

GAM (U.K.) LIMITED

SECTION 172 STATEMENT

The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('s.172') when performing their duty to promote the success of the Company under s.172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company ("enlightened shareholder value").

This s.172 statement explains how the Directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to the need to foster the company's business relationships with suppliers, customers and others, as well as the impact of the company's operations on the community and the environment.

Directors' duties

The Board has a clear framework for determining the matters within its remit and has approved a board charter and a governance framework document. When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to the impact of decisions on the key stakeholders of the company.

The key stakeholders of the Company include:

- its clients;
- its employees;
- the wider community
- the environment
- the Financial Conduct Authority its regulator, and
- its related entities including the parent company.

The Company was guided by the following group principles and initiatives:

Client engagement

GAM's client focused culture has aided the company in facing the challenges in the industry, as well as those specific to GAM, keeping clients' interests as the top priority. Our product range offers clients access to investment areas that are highly sought after, and, as our investment performance in 2019 shows, deliver strong active returns. Our clients continue to value the relationships we have with them and each employee is charged with protecting our clients' interests by upholding GAM's standards of conduct and maintaining an effective control environment.

Developing our staff, supply chain and other stakeholders to achieve our environmental goals

We feel that strong employee engagement is essential in achieving our environmental goals. GAM has an active 'Sustainability Network' of volunteers that, among other activities, decides which projects to support as part of our carbon offsetting programme. This can include investments in renewable energy, community infrastructure, and conservation and reforestation initiatives. Each project contributes to multiple United Nations Sustainable Development Goals, in addition to the positive impact on the climate.

Inclusive workplace

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

Investment 20/20

Investment20/20 was founded in 2013 with a clear mission to attract talent, from a wider diversity of socio- economic, ethic and educational backgrounds, including those who would not necessarily normally consider a career in investment management. GAM joined the initiative in 2017 and since then has provided opportunities to 34 individuals across many business areas, including nine individuals in 2019. 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.

GAM Charity Art Auction – Lord Mayor's City Giving Day

Over the years, GAM has acquired a substantial corporate art collection through our support of the Royal Academy School and thanks to GAM's founder, Gilbert de Botton, who was a noted connoisseur of modern art. Many of the pieces have been given a new lease of life in the new London office and those artworks that could not be accommodated together with pieces of sentimental, or mostly decorative value, were offered to staff by means of an online auction. All 110 items were sold, raising over GBP 8,000 for the Lord Mayor's Appeal, coinciding with City Giving Day 2019, an annual celebration of volunteering and philanthropy in the City of London and beyond.

Relationship with the FCA

The company has continued to maintain an open, transparent and co-operative relationship with the FCA.

Key strategic considerations and decisions in 2019

We outline some of the principal considerations and decisions made by the Board over the year, highlighting how the Directors have engaged with, or in relation to, the different key stakeholder groups and how stakeholder interests were considered over the course of the board's considerations and decision-making.

- Successful liquidation of ARBF strategy marked an important milestone for GAM

On 30 July 2019, GAM successfully liquidated its unconstrained/absolute return bond funds (ARBF) and returned an average of 100.5% of net asset value to clients relative to the valuations at the time the liquidation of the respective funds commenced. Our decision to suspend charging management fees immediately and repaying our investors demonstrated our commitment to doing the right thing for our clients. That liquidation phase was challenging for all our stakeholders, especially for our clients who were invested in the ARBF strategy. We firmly believe that throughout the whole process, GAM

took decisive action and the appropriate steps to deal with this matter. At all times, GAM's priority was to maximise liquidity and value for its clients while treating all investors fairly.

- **Responsible investing**

The consideration of environmental, social and governance (ESG) factors in investment decisions has been identified as a key part of our strategy to restore long-term shareholder value, and as such is a standing agenda of board meetings. In 2019, we built on the foundations of the previous year and made further progress in the area of responsible investing. We refined our investment processes where appropriate based on our understanding of the long-term trends affecting businesses, the public sector and society. We have integrated sustainable factors into investment processes across a wide range of asset classes, allowing us to follow a holistic approach in our investment decisions. This supports our aim to deliver sustainable long-term value for our clients and enables them to achieve their investment goals. We continued to intensify our engagement with companies on relevant ESG issues and actively voted at company meetings, which we see as instrumental to the improvement of corporate disclosure and transparency.

- **Employee engagement**

2019 saw the introduction of the first independent employee survey since 2002. This has proven to be a huge support for our people agenda and our intent is to conduct these surveys every year with the expectation of increasing our engagement index year-on-year.

Developing our culture and conduct in an effort to strengthen the control environment and its segregation of duties, a decision was made that investment managers would not be appointed as directors of subsidiary boards.

The company carried out an in-depth review aimed at strengthening and embedding its culture and conduct framework in preparation for the entry into force of the FCA's Senior Managers and Certification Regime. A GAM Group code of conduct exists, and training is provided to support the delivery of the conduct and behaviours expected of our employees

- **Simcorp**

The company approved a partnership with investment management solutions provider SimCorp. The partnership will unify GAM's technology on a single platform that is already used and trusted. Extending SimCorp right across our business will bring many advantages, helping to simplify our operations and improving our client experience and also deliver attractive returns for our shareholders.

GAM INTERNATIONAL MANAGEMENT LIMITED

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2019 saw the introduction of the first independent employee survey since 2002. This has proven to be a huge support for our people agenda and our intent is to conduct these surveys every year with the expectation of increasing our engagement index year-on-year. Under the oversight of the board, GAM will be working with its employees to build solutions to the feedback provided through a culture working group established in 2019.

- **Developing our culture and conduct**

The company carried out an in-depth review aimed at strengthening and embedding its culture and conduct framework in preparation for the entry into force of the senior managers and certification regime. A Group code of conduct exists and training is provided to support the delivery of the conduct and behaviours expected of our employees. In an effort to strengthen the control environment and its segregation of duties, a decision was made by GAM UK Group that investment managers would not be appointed as directors of subsidiary boards.

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