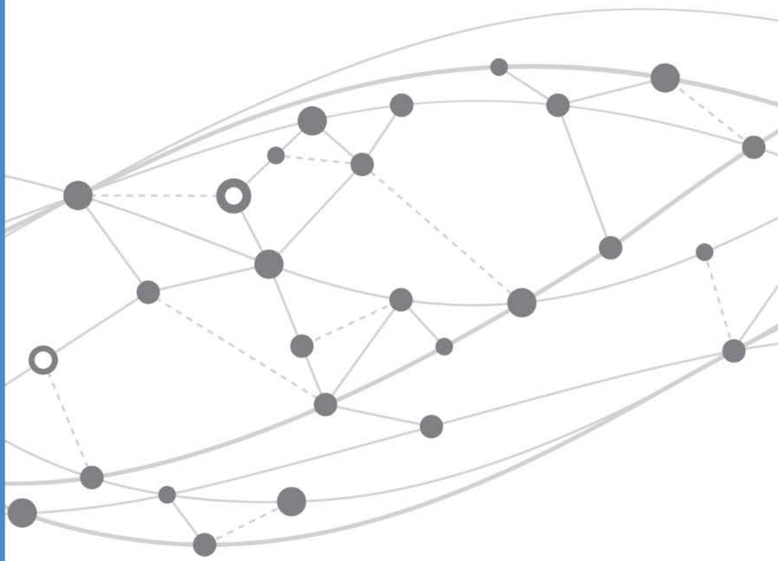
CORPORATE GOVERNANCE AND VOTING POLICY



March 2021

GAM Investments

Introduction

GAM Investments is a trusted investment partner and is an active steward of our clients' capital. It is our fiduciary duty to act for the benefit of our clients and this includes actively considering all factors that impact their capital. We believe that good corporate governance is a major contributor to the success and sustainability of companies, capital markets and our clients.

Corporate governance is the control of management in the best interests of the company, including accountability to shareholders and other stakeholders. It is ultimately the system(s) by which companies are governed and managed. In our view companies which conduct their business in a responsible manner with good corporate governance, high standards of integrity and a sustainable business model deliver better long-term results to shareholders. As active managers of client capital, it is therefore an area of significant focus for us.

The purpose of this document is to provide guidance, on how we consider corporate governance factors in our investment processes and how we exercise our voting rights.

Our Approach

As active long-term investors, we view our relationship with companies and management as symbiotic, working in partnership with an aim to deliver long-term sustainable value. We are committed to promoting international standards and best practice, recognising that there are many cultural and geographical approaches to good corporate governance, whilst maintaining a pragmatic approach in the application of these standards and best practice. It is our view that companies should be given the freedom to find their own way to enhance their current and future financial and operational performance but that this freedom should not come at the expense of long-term value creation, good governance standards or environmental or social harm.

By creating regional and country specific Proxy Voting Guidelines (Guidelines), we have aimed to account for market best practices, regulatory and statutory concerns, market specific and global corporate governance best practice standards, as well as national and international laws, treaties, codes and policies. The Guidelines are governed by the four key principles of accountability, stewardship, independence and transparency, which underlie our approach to corporate governance and proxy voting. Whilst we recognise there is no ubiquitous approach to corporate governance for all companies, we carefully consider the bespoke considerations of individual companies, ensuring that those arrangements provide the necessary checks, balances and protection for shareholders.

Board and directors

The Board of Directors and executive management team are paramount to the success of all companies. We put a high premium on the individuals who make up these bodies and an even higher premium on the culture, values and principles they instil. Strong leadership demonstrates integrity and a commitment to upholding the values and high standards of the company. We typically expect the BoDs and executive management to be independently minded and be sufficiently diverse in opinion in order to promote and ensure that a good corporate culture permeates throughout the organisation. A capable, effective and insightful BoDs builds the trust and confidence needed for a true partnership of equals.

Board of Directors composition and balance – the role of the BoDs is to provide leadership of the company within a framework of prudent and effective controls which enables opportunities and risk to be assessed and managed. We value clearly-defined roles, fully independent committees whose responsibilities are well understood, a mix of skills, knowledge and experience, as well as diversity of opinion and thought. A diversity of gender, cultural background, and industry can enhance the decision making process of a board. In our view this creates a more effective and balanced board, which is in turn an important factor in the sustainable performance of the business.

Chairman and Chief Executive Roles - it is our view that the operation of the board is enhanced when there is a clearly independent, senior non-executive director to lead it. We prefer for the Chairman and CEO roles to be separate from each other. When the Chair is not independent, we do expect there to be a senior independent non-executive director.

Standards, values and culture – the BoDs must set high operational and strategic standards and values for the company, as well as set-out the company's responsibilities to outside stakeholders. A responsible culture with clearly expressed values mitigates risks to the long-term sustainability and reputation of the company, and can prevent poor practice. Board members should be (re)elected annually.

Succession – succession and succession planning is a priority for us at GAM from a corporate governance perspective. We encourage boards to be cognisant of this and pragmatic in ensuring that necessary arrangements are in place to manage succession of board members and senior management. Companies with good succession planning arrangements are generally seen to perform better over the long-term. We recognise that it can be advantageous for talent to be nurtured internally although we also recognise that in some situations external appointments may be appropriate. In our view, boards often benefit from periodically bringing in new directors in order to refresh the group's thinking. This should however not impact negatively on the effectiveness of the BoDs.

Independence – the independence of non-executive directors can be difficult to assess. Directors that have not been appointed through a formal, rigorous and transparent process are less likely to be considered independent. Equally, Directors whose tenure is greater than 12 consecutive years on the board are less likely to be considered independent.

Committees – where the board committee structure is in place, we prefer that these committees are 100% independent.

Over-boarding – the demands on boards are generally increasing, and we are concerned that this development will negatively impact the ability for directors to dedicate the necessary time and resources to the company. We therefore aim to evaluate the capabilities and the capacity of the non-executive directors elected to the BoDs.

We begin to get concerned when a non-executive director has three (or more) non-executive appointments of listed companies, similarly, we would have concerns if one individual were to have two chairmanships of large complex organisations. Our proxy voting guidelines allow us a certain amount of discretion but over-boarding is increasingly becoming a significant factor that we consider in our assessment of boards.

Regarding executive directors, whilst we appreciate the possible benefits of serving on outside boards, we would begin to be concerned where an executive has more than one non-executive role.

Accountability, Audit and Risk

The BoDs is responsible for determining the company's approach to opportunities and risk, setting its culture and monitoring the controls in place to manage it effectively. We expect to engage with the chairman of the BoDs, senior independent directors and the board committee chairman if needed to ensure that concerns raised by us, and other investors, will be managed effectively. Whilst we are not in favour of generic risks reports, we encourage companies to disclose relevant material risks, especially those related to ESG, reputational, tax, and information security risks, amongst others. These disclosures should be succinct, material and appropriate to the company's long-term sustainable success; disclosure must avoid boilerplate and generic statements with the aim to help shareholders understand the risks facing the long-term viability of the company.

Internal audit and controls – we expect companies to have an effective system that accounts for new and emerging risks that will affect their business objectives. Companies should clearly set out their risk appetite and actions they have taken to identify and mitigate material risks.

Companies must establish effective internal controls (for example a whistleblowing policy) which are designed and integrated into the companies' code of conduct for employees. We expect these controls to be reviewed often, the outcomes of which should be alluded to in the viability statement or other statutory statements or board commentary. In general, we are interested in the BoDs opinion on the long-term prospects of companies; the long-term for us should reflect and be aligned with companies' business cycles.

Audit committee and auditors – the audit committee of the BoDs is also responsible for recommending the appointment of auditors whose responsibility it is to provide reassurance that the financial statements presented by executive directors are a true and fair reflection of the underlying health of the business.

We recognise the critical importance of financial statements which should provide a complete and accurate picture of a company's financial condition. We will hold the members of the audit committee or equivalent responsible for overseeing the management of the audit function. We take particular note of cases involving significant financial restatements or ad hoc notifications of material financial weakness.

The integrity of financial statements depends on the auditor being free of any impediments so as to operate as an effective check on management. To that end, we believe it is important that auditors are, and are seen to be, independent. Where the audit firm provides services to the company in addition to the audit, the fees earned should be disclosed and explained. Audit committees should also have in place a procedure for assuring annually the independence of the auditor.

Non-audit fees – we believe that consistent excessive non-audit fees compromise the integrity and independence of the auditor. The audit committee should have procedures in place to ensure that the independence and integrity of the audit is maintained.

Capital structure, mergers, asset sales and other special transactions

The capital structure of a company is critical to its owners, the shareholders, as it impacts the value of their investment and the priority of their interest in the company relative to that of other equity or debt investors. Pre-emption rights are a key protection for shareholders against the dilution of their interests.

In assessing mergers, asset sales or other special transactions, our primary consideration is the long-term economic interests of shareholders. Boards proposing a transaction need to clearly explain the economic and strategic rationale behind it. We will review a proposed transaction to determine the degree to which it enhances long-term shareholder value. We would prefer that proposed transactions have the unanimous support of the BoDs and that these transactions have been negotiated at arm's length. We may seek reassurance from the BoDs that executive and/or board members' financial interests in a given transaction have not affected their ability to place shareholders' interests before their own. Where the transaction involves related parties, we would expect the recommendation to support it to come from the independent directors and would prefer only non-conflicted shareholders to vote on the proposal.

We believe that shareholders have a right to dispose of company shares in the open market without unnecessary restriction. In our view, corporate mechanisms designed to limit shareholders' ability to sell their shares are contrary to basic property rights. Such mechanisms can serve to protect and entrench interests other than those of the shareholders. We believe that shareholders are broadly capable of making decisions in their own best interests. We would expect any so-called 'shareholder rights plans' being proposed by a BoDs to be subject to shareholder approval on introduction and periodically thereafter for continuation.

Whilst share buybacks may be a sensible strategy, we are also aware that such a use of capital could potentially be to the detriment of the longer-term prospects of businesses. As such, we expect clear disclosure around the rationale for share buybacks. Specifically we would expect disclosure on how the BoDs assesses buybacks against other investment opportunities as we would like to understand how a share buy-back has created long-term value for shareholders. We would expect to know the prices and number of shares that have been bought in the year under review as well as the intended use of the purchased shares. Finally, we expect transparent information on the effect of share buybacks on remuneration arrangements for executive directors and senior management.

Remuneration

We devote significant space to this topic here in order to set-out our views in advance.

Remuneration should motivate executives to achieve the company's strategic objectives, while ensuring that executive rewards reflect returns to long-term shareholders [1]. Pay should be aligned to the long-term strategy, and companies are encouraged to use the statement by the chairman of the remuneration committee (if applicable) to outline how their chosen remuneration approach aligns with the company's strategic goals and key performance indicators (KPIs). The remuneration committee should also closely examine the behaviour that the design of a remuneration package will promote.

A good performance target is aligned with company strategy, future direction and performance without promoting or rewarding disproportionate risk-taking. Targets should be challenging but realistic and should closely reflect a company's on-going business expectations. There should be a clear link between the objectives of the incentive plan and the company's strategy.

Pay should not be excessive relative to peers, global industry and sector averages or market sentiment. It is our view that executive compensation levels, especially in key markets, are out-of-line with the reality of the role and risk taken by executives. Remuneration committees should exercise caution when considering pay increases; any increases in total remuneration for executives should be in-line with general increases of regular employees at the company and should not exceed inflation without fully disclosed and legitimate justifications. Remuneration committees are discouraged from the disproportionate use of market benchmarking during pay reviews i.e. benchmarking executive compensation to self-selected peer groups; if necessary benchmarking should be conducted infrequently (at no more than three-to-five year intervals) and then only as one part of an assessment of the remuneration policy. One-off pay awards to address concerns over the retention of an executive director have frequently been shown to be ineffective and are therefore not typically supported. Similarly, significant pension contributions in excess of the general pension plan contributions attributable to company employees are, in our view, a cause for concern.

We are of the opinion that remuneration policies have become too complex and question their effectiveness in motivating management. We encourage companies to adopt simpler remuneration structures and refrain from introducing new share award schemes on top of existing plans, as this is, in our view, poor practice. Remuneration arrangements should be clearly disclosed with sufficient detail provided about the performance conditions so that we can make our own assessment of whether the performance conditions are appropriate. A remuneration policy which is brought in-line with accepted good market practice should not be used as justification for an increase in the size of the overall package.

We support giving remuneration committees the flexibility to choose a pay structure which is appropriate for the company's strategy and business needs. This structure may be different to the salary/bonus/ Long Term Incentive Plan (LTIP) model typically followed by many companies. When forming a view on such arrangements, we pay particular attention to the following points:

- Whether the proposals are consistent with the principles set out in these voting guidelines
- The linkage between the proposals and the company's strategic objectives
- Whether or not the proposals have an appropriate long-term focus
- The extent to which the proposals help simplify executive pay
- The impact on the overall level of potential pay

Any proposal which provides for a greater level of certainty regarding the ultimate award should be accompanied by a material reduction in the overall size of the award.

We expect a company to work within its remuneration policy, and only go outside the policy in genuinely exceptional circumstances. Boards must avoid rewarding failure or poor performance; for this reason we do not support the re-testing of performance conditions or the re-pricing of share options under any circumstances.

Implementing a tax-efficient mechanism that favours the participants should not lead to increased costs for the company, including the company's own tax liabilities. Tax gross-ups are not countenanced.

Engagement initiated by remuneration committees is expected to be in the form of a meaningful, timely and responsive consultation prior to the finalisation of the remuneration package; it should not just be a statement of changes already agreed by the remuneration committee.

We call on compensation committees to be far more conservative in setting remuneration plans, to be vigilant of unintended consequences and mindful that, to be credible, executives must have significant levels of "skin in the game". We believe that in order for executives to be paid as entrepreneurs, they must behave as such, i.e. putting their own capital, reputations and livelihood at risk for the long-term benefit of the company and its stakeholders [2].

We acknowledge that compensation committees must take into account the specific circumstances of the company, balance this against a compensation package that incorporates appropriate and challenging performance conditions that are consistent with corporate strategy and market practice, whilst at the same time being able to attract and retain talent. We expect a company's compensation structure to incentivise and reward executives appropriately to be consistent with long-term shareholder interests. We see too many compensation plans that reward executives for short-term goals. We are able through our proxy voting activities to hold members of the compensation committee or equivalent accountable for poor compensation practices or structures.

We understand that compensation differs across geographies and industry; we therefore have a number of principles that underlie our views:

- Shareholders should be provided with clear, comprehensive compensation disclosures. Schemes should be clear and understandable for both investors and executives, and ensure executive rewards reflect long-term performance of the company

- Pay and performance must be appropriately aligned, with an emphasis on long-term value creation. Executives should have material long-term investments in the shares of the company they manage and companies should engage on strategy and long-term performance

- Arrangements that risk "pay for failure" should be avoided at all costs. Pay should be aligned to the long-term strategy and the desired corporate culture throughout the organisation. Where discretion is afforded, the compensation committee should use it to ensure rewards properly reflect business performance

- The compensation committee, where there is one, should be 100% independent

- Non-executive directors pay should be appropriate, and respect the agency principle. This means that non-executive directors are the agents of shareholders and they should not be conflicted in carrying out their duties, by receiving performance based pay. It is acceptable for Non-Executive Directors to receive a fixed fee or a fixed share awards but any performance based award should be avoided except for exceptional circumstances

Environmental, Social and Governance issues

Our fiduciary duty to clients is to act in their best interest; to protect and enhance their economic interest in the companies in which we invest on their behalf. It is within this context that we undertake our responsible investment and corporate governance activities. We believe that well-managed companies will deal effectively with all aspects of their businesses.

We expect companies to identify and report on the material, business- specific ESG risks and opportunities and to explain how these are managed. This explanation should make clear how the approach taken by the company best serves the interests of shareholders and protects and enhances the long-term economic value of the company. The key performance indicators in relation to ESG matters should also be disclosed and performance against them discussed. This helps shareholders assess how well management is dealing with the ESG aspect of the business. Any global standards adopted should be disclosed and discussed in this context.

We hold directors accountable for a company's approach to dealing with ESG issues, and we may reflect our concerns by supporting a shareholder proposal on the issue, where there seems to be either a significant missed opportunity or potential threat or realized harm to shareholders' interests caused by poor management of ESG matters. In deciding our course of action, we will assess whether the company has already taken sufficient steps to address the concern and whether there is a clear and material economic disadvantage to the company if the issue is not addressed. Often we will engage directly with the BoDs or management on a particular ESG concern especially if in our assessment there is potential for material economic ramifications for shareholders (as well as other stakeholders).

We do not see it as our role to make social, ethical or political judgments on behalf of clients. We expect investee companies to comply, at a minimum, with the laws and regulations of the jurisdictions in which they operate and respect relevant norms and values of the societies the operate in. We welcome explanations how companies manage situations where laws or regulations are contradictory or ambiguous.

Our approach to ESG is not "one-size-fits-all". We take relevant market-specific factors into account in our research, aiming for a consistent and responsible approach to ESG. This we believe translates into a consistent approach to voting on ESG issues. We have a robust framework for our proxy voting activity which ensures we're able to engage with businesses in a coherent and meaningful way in relation to ESG issues.

There are a broad range of ESG factors which may pose a risk to the company, its shareholders as well as other stakeholders over the long-term. It is our view that through engaging companies we're in a better position to effect change for the improvement of shareholders and other stakeholders alike. Our overarching approach is to consider whether the company's approach enhances or protects the long-term interests of the business.

[1] Whilst we at GAM have varying holding periods across our funds, we view long- term shareholders' interests as being aligned with the company's business cycle and for a period of more than three years.

[2] We are sceptical of the viability and primacy of shareholder return as a meaningful performance target / metric. There are in our view far more appropriate targets / metrics which management can be measured against.

Important information

GAM Investments