portfolio Scope 1 & 2 emissions and, to the extent possible, material portfolio Scope 3 emissions	We have assessed Scope 1, 2, and 3 emissions and will consider the extent to which our target can include Scope 3, given the additional uncertainty with respect to this data. Our stewardship and engagement strategy takes into account Scope 3 emissions for key sectors such as oil and gas, automobiles and banks.
3.	Prioritise the achievement of real economy emissions reductions within the sectors and companies in which we invest	We completed GHG emissions exposure assessments across all GAM-managed Equity and Fixed Income Credit and Sovereign funds. We increased allocation to climate solutions through investments in decarbonisation or EU taxonomy-aligned investment to mitigation criteria.
4.	If using offsets, invest in long-term carbon removal, where there are no technologically and/or financially viable alternatives to eliminate emissions	We are committed to ensuring that any carbon offsets used in the context of our operational emissions meet the Oxford Principles for Net Zero Aligned Carbon Offsetting and will carefully consider the use of carbon removal offsets in the context of our targets.
5.	As required, create investment products aligned with net-zero emissions by 2050 and facilitate increased investment in climate solutions	We continue to build climate impact considerations into our investment strategies. In 2021, we launched two products with explicit carbon-related objectives. Our Sustainable Climate Bond strategy invests in green and sustainability bonds with clear use of proceeds linked to carbon reduction and our Sustainable Emerging Equity strategy has a binding target of 50% lower WACI relative to the benchmark. We are developing additional strategies for launch in 2022. See Chapter 3
6.	Provide asset owner clients with information and analytics on net-zero investing and climate risk and opportunity	In 2021 we launched our ESG Summary Reports that include a range of carbon metrics – including WACI, total carbon emissions (Scope 1,2 and 3), carbon footprint and carbon intensity. These reports are produced on a monthly basis for funds covering 70% of total AuM to support our clients.
7.	Implement a stewardship and engagement strategy, with a clear escalation and voting policy, that is consistent with our ambition for all assets under management to achieve net-zero emissions by 2050 or sooner	We exercise active stewardship in three ways: voting, direct and collaborative engagements and public policy engagement. In 2021 we were accepted as one of the first signatories to the updated UK Stewardship Code and committed to support the stewardship principles outlined in Japan's Stewardship Code and the Singapore Stewardship Principles for Responsible Investors. The Climate stewardship section outlines the actions we have taken in 2021.
8.	Engage with actors key to the investment system including credit rating agencies, auditors, stock exchanges, proxy advisers, investment consultants, and data and service providers to ensure that products and services available to investors are consistent with the aim of achieving global net-zero emissions by 2050 or sooner	In 2021 we engaged directly with several data service providers to select the best and most appropriate datasets, and provide feedback, to support our NZAM Commitment, including ESG data providers, proxy voting and a collaborative letter to credit rating agencies to incorporate ESG factors into credit ratings and analysis in a systematic and transparent way. We continue to work within groups including IIGCC, Climate Action 100+ and NZAM to support better data and methodologies.
9.	Ensure any relevant direct and indirect policy advocacy we undertake is supportive of achieving global net-zero emissions by 2050 or sooner	In our effort to manage systemic climate change risk through policy advocacy, we selectively support policy engagement supported by organisations including IIGCC, the Investment Association's Sustainable and Responsible Investment Committee in the UK and the PRI's Global Policy Reference Group. This year we were pleased to sign the Global Investor Statement on Climate Change.
10.	Publish TCFD disclosures, including a climate action plan, annually, and submit them to the Investor Agenda via its partner organisations for review to ensure the approach applied is based on a robust methodology, consistent with the UN Race to Zero criteria, and action is being taken in line with the commitments made here	We are publishing our first TCFD-aligned reporting for 2021. Subsequent reporting will continue to be aligned with TCFD and the expectations of the Net Zero Asset Managers initiative.

APPENDIX

APPENDIX

1.Sustainability policies and disclosures

Details of our policies are available here Policies and Disclosures | GAM

2.TCFD definitions, methodology and limitations

General

- **Investment coverage:** For carbon footprint analysis (Table 1) the selected asset classes for the 2021 reporting are aggregates of all Equity, Credit and Sovereign Fixed Income funds reflecting holdings data as of the end of December 2021. Mandates or multiple asset class funds are not included. This is investment management only and does not cover the private labelling business. This scope covers 43% of the total GAM AuM. For scenario climate value at risk analysis (Table 2), the methodology is only available for our equity and fixed income credit holdings. This scope covers 36% of total GAM AuM.
- **Data coverage:** This is indicated in each of the tables. This may vary between metrics since different values are needed for each metric approach. Emissions data vary between scopes – Scope 1 and 2 values are easier to be collected or derived than Scope 3 downstream and upstream. Furthermore, financial information such as EVIC might not be available for all constituents. The WACI approach usually has the highest coverage as the data collection for this methodology is easier since EVIC value data is not required.
- **Data sources:** All carbon data and analysis is sourced from MSCI ESG Research. This data provider was selected following a review of multiple providers. We will continue to review the most appropriate data[3].
- **Date:** Data is taken as a snapshot as at 31 December 2021. It therefore presents a snapshot in time.
- **Comparator indices:** We have selected three comparator indices. Our funds are benchmarked against different indices, these will therefore not be fully representative but provide context for our disclosures. The indices are broad-based indices for each asset class – **MSCI ACWI (equity), Bloomberg EuroAgg Corporate Total Return Index (corporate credit), JPMorgan GBI-EM Global Diversified Composite (sovereign).**

Carbon footprint metrics

This report uses three of the most common approaches to carry out portfolio footprinting[4]

- **Scope 1 and 2:** Direct greenhouse gas (GHG) emissions derived from owned and controlled business activities (Scope 1) and indirect GHG emissions associated with the purchase of electricity (Scope 2). (GHG Protocol)
- **Scope 3 (upstream):** Cradle-to-gate emissions of the material or product up to the point it is sold. These emissions are associated with the extraction of raw material, production as well as transportation of goods acquired by a company. (GHG Protocol)
- **Scope 3 (downstream):** Emissions derived from transportation, processing, use as well as end of life treatment of products/ services sold. (GHG Protocol)

[3] MSCI disclaimer: This disclosure was developed using information from MSCI ESG Research LLC or its affiliates or information providers. Although GAM (U.K.) Ltd.'s information providers, including without limitation, MSCI ESG Research. LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages."

[4] TCFD: https://assets.bbhub.io/company/sites/60/2020/10/FINAL-TCFD-Annex-Amended-121517.pdf pg 43-44

- **Enterprise value including cash (EVIC):** Used as the apportioning factor for carbon footprint calculations as it is a metric that can be used across different asset classes.
- **Weighted average carbon intensity (WACI)** (tCO_2e/(CHF)M sales: Measures a portfolio's exposure to carbon-intensive companies, defined as the portfolio weighted average of companies' carbon intensity (emissions/sales).

$$\sum_{n}^{i} portfolio\ weight * \frac{Issuer's\ carbon\ emissions}{Issuer's\ total\ sales}$$

- **Financed Carbon Intensity:** Measures the carbon efficiency of a portfolio, defined as the ratio of carbon emissions for which an investor is responsible to the sales for which an investor has a claim by their total overall financing. Emissions and sales are apportioned across all outstanding shares and bonds (% Enterprise Value including cash).

$$\frac{\sum_{n}^{i} \frac{CHF\ investment_i}{Issuer's\ full\ EVIC_i} * Issuer's\ apportioned\ emissions_i}{\sum_{n}^{i} \frac{CHF\ investment_i}{Issuer's\ full\ EVIC_i} * Issuer's\ apportioned\ sales_i}$$

- **Financed Carbon Emissions:** Measures the carbon emissions, for which an investor is responsible, per USD million invested, by their total overall financing. Emissions are apportioned across all outstanding shares and bonds (% Enterprise Value including cash).

$$\frac{\sum_{n}^{i} \frac{CHF\ investment_i}{Issuer's\ full\ EVIC_i} * Issuer's\ apportioned\ emissions_i}{Current\ portfolio\ Value\ (CHF\ M)}$$

While Financed carbon emissions and Financed carbon intensity values can provide an insight of the contribution of the portfolio to climate change, WACI shows how exposed the portfolio is to carbon-intensive companies.

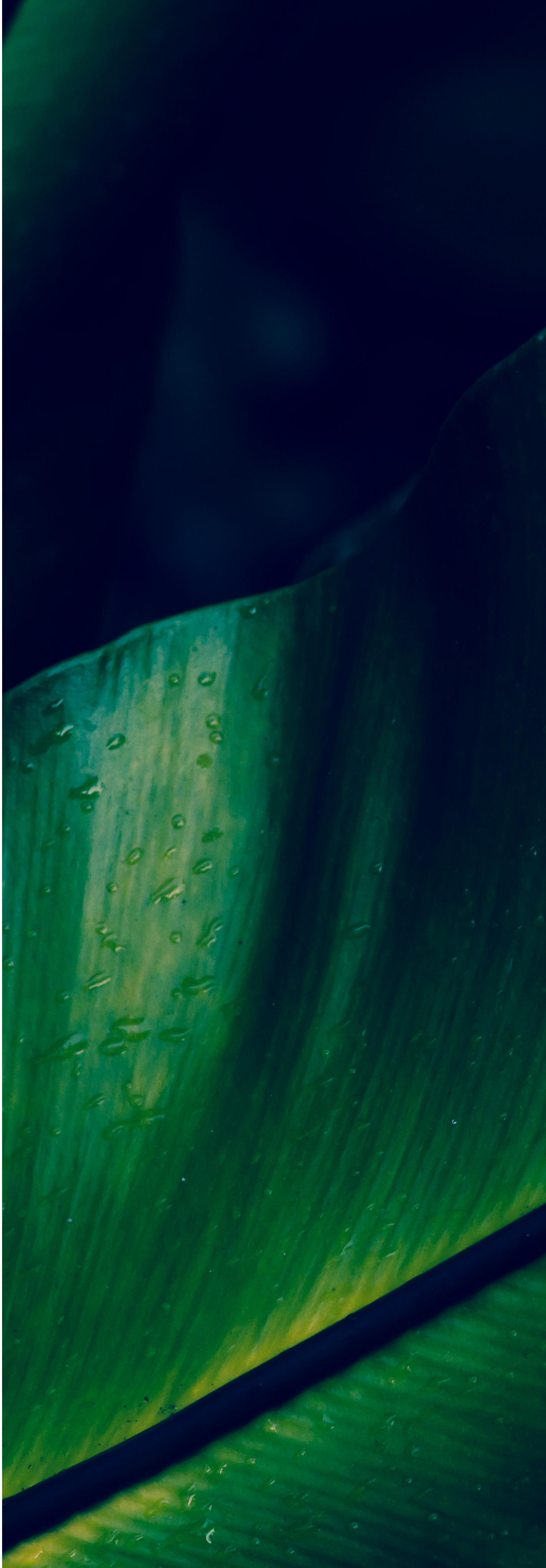
- **Weighted Average Carbon Intensity for Sovereigns** (tCO_2e/(CHF)GDP): Measures the exposure of the portfolio to carbon-intensive economies using the weighted average intensity of the portfolio's sovereign constituents normalised by GDP.

$$\sum_{n}^{i} portfolio\ weight * \frac{Issuer's\ carbon\ emissions}{GDP}$$

Scenario analysis metrics

- **MSCI Climate Value-at-Risk (VaR):** (Climate VaR) is intended to help investors identify and consider any physical and transition risks that might arise through climate and socioeconomic changes. Climate VaR is comprised of Low Carbon Transition Risks Scenario and the Physical Climate Scenarios. For the purpose of this report, we have selected the NGFS Scenarios Orderly and Disorderly for the Low Carbon Transition Risks Scenario and RCP 8.5 for the Physical Climate Scenario. The Climate VaR percentage represents the costs (negative value) or profits (positive value) of the aggregated fund's market value under each scenario. The costs are associated with risks in future policy and extreme weather events while profits are associated with technology opportunities and some extreme weather events.
- **Network for Greening the Financial System (NGFS):** These scenarios take into consideration physical impact, socioeconomic changes, climate policy changes or introduction, technological advancement and consumer preferences changes in their model assumptions. We believe that NGFS provides the most comprehensive range of assumptions in their scenarios which can provide a more holistic view of the possible risk and opportunities for our funds at the time of analysis.
- **NGFS 1.5 Orderly (Transition scenario):** The orderly Scenario assumes a 1.5°C world by 2050, immediate and smooth policy transition, fast technological changes, medium use of CO_2 removal and medium regional policy variation.
- **NGFS 1.5 Disorderly (Transition scenario):** The Disorderly scenario assumes immediate but divergent policy reaction, fast technological changes, low use of CO_2 removal, and medium regional policy variation.
- **IPCC:** The scenario we have used is the RCP8.5 (Representative Concentration Pathway). This scenario was developed by the IPCC and was published in their 5th Assessment Report. It assumes there will be a mean temperature rise of ~4°C by 2100 which represents the Business as Usual Scenario (BAU) as described by the IPCC. This scenario focuses on the physical changes that might occur in a +~4°C world.

[5] NGFS 1.5 Orderly and Disorderly



Limitations

- **GHG emissions:** Company absolute emissions are as reported by the companies thus the methodology used to calculate these emissions is highly likely not the same across all companies and sectors.
- **Estimations:** When reported carbon emissions are not available, data providers such as MSCI can fill in these gaps using estimated emissions where possible. The majority of companies usually report on Scope 1 and 2 emissions while only a few companies report on Scope 3 (upstream and downstream) emissions according to the GHG Protocol. Thus, the majority of Scope 3 emissions provided by data vendors are estimated using assumptions based on sector and geography.
- **Data availability affecting portfolio coverage:** When carrying out portfolio carbon footprint calculations, data such as emissions and company financial information might not be available for all constituents and thus decrease the percentage coverage of the results. Adding to this, available data might be too old for analysis (2019 or earlier). In this report, the data used is based on 2020 absolute emissions or later.
- **Asset class exclusions:** Specific instruments are not covered by the calculations as there are no associated emissions data recorded. These include futures, options and cash. Such instruments are excluded from the calculations decreasing the portfolio coverage. Furthermore, not all asset classes can be covered by carbon footprint due to a lack of specific methodologies.
- **Data timeliness:** Carbon footprint calculations use backward-looking data, so the results can only showcase the carbon intensity of a portfolio at the time of analysis, i.e. past emissions. Carbon footprint does not inform investment managers on how their investments might be changing their strategies to a low-carbon economy or if they have any net zero targets. Therefore, carbon footprint calculations can provide a year-on-year change for the portfolios, and supplementary information such as Climate VaR as well as company engagement is needed for assessing possible investment decisions.
- **Climate scenario assumptions:** These forward-looking metrics are intended to help investors identify and consider any physical and transition risks that might arise through climate and socioeconomic changes. We use MSCI's Climate VaR models which seek to quantify the impact of various scenarios. All models are highly dependent on the assumptions made. One potential limitation is the reliance on carbon removal technologies that are not yet available or deployed at scale.

3. Key performance indicator table

Area	Sub-area	KPI		2021	2020
Our Approach	Sustainable Funds	ESG Summary Report coverage		70%	-
Sustainable Investment	Proxy Voting	Votable meetings		1,333	1,163
		Meetings voted		1,322	1,136
		% meeting voted		99.2%	97.7%
		Total resolutions voted		15,125	13,551
		Total resolutions voted against management		1,816	1,104
		% of votes against management		12.0%	8.1%
		Shareholder resolutions voted		392	318
		Shareholder resolutions supported		295	207
		% of shareholder resolutions supported		75.3%	65.1%
		Votable meetings by region:			
			Other emerging markets	87 (7.7%)	90 (6.5%)
			Japan	107 (9.3%)	108 (8.0%)
			United Kingdom	100 (11.2%)	130 (7.5%)
			Asia Pacific ex Japan	262 (19.9%)	231 (19.7%)
			North America	408 (23.4%)	272 (30.6%)
			Continental Europe	369 (28.5%)	332 (27.7%)
		% of votes against management by category:			
			Anti-takeover-related	42.3%	3.1%
			Board-related	7.2%	5.7%
			Capital management	22.8%	17.4%
			M&A/reorganisations	25.4%	6.2%
			Preferred/bondholder meetings	0.0%	0.0%
			Remuneration	23.2%	15.2%
			Routine items/miscellaneous	7.4%	5.2%
			Shareholder resolutions	31.5%	32.7%
Our People	Employees	Total headcount		605	701
		Average tenure of employees		8.1	7.7
		Average age		42.6	41
		Average experience of investment professionals		16.4 years	13.4 years
		Part-time employees		8.6%	8%
Our People	Training	Training hours (average per employee)		22.4	12.1
		ESG training hours (average per employee)		4.9	-
Our People	Employee Engagement	Global Employee Experience survey response rate		80%	76%
Our People	Mentoring	Mentors		46	-
Our People	Mentoring	Mentees		18	-

Area	Sub-area	KPI	2021	2020
Our People	Diversity and Inclusion	Permanent employees – split between women and men	M: 63% F: 37%	M: 66% F: 34%
		Board of Directors – split between women and men	M: 43% F: 57%	M: 43% F: 57%
		Gender split GAM overall	M: 63% F: 37%	M: 66% F: 34%
		Line manager split	M: 71% F: 29%	M: 69% F: 31%
		New joiner split	M: 61% F: 39%	M: 58% F: 42%
		Leaver split	M: 71% F: 29%	M: 59% F: 41%
Our People	Gender metrics	Permanent employees	M: 63% F: 37%	M: 66% F: 34%
		Joiners - permanent only	M: 61% F: 39%	M: 58% F: 42%
		Leavers - permanent only	M: 71% F: 29%	M: 59% F: 41%
Our People	New Hires and Turnover	Rate of hires	11.9%	13%
		Voluntary turnover rate	18%	11%
		Involuntary turnover rates	10%	15%
		Retention within 12 months of starting	94%	93%
Our People	Family Friendly and Flexible Working	Family leave	384 weeks taken (51% of the population were male)	
Our People	Volunteering	Volunteering days	26% of employees	-
		Volunteering hours	1361.5 hours	-
Our Community	Charitable Donations	Total charitable donations	140,455	78,043
	Political Donations	Political donations	0	0
Our Environment	Environmental Indicators	Scope 1 & 2	see page 33	
		Scope 3		
TCFD	Governance	# quarterly board meetings where climate-related issues raised	4	
		# hours climate training	2 hours	
TCFD	Metrics & Targets	Carbon footprint metrics for aggregate equity	see page 38 & 39 - table 1-4	
		Carbon footprint metrics for fixed income credit		
		Carbon footprint metrics for fixed income sovereign		
		Climate value at risk metrics for aggregate equity and fixed income credit		
Appendix	Health and Safety Incidents	No. of incidents in London, Cambridge, Dublin and Zurich	London: 1 Cambridge: 0 Dublin: 0 Zurich: 0	London: 2 Cambridge: 0 Dublin: 1 Zurich: 1


G|A|M
Investments