

GAM Investments Communication of Progress 2021-2022

Statement of continued support by the Chief Executive Officer

To our stakeholders,

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.

In 2021, GAM became a committed supporter of the UN Global Compact and I am pleased to confirm within the reaffirmation of our support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual communication of progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations over the year to end December 2021. We also commit to share this information with our stakeholders through our annual and sustainability reports.

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

Human Rights

1. Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights
2. Principle 2 - Make sure that they are not complicit in human rights abuses

GAM Holding AG, and its subsidiaries (referred here together as **GAM**), is committed to ensuring that its 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 its businesses and supply chains and has provided mandatory training on this topic for all employees. Details can be found in our [Modern Slavery Statement](#) on our website.

GAM has corporate policies in place under which employees are encouraged to report concerns of non-compliance with regulatory rules or statutory obligations to the relevant Compliance or HR department. Any material concerns raised will be escalated to senior management for review and investigation in accordance with the relevant procedures. Details of this can be found in our [Whistleblowing Policy](#) on our website.

As a regulated investment firm primarily operating in major financial centres and given the nature of the services procured from suppliers, the Relevant Entities believe the risk of Modern Slavery or human trafficking arising within their businesses, or within the businesses of their suppliers, to be limited. Nevertheless, we are committed to taking all reasonable steps to ensure that there is no modern slavery or human trafficking in our supply chains.

GAM is committed to raising awareness of modern slavery with employees. A mandatory eLearning module on Modern Slavery was rolled out to all employees in January 2022. For those employees who are directly involved in supply chain and facilities management, we provided a more in-depth mandatory eLearning module to ensure that they have the knowledge that will support them to identify signs of modern slavery and human trafficking in our supply chains, and what to do in the event.

All of our policy documents can be found on our [website](#).

Labour

3. Principle 3 – Businesses should uphold freedom of association & effective recognition of the right to collective bargaining
4. Principle 4 – The elimination of all forms of forced and compulsory labour
5. Principle 5 – The effective abolition of child labour
6. Principle 6 – Eliminate discrimination in respect of employment and occupation

All employees (including those working part-time) and individuals contracted to GAM are required to attend annual training on the standard of conduct and behaviour required to be maintained in accordance with GAM's [Global Code of Conduct](#) (as published on GAM's website) and applicable regulatory requirements. This may include workshops tailored to the needs of specific departments and individual roles.

GAM has implemented procedures to oversee compliance with the Code, including the identification and escalation of individual conduct incidents that may be deemed to be in breach of the Code and result in disciplinary action. These procedures include the provision of management information (MI) to senior management and to the boards of directors of GAM companies on a regular basis, which enables conduct-risk across all of GAM's activities to be evaluated and managed accordingly.

GAM seeks to conduct its business in accordance with the highest standards - always acting with honesty and integrity - and is committed to fostering and embedding a positive ethical, respectful, and client-centric culture at all levels of the organisation. A culture of openness and accountability is essential to meet these fundamental objectives. Accordingly, GAM's Whistleblowing Policy establishes a framework whereby employees may speak up, raising a "Reportable Concern" where they have cause to do so, in the knowledge that they will be provided with all legal protections and not incur any detriment for having done so. Reportable Concerns under the Policy include (although are not limited to) concerns regarding modern slavery and related offences.

At GAM, we hold ourselves to high ethical and compliance standards, ensuring that we adhere to all relevant laws. We consider it our responsibility to take all reasonable steps to ensure that employees or individuals working within our operational supply chains are not being exploited, that they are safe and that relevant employment, health and safety and human rights laws, and international standards are obeyed. This is a responsibility we take seriously and includes a zero-tolerance approach to modern slavery.

We are committed to diversity and inclusion being embedded into our daily working practices and believe that creating an inclusive environment where diversity of thought is encouraged and celebrated is key to our success. We recognise the uniqueness of every individual we employ and that having an environment that embraces diverse perspectives will lead to better decision making. 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. All employees are responsible for fostering an environment that creates a diverse and inclusive workplace, where we all feel valued, listened to, treated fairly and respected. We want employees to feel comfortable bringing their whole selves to work and feel confident and comfortable to use their voice to contribute.

We offer training for all employees on topics related to diversity and we have an employee network called "Equals" which is open to all employees and actively champions equality, diversity and inclusion initiatives throughout our business. Equals has driven initiatives that include unconscious bias e-learning, holding "Support & Share" virtual coffee sessions in multiple languages, promoting LGBT+ rights and establishing an Ethnic Minority Network.

GAM is an active member of several industry-level diversity and inclusion initiatives including the 30% Club to increase gender diversity at senior levels, 100 Black Interns, aimed at addressing the chronic under representation of Black talent in Investment Management and The Diversity Project to accelerate progress towards a more inclusive financial sector. GAM has also signed the Women in Finance Charter with the goal of increasing the proportion of women in senior management positions within GAM globally to 25% by 2022.

GAM is firmly committed to ensuring equal pay for men and women doing comparable work, and ensuring diversity, including ensuring strong female representation across functions and seniority levels. 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 analysis looks 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. In 2021, GAM completed its equal pay analysis for Switzerland, representing 26% of our employee population at the time.

That analysis, which was subject to an independent audit by KPMG, found no equal pay discrepancy in our Swiss business. Although, GAM is not required by UK law to complete and disclose the UK Gender Pay Gap statutory obligation due to its population size, we voluntarily elected to do so. The analysis has shown gaps which are comparable amongst our UK peer group in asset management which we have analysed in detail to maintain our focus and commitment to improving our position over time. It is planned for disclosure to employees and on our website during 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.

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.

Our work with Inclusivity to drive more diverse hiring, and with Talent Keepers to support re-entry to the workplace, as well as our commitment to our new hybrid way of working, all seek to provide an environment where a more diverse workforce than has historically been the case in the industry can join us, thrive and in turn drive GAM's business forward.

Environment

7. Principle 7 – Businesses should support a precautionary approach to environmental challenges
8. Principle 8 – Undertake initiatives to promote greater environmental responsibility
9. Principle 9 – Encourage the development and diffusion of environmentally friendly technologies

Our approach to sustainable investment

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.

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 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.

Further information on our sustainable investment framework can be found in our [2021 Sustainability Report](#).

Managing climate risks

In 2021, we published our first TCFD report and initial update on our commitments under the Net Zero Asset Managers (NZAM) initiative.

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.

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.

More details of our approach to climate change risk and our targets can be found within our TCFD report, [available on this link](#).

Operational impact

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.

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.

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.

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.

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.

Here is a further list of sustainability-related policies and disclosures, which can be accessed via our [website](#).

Anti-Corruption

10. Principle 10 – Businesses should work against all forms of corruption, including extortion and bribery

Employees (including all contractors working for GAM) are required to comply with the [GAM Global AML and Financial Crime Policy](#), including all Group and relevant local policies, procedures, guidance and other controls which serves to establish the minimum standards to be followed by GAM Holding AG and all its related group companies (“Group”) in order to comply with applicable legal and regulatory requirements and to mitigate its financial crime risk exposure.

GAM recognises the need to have in place appropriate and proportionate risk-based policies, procedures, systems and other controls to protect its clients (including investors in GAM funds where applicable), group companies, employees and other stakeholders by deterring, detecting and preventing those who would seek to use the Group or a GAM fund to facilitate any form of bribery and corruption.

Failing to manage bribery and corruption risks effectively undermines the integrity of the financial system and society. Furthermore, failure to comply with anti-bribery and corruption regulations can be a criminal offence, and failing to identify, manage and monitor financial crime risks adequately could expose GAM Group’s clients to loss and the Group and its employees to potential prosecution and penalties and/or regulatory penalties and censure. This can also damage client and business partner confidence in the GAM Group and result in reputational damage.

Regulatory training is rolled out to all employees on an annual basis and covers key AML and financial crime risk areas including AML/Counter Terrorist Finance, fraud, tax evasion and bribery and corruption, this is compulsory for all employees including temporary contractors. All new starters are required to complete their training within 30 days of joining GAM.

GAM Group Board’s will:

- Encourage and maintain effective systems and controls to prevent bribery and corruption.

- Designate each local MLRO (or compliance officer with AML responsibility) to have the responsibility in their applicable jurisdiction for the oversight of bribery and corruption risk and any related reporting or filings as may be required in the applicable jurisdiction.

Senior Management (GAM Group):

Senior Management have a role in the Group's prevention of bribery and corruption, including assisting in the management of the Group's exposure to bribery and corruption risk in accordance with this policy, and providing appropriate support to the local MLRO's in ensuring effective systems and controls are in place to prevent breaches.

The UK MLRO & Global Compliance COO who is supported by the Financial Crime Prevention Team is responsible for:

- Maintaining the Global Anti-Bribery and Corruption Policy.
- Providing guidance and oversight to each local Business unit in terms of bribery and corruption prevention.
- To be an escalation point for high-risk clients, sanctions and PEPs for advice, guidance and where appropriate approval.

Local MLROs:

Each MLRO has a role in the Group's prevention of bribery and corruption, including to discharge such duties of an MLRO as prescribed by relevant regulation and shall:

- Act as the focal point for all activity within the applicable Group Company relating to bribery and corruption prevention.
- Escalate Financial Crime Matters including those relating to high-risk clients, sanctions and PEPs to the Financial Crime Prevention Team for guidance if required.
- Be an approver for all high-risk clients and PEPs relationships.
- Ensure all incidents of concern or suspicion(s) from a financial crime perspective in terms of bribery and corruption will be thoroughly investigated via the internal suspicious reporting form and that the appropriate reports are immediately made to law enforcement (or other appropriate authority(s)) and shared with other potentially impacted GAM Group entities and the Financial Crime Prevention Team.

Description of how the company monitors and evaluates anti-corruption performance.

- The Star Compliance platform for internal bribery and corruption monitoring which includes Personal Account dealing and the recording of gifts and entertainment allowing staff to obtain approval including the recording of personal account dealing and any gifts or entertainment.
- ABC training module reviewed and issued annually requiring all GAM staff to affirm they have read, understood and will comply with the policy and relevant procedures which is followed by a test with a required pass rating.
- Annual review of global ABC procedures to ensure they remain up to date with regulations.
- Specific Supplier fraud performed annually which include specific bribery and corruption sections issued to supplier facing staff.
- Annual risk assessment covering AML, ABC and Financial Crime reviews of each business area and identifying inherent and residual risks which follow with a review of the controls in place to ensure they are effective in mitigating the risks identified.

- Market abuse risk assessment reviewed annually in response to regulatory risk and in support of effective controls environment in relation to bribery and corruption.
- Market abuse training module reviewed and issued annually requiring staff to affirm that they have read, understood and will comply with the policy followed by a compulsory test with a required pass rating.
- Monthly risk-based monitoring of trading and communications in relation to market abuse risk.
- Monthly MI data metrics capturing all elements of financial crime reported to the MLRO and relevant global teams.