

# CORPORATE SOCIAL RESPONSIBILITY

At GAM, corporate social responsibility is about recognising that we can have a tangible impact on society, the environment, and the communities in which we operate. As a result, we strive to adhere to the highest standards and demonstrate probity in everything we do, both at work and in our local communities.

As a company, we strive for excellence and sustainability, and act responsibly in all we do. As an active asset manager, we recognise that we are best able to have an impact by investing our clients' assets responsibly. We demand the same high standards of the businesses in which we invest that we demand of ourselves. We believe that our ethos as a company is fully aligned with our clients, and we work with care and integrity to provide clients with opportunities to advance their capital. To achieve this, our independent investment teams consider relevant factors, including those related to environmental, social and governance (ESG) factors, in their investment decisions.

## Responsible investing at GAM

Responsible investing starts with putting our clients' long-term sustainable investment needs and goals at the heart of our business. This requires us to act with diligence. Along with our fiduciary duty, these values form the basis for the investment considerations made by our independent investment teams, which are unconstrained and able to follow differentiated high-conviction investing styles. While each team has a process that has been built up over time and has its own unique character, they all operate within our centralised investment risk framework. Our independent Governance and Responsible Investment (GRI) team supports the investment teams with research and insights on ESG factors.

In 2018 we made further progress and achieved a number of goals in the area of responsible investing. We updated and implemented our responsible investment policy outlining our approach to engagement and corporate governance. We introduced bespoke global proxy voting guidelines for our investment managers, taking into consideration that standards, principles and corporate governance differ across markets, regions and industries. We also adjusted our proxy voting process to focus on actively voting at all company meetings possible, with the GRI team providing all voting recommendations for our investment management teams.

Compared with the previous year, the team provided more comprehensive research, analysis and statistics, comprising climate change, labour standards, governance concerns as well as engagement services, to support our investment managers on ESG factors. The GRI team also oversees our role as an active owner and steward of our clients' capital, ensuring we meet our responsible investment reporting obligations as a signatory to the United Nations Principles of Responsible Investment and the UK Stewardship Code.

In 2019 we plan to develop additional methodologies, with the aim that investment teams will more systematically address ESG factors in their investment processes. This will strengthen their awareness of the risks and opportunities associated with ESG factors and how they can still be better incorporated into the investment frameworks of our teams to improve returns.

## The importance of active engagement

As an independent pure-play asset manager, both stewardship and governance are essential parts of

our business philosophy. We use our formal rights, including proxy voting, shareholder resolutions and engagement with management, to influence and ensure our clients' capital delivers the returns they expect in a responsible and sustainable manner. Communication is therefore important for us to establish and improve behavioural standards across all our investment decisions.

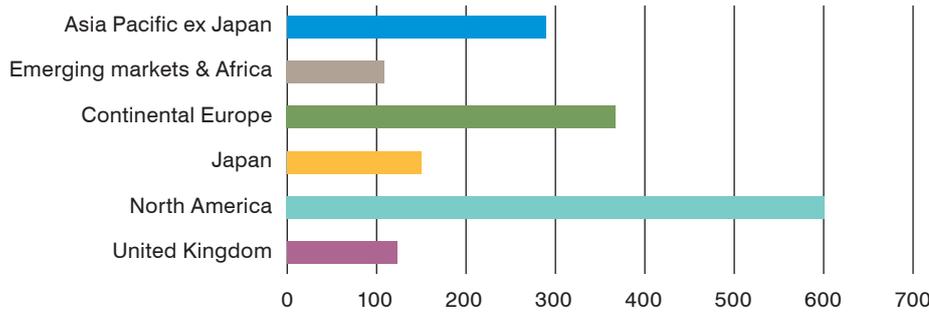
Engaging with various stakeholders, regardless of whether we own equity or debt, provides us with valuable insights and helps shape our investment decisions. Active engagement builds our understanding of an organisation, business or country, and enables us to communicate our position. Engagement therefore supports the establishment and improvement of standards, corporate disclosure and operational and financial performance. Engaging with governments and other supranational bodies is more difficult, but this does not hinder our pursuit of the principle as we seek various ways to influence, be it through trade bodies, policy groups or green papers.



**As a responsible active asset manager it is our duty to follow a client-centric approach. The implementation of our investment policy will further enhance our investment decisions for the benefit of our clients and their investments.”**

**Mark Harland, Head of Responsible Investment**

## Meetings voted by geography

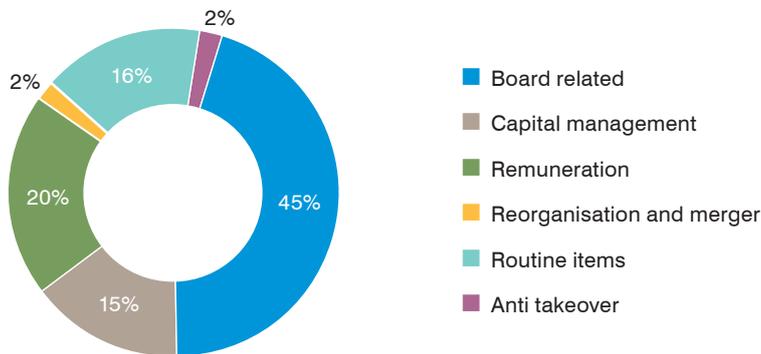


### Proxy voting analysis 2018

GAM voted at 1,638 company meetings or at 94% of meetings across all markets, up from 1,325 meetings or 65% in 2017. In total, we voted on 19,279 resolutions.

## Votes against management by resolution category

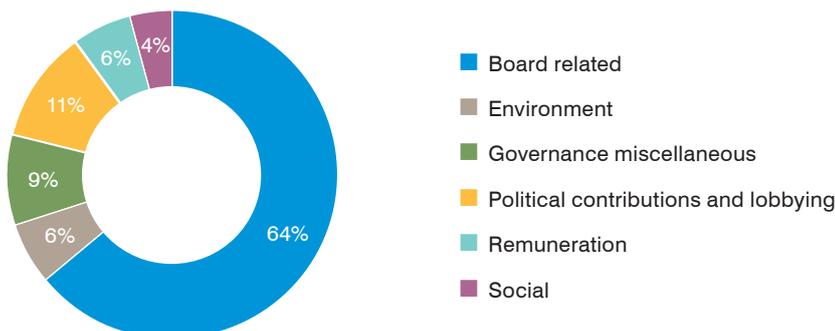
Within the 8% of votes against the proposals set forth by management, down from 11% one year ago, the following split shows which issues they related to.



Of those votes against management proposals, 45% related to the board, 20% to remuneration and 16% to routine items which includes resolutions such as changes to companies' articles of association. In all these cases we initiated an active dialogue with the respective companies.

## Shareholder proposals supported by GAM

Within the 63% of shareholder proposals supported by GAM, the following split shows which issues these proposals related to.



In 2018, there were 579 shareholder proposals of which GAM supported 63%, up from 38% in 2017. Accounting for 64%, the vast majority of shareholder proposals related to the board, 11% were linked to political contributions and lobbying, and 9% to governance miscellaneous.

## Our people

### GAM's corporate culture

We believe in maintaining an open culture with honest communication, avoiding bureaucracy and encouraging a flexible, accessible and hands-on working style across the Group. GAM's culture is one that seeks to unlock high-performance in its employees, and is designed to bring out the best in every single employee as they support the Group's mission to unlock and advance the potential of capital by making the right decisions to achieve our clients' aspirations.

A key priority in this high-performance culture is to continuously invest in and develop our top talent. Providing a stimulating and attractive workplace – one where talent is recognised, nurtured and developed – is essential to achieving this goal. Our employees share a common set of values rooted in teamwork, integrity, entrepreneurial thinking and professional excellence. Their efforts and their achievements are recognised through their professional advancement as well as in their remuneration.

We promote an open corporate culture based on mutual respect, regardless of function or rank. GAM has the necessary internal processes in place to ensure that employees who become aware of any potential misconduct can report it immediately and at any time. GAM pursues a zero-tolerance strategy with regard to any conduct that could harm our clients, our reputation, or our employees.

### Group code of conduct

We have recently updated our code of conduct which details the standards of behaviour we expect from our employees and management across the GAM Group. All of our employees are required to read, agree and adhere to the principles of the code which focuses on doing the right thing for all our stakeholders.

### Remuneration policy

The Group's compensation policies are based on four overarching principles: pay for performance, alignment of incentives with long-term shareholders' interests, transparency and the importance of sound risk management. We aim to provide competitive total compensation in order to attract and retain experienced and talented individuals. Compensation awards, particularly discretionary bonus payments, are designed to align the interests of employees with those of the company's shareholders. With effect from the 2017 performance year, bonus deferrals were introduced for all employees to provide further alignment with the interests of shareholders and clients, and also serve as an additional retention mechanism. For the 2018 performance year, the proportion of annual bonus payments to be deferred will be one-third of any annual bonus over CHF 75,000. Deferred shares or fund units are released in equal tranches over three years.

For further details on our remuneration policy, please refer to the 'Compensation report' section on pages 78–103 of this annual report or visit: [www.gam.com/compensation](http://www.gam.com/compensation).



**Our employee skills are essential in creating value for our clients and shareholders. We strive to provide an environment in which employees are continuously being challenged and developed. Talented, engaged employees are critical to the success of GAM.”**

*Teresa Riggin, Group Head of Human Resources*

### Managing performance

Effective performance management supports the success of individual employees, their teams and the company as a whole. Our group-wide performance management framework provides regular opportunities for dialogue between managers and their direct reports and it includes the setting of mutually

Headcount by region (in FTEs)	2018	2017
Switzerland	269	279
UK	432	428
Rest of Europe	146	143
Rest of the world	78	77
<b>Total headcount</b>	<b>925</b>	<b>927</b>

agreed development and performance objectives. It also allows us to assess to what extent and how these objectives have been achieved, linking performance and behaviour with compensation. This evaluation is performed at least once a year and begins with each employee providing a self-assessment, which their line manager, and potentially other relevant reviewers in the company, can use as a starting point for a 360-degree review. The final assessment is formally recorded and discussed between line managers and their direct reports. Our human resources team supports the process by providing training on objective-setting and management skills throughout the year.

**Employee engagement and development**

Our employees’ drive, skills and insights are essential in creating value for our clients and shareholders. Ensuring employees understand and are actively involved in the evolution of the company is a prerequisite of their engagement. We want our employees to feel encouraged to attain a level of professional competence appropriate for their responsibilities, to promote the development of their colleagues, and to continue to update their own skills and knowledge.

GAM has a group-wide learning management system (GAM Learn), which helps employees enhance their knowledge base, not only within their own role but across all areas of our business and industry. GAM Learn provides a

centralised repository for all learning and development needs and can be used to book internally-led courses or webinars, complete mandatory compliance refreshers, source external training, and access user guides or e-learning catalogues.

To ensure our employees are supported and provided with the appropriate knowledge for complex regulatory requirements, we offer mandatory and non-mandatory regulatory training workshops and Lunch and Learn sessions for all staff. Providing employees with the opportunity to develop professionally and personally enables us to cultivate an engaged and knowledgeable workforce, ultimately strengthening our corporate culture.

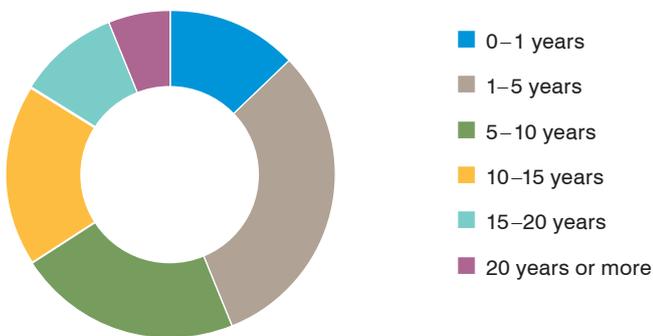
In addition to in-house training, we also support external education to help our employees gain qualifications relevant to their roles. This fosters their development and advances their skills and careers. The development of our employees remains a cornerstone of employee engagement and sustainable business success.

On a corporate level, supported by GAM’s flat structure and senior leadership team, employees are informed about strategic business decisions and initiatives openly and transparently. We hold regular town hall meetings, where senior management share updates, views and insights, and engage in active conversations with staff.

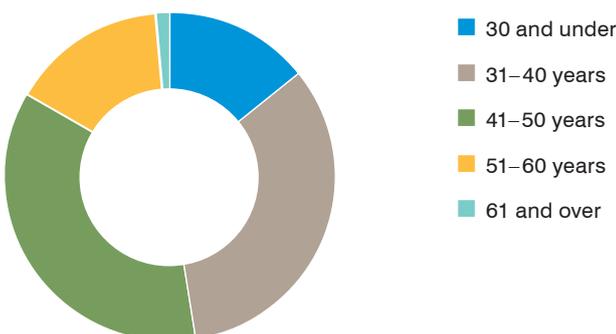
**Supporting research and education**

The Cantab Capital Institute for the Mathematics of Information sits within the University of Cambridge’s renowned faculty of mathematics and aims to galvanise and accelerate progress in the mathematics of information. The Institute draws on techniques from mathematical sciences to tackle the challenge of deciphering meaning in the reams of data which surround us. Bringing together some of the world’s leading academics in various related disciplines, the institute will ultimately help ensure all available information is used

**Years of service**



**Diversity of ages**



when, for example, doctors make clinical diagnoses, financial institutions make sensible evaluations of risk or planners build the cities of the future.

#### Inclusive workplace

GAM's culture is grounded in mutual respect and non-discrimination irrespective of age, disability, gender, race, religion, sexual orientation or educational background.

Investment20/20 was founded in 2013 with a clear mission to attract talent, irrespective of their educational qualifications, and who would not necessarily consider a career in investment management. GAM joined the initiative in 2017 and since then has provided opportunities to 25 individuals across many business areas, including 12 individuals in 2018. Our clear goal is to retain and develop these talented individuals in-house for the benefit of our company and provide further job opportunities in the coming years.



**My time as an Investment20/20 trainee gave me the necessary knowledge and understanding to start my career in the asset management industry. Now, as a permanent employee at GAM, I've been given the opportunity to further progress within my role and develop my knowledge of the wider industry."**

**Becky Heard, former Investment20/20 trainee and now a permanent employee at GAM**

In Switzerland, GAM has offered apprenticeship opportunities to young talented individuals for a number of years, giving them the chance to learn about all aspects of a profession in the financial services industry.

In June 2018 GAM signed the Women in Finance Charter, with the goal of increasing the proportion of women in senior management positions across our locations to 25% by 2020. The charter is a pledge for a gender balance across financial services and it reflects the UK government's aspiration to see greater gender balance at all levels of financial services firms. GAM is committed to improving gender diversity for the benefit of the business and our corporate culture. In 2018, 27% of our line managers were female, growing from 26% at the end of 2017, and demonstrating our commitment to the continued promotion of our female talent and strengthening a greater culture of diversity at GAM.

## Snapshot 2018

Split male/female



**27% of our line managers are female**

Average age of employees



Average experience of investment professionals



Average length of service



Average hours of training per employee



Global presence



In 2018 GAM Dublin joined the 30% Club in Ireland which aims to achieve a better gender balance at all levels at leading Irish businesses. The 30% Club believes that gender balance on boards and at the executive level not only encourages better leadership and governance, but further contributes to better all-round board performance and ultimately increases corporate performance for both companies and their shareholders. The participation in the 30% Club in Ireland will provide valuable insights into the changing levels of women in management in corporate Ireland and will thus assist GAM to further develop its group diversity strategy.

#### Supporting our employees' wellbeing

We strive to provide our employees with a work environment that protects their health and safety, and supports their well-being. We offer all our employees a comprehensive suite of additional benefits that are competitive in their respective local markets. We are committed to supporting employees by providing them with a family-friendly and flexible working environment wherever possible, in order to assist with caring for and supporting family members and employees' personal lifestyles.

#### Supporting our communities

We encourage our staff to play an active role in the communities they live and work in. We support organisations and causes that are aligned with our own culture and values, in particular those that focus on education and child welfare.

#### Switzerland:

##### Running for good causes in Zurich

Our employees joined over 800 runners and 25 companies for the 18<sup>th</sup> annual Run4Kids charity event. The proceeds go to fit4future, the largest health promotion programme for Swiss schools, as well as "Spielzeit Psychotherapie", which supports seriously ill, physically and/or mentally challenged or traumatised children, adolescents and their families in times of need.

##### Voyage vers la vie

Thousands of children cannot undergo surgery in their home countries due to a lack of medical staff or infrastructure constraints. With its care programme, which GAM supported, Terre des hommes (Tdh) transfers 200 children to Switzerland every year for surgical operations carried out at university hospitals.

#### UK:

##### Three Peaks Challenge

A GAM team took up the well-known Three Peaks Challenge in support of Evelina London Children's Hospital. In 24 hours, the team scaled Ben Nevis (1,345 metres) in Fort William (Scotland), followed by Scafell Pike (961 metres) in Wasdale (England), and finally, Snowdon (1,085 metres) in Beddgelert (Wales). Evelina London Children's Hospital is the UK's leading provider of paediatric heart services and services for many other conditions, including kidney transplants and dialysis, with 50,000 children treated at Evelina each year.

##### London Midnight Madness

The GAM Systematic Cantab team won the first ever London Midnight Madness charitable event, which raised a total of GBP 210,000 in aid of Raise Your Hands, a group which supports small charities that aim to improve the lives of children across the UK. GAM Systematic Cantab's Imitation Gamers, which was the winning team, crossed the finish line after 12.5 hours of high-tech mystery solving.

##### Macmillan

GAM continued a decade of supporting Macmillan's annual coffee morning initiative, held on behalf of Macmillan Cancer Support. Since the launch of the fundraiser in 2008, we have managed to raise a total of GBP 33,000 for the charity. Macmillan Cancer Support is one of the largest British cancer charities aimed at providing specialist health care, information and financial support to people affected in the UK.

##### GAM hosts charity six-a-side football tournament

For the fourth consecutive year, GAM hosted a charity six-a-side football tournament at Chelsea Football Club's Stamford Bridge. The charity supported this year was the Institute for Cancer Vaccines & Immunotherapy (ICVI). 16 teams raised over GBP 15,000 for ICVI, which conducts pioneering research on cancer vaccines and immunotherapy to improve patients' survival rates and their quality of life for a wide range of cancers.

#### Ireland:

##### Annual charity week

Our Dublin employees held an annual charity week, hosting a number of events including the inaugural Great GAM Bake Off and the GAM Office Olympics, which were organised throughout the week to raise awareness and funds for the Irish Cancer Society. The organisation focuses on providing information, advice and support to people through their cancer experience and helping to reduce the fear associated with a cancer diagnosis.

**New York:****Operation Gratitude**

The New York office supported Operation Gratitude, which is a non-profit organisation seeking to lift the spirits and meet the evolving needs of the US military and first responder communities. The New York staff purchased supplies and packed 100 care packages for soldiers deployed overseas.

**Operation Backpack**

Operation Backpack is an initiative by the US human services organisation Volunteers of America. At the beginning of every school year, the organisation distributes several thousand new backpacks filled with grade-specific classroom supplies to children who live in domestic violence or homeless shelters in the city, making them feel and look more like their classmates. In 2018, GAM's US team was able to collect, sort and donate 120 backpacks.

**Israel:****Sohn Tel Aviv Conference in Israel**

In 2018, GAM Israel contributed to the charities supported by Sohn Tel Aviv Investment Conference. Founded in 1995, the Sohn Conference Foundation is dedicated to the treatment and cure of paediatric cancer and other children's diseases, and has raised over USD 80 million worldwide to this end. In Israel specifically, Sohn supports two charities: the Israel Rett Syndrome Foundation is dedicated to finding a cure to Rett Syndrome, a genetic brain disorder which affects hundreds of thousands of children worldwide. Kids Kicking Cancer Israel is a foundation dedicated to helping children with terminal cancer cope with their pain and suffering by empowering them to do martial arts.

## Environment

GAM recognises it has an important role, as part of society, to continuously manage its environmental footprint. We aim to set a positive example for our employees, clients as well as the companies in which we are invested. GAM has therefore outlined six main environmental objectives which all business units across the Group adhere to:

- Complying with regulatory energy and emissions savings targets, and decreasing the use of non-renewable energy resources.
- Monitoring and looking for ways to reduce water consumption.
- Looking for ways to reduce waste across all of our locations and maximise the recycling of office waste.
- Seeking ways to reduce emissions from transport.

- Developing our staff, supply chain and other stakeholders to support and help us to achieve our environmental goals.
- Working within our communities to help support environmental initiatives through both volunteer days and corporate gift giving.

Going forward, we will disclose in the annual report our progress achieved in delivering against the six objectives outlined above.

**Progress achieved in 2018**

The data to monitor and track the progress achieved against our environmental Indicators is captured from our four largest offices Zurich, London, Dublin and Cambridge, and extrapolated to provide an estimate for the whole company. In 2018 we reduced greenhouse gas emissions by 12% compared to the previous year.

This was achieved primarily through a reduction in business travel activity with flights being our largest source of carbon emissions.

In January 2019, GAM began relocating its London office to 8 Finsbury Circus. The fit-out project for the new office achieved a 100% diversion from landfill rate for construction waste, of which 98% was recycled and 2% sent to energy recovery. Waste minimisation measures – such as returning packaging to suppliers and reusing offcuts – were also carried out.

The building is rated BREEAM 'Excellent' for sustainability best practice, a rating only awarded to the top 10% of UK new non-domestic buildings. It is fitted with a complete greywater system, with waste water being collected and used to irrigate the building's green roof.

## Environmental indicators

	2018	2017	Change in %
<b>Environmental indicators</b>			
Electricity (MWh) <sup>1</sup>	5,192	5,045	3
Heating natural gas (MWh) <sup>1</sup>	972	785	24
Water consumption (m3) <sup>1</sup>	10,978	11,577	(5)
Business travel - flights (km)	6,031,259	7,120,484	(15)
<b>Total all activities (tCO2e)</b>	<b>3,812</b>	<b>3,865</b>	<b>(1)</b>
<b>Total per FTE</b>	<b>4.12</b>	<b>4.17</b>	<b>(1)</b>

<sup>1</sup> Data based on estimates on the most recent 12 months period available.

Photovoltaic panels on the rooftop supplement the building's supply of electricity. The building has an Energy Performance Certificate (EPC) rating B, indicating a good level of energy efficiency and low impact on the environment in terms of carbon dioxide (CO<sub>2</sub>) emissions. We have enhanced this by replacing the original lighting system with an energy efficient LED system, which is controlled by automatic presence detectors and perimeter dimming to take account of daylight levels.

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 greenproperty gold (Credit Suisse: quality seal of approval for sustainable property). Electricity is powered exclusively by renewable energy sources. A wide variety of materials are sent for recycling, with any residual waste used for heating.

In Dublin, GAM has implemented a new process to increase the levels of recycling. Through this, they have been able to save the equivalent of 460 trees this year.



**We want to be recognised as a company and employer which makes a positive contribution to the challenges facing the environment. We are therefore continuously working on ways to reduce the carbon footprint of our business operations.”**

**Anthony Hamilton-Briscoe, Group Head of Facilities**