

The GAM (UK) Limited Pension and Life Assurance Scheme

Implementation Statement

For year ending 31 March 2021

The GAM (UK) Limited Pension and Life Assurance Scheme

Annual Implementation Statement for year ending 31 March 2021

Overview

This document is the Annual Implementation Statement (the “statement”) prepared by the Trustee of the GAM (UK) Limited Pension and Life Assurance Scheme (the “Scheme”), covering the year to 31 March 2021 (“the year”).

The purpose of this statement is to:

- Set out the extent to which, in the opinion of the Trustee, the terms of the Scheme’s Statement of Investment Principles (the “SIP”) and therein, the Trustee’s voting and engagement policies, have been followed during the year.
- Describe the voting behaviour (including “most significant” votes) by, or on behalf of, the Trustee and state any use of services of a proxy voter during that year.

A copy of this statement will be made available on the following website alongside the most recent SIP (which is dated May 2021).

www.gam.com/en/legal/ukgam-pension

As the SIP was amended during the year, this statement considers the items outlined above by reference to the content of the previous SIP which applied prior to May 2021 as well as the SIP dated May 2021.

Adherence to the Trustee’s engagement and voting policies

The Trustee’s policies in relation to engagement and voting are set out in the SIP. The key policies that were in place for the year are stated below alongside commentary on compliance over the period:

Monitoring

- *To maintain alignment, managers are provided with the most recent version of the Scheme’s Statement of Investment Principles on an annual basis and are required to confirm that the management of the assets is consistent with those policies relevant to the mandate in question.*
- *The Trustee will meet regularly with the Investment Managers to satisfy themselves that the Investment Managers continue to carry out their work competently, have the appropriate knowledge and experience to manage the assets of the Scheme and maintain alignment with the Trustee’s policies. If the Trustee in conjunction with its Advisers is not satisfied with an Investment Manager it will require that the Investment Manager takes such steps to satisfy it in this respect, or it will remove the Investment Manager and appoint another.*
- *For most of the Scheme’s investments, the Trustee expects the Investment Managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved financial and non-financial performance over these periods*

To incentivise the Investment Managers to maintain alignment of investment strategy and decisions with the policies, managers have been provided with the most recent version of the Scheme’s SIP and each has confirmed that the management of the assets is consistent with those policies relevant to the mandate in question. Furthermore, the Investment Manager Agreement in place with the Scheme’s return-seeking asset Investment Manager includes a requirement to exercise their powers of investment with a view to giving effect to the SIP so far as reasonably practicable.

The Trustee assesses the performance and the ongoing suitability of the Scheme's Investment Managers through regular reporting. The Trustee or its representatives meet with each Investment Manager on a regular basis to discuss their performance, activity and any wider issues. The Trustee's Investment Advisers also assist in monitoring the Investment Managers, both in the form of written reports and attendance at meetings, and have engaged with the relevant Investment Managers over the year to investigate how they consider ESG and other factors.

No issues were identified in the year.

No new Investment Managers were appointed over the year.

Corporate Governance

- *The Trustee's policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the Investment Managers on the Trustee's behalf, having regard to the best financial interests of the members. The Trustee has been made aware of each Investment Manager's corporate governance policy and has delegated the exercise of such rights to the Investment Managers.*

Voting activities of the Scheme's relevant investment managers is set out later in this Statement.

Socially responsible investing, stewardship and sustainability

- *The Trustee recognises that sustainable investment factors, such as (but not limited to) environmental (including climate change related risks), social and governance (ESG) matters are financially material over the long-term. The Trustee takes account of financially material risks and opportunities in consultation with its advisers and discussion with its existing and prospective Investment Managers. All risks and opportunities are considered for materiality and impact within a broad risk management framework, which takes account of members' investment time horizons and objectives.*
- *The Trustee's policy is that day-to-day decisions relating to the investment of Scheme assets is left to the discretion of its Investment Managers. This includes consideration of all financially materially factors and other relevant matters, including capital structure of investee companies, actual and potential conflicts, other stakeholders and the ESG impact of underlying holdings. The Trustee explores these factors with its Investment Managers to understand how they exercise these duties in practice*
- *When considering the appointment of new managers, and when reviewing existing managers, the Trustee, together with the Investment Adviser, looks to take account of the approach taken by managers with respect to sustainable investing including voting policies and engagement where relevant.*
- *The Trustee expects the Scheme's Investment Managers to have effective stewardship, both through voting and engagement. The Trustee delegates the responsibility for the stewardship activities (including voting rights and engagement activities) attaching to the investments to the Scheme's Investment Managers.*

Voting activities of the Scheme's relevant Investment Managers are set out later in this Statement.

UK Stewardship Code

- *The Trustee recognises the Financial Reporting Council's UK Stewardship Code as best practice and encourage its Investment Managers to comply with the UK Stewardship Code or explain where they do not adhere to this policy.*

The Scheme's Investment Managers are all signatories of the UK Stewardship Code

Conclusion

Through its monitoring processes, the Trustee did not identify any issues of non-compliance with the policies outlined in the SIP, and therefore no remedial actions were required over the year.

In the opinion of the Trustee, its policies in relation to undertaking engagement activities and its policies in relation to the exercise of the rights (including voting rights) attaching to the investments were adhered to over the Scheme year.

Voting behaviour

As part of monitoring the stewardship of the Scheme’s investments, the table below sets out the voting activities of the Scheme’s Investment Managers. This includes any votes cast on the Trustee’s behalf, detail on the Scheme’s Investment Managers’ use of proxy voting and examples of votes cast that they deem to be significant. Some of the Scheme’s underlying investment strategies, such as fixed income, derivatives (where these holdings do not have voting rights attached), property or infrastructure (where voting is not applicable as the strategy will bring with it a high level of ownership and control), have been excluded from the table below.

The table details the voting behaviour of the relevant investment managers, and highlights a selection of “significant votes” as set out by the managers, over the 12 months to 31 March 2021. The significance of votes is determined by the Scheme’s Investment Managers with guidance provided by the Pension and Lifetime Savings Association (PLSA), including consideration of the potential impact on financial outcome, the potential impact on stewardship outcome, the size of holding and whether the vote was high-profile or controversial.

By the date of issue of this statement, 4 of the Scheme’s investment managers had not yet provided the voting data requested by the Trustee. The Trustee and its advisors will continue to pursue this information and will assess this for consistency with policies when it arrives. If no information is ultimately forthcoming then the Trustee may consider its continued investment in such funds.

Underlying Fund Manager and strategy	Portfolio structure	Voting activity	Most significant votes cast	Use of proxy voting
Amundi Index MSCI Europe	Pooled equity fund	Number of votes cast: 1,979 Percentage of eligible votes cast: 87% Percentage of votes with management: 86% Percentage of votes against management: 12% Percentage of votes abstained from: 3%	None as per manager’s definition of significant votes	Amundi use ISS ProxyExchange platform and ISS also provides customised voting recommendations based on Amundi’s voting policy.
First Sentier Global Listed Infrastructure	Pooled equity fund	Number of votes cast: 655 Percentage of eligible votes cast: 97% Percentage of votes with management: 86% Percentage of votes against management: 12% Percentage of votes abstained from: 2%	Company 1: Williams Resolution: Management proposals regarding the re-election of Board of Directors (11 resolutions) Decision: Against Rationale for inclusion: First Sentier wished to register their objection to the implementation of a “poison pill” (an anti-takeover measure that can be used to neutralize activist shareholders). They take a negative view of poison	The global listed infrastructure investment team votes on all issues at company meetings where it has the authority to do so. Voting rights are a valuable asset which should be managed with the same care and diligence as any other asset. Ultimately, shareholders’ ability to influence

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			<p>pills, which can lessen the rights of existing shareholders, and insulate companies from sometimes-beneficial outside forces.</p> <p>Company 2: Union Pacific</p> <p>Resolution: Shareholder proposal for independent chair</p> <p>Decision: For</p> <p>Rationale for inclusion: Vote against management. Believe having an independent chair is best practice governance</p>	<p>management depends on shareholders' willingness to exercise those rights.</p> <p>The team utilise the proxy voting services of Glass Lewis, and seek recommendations from a selection of research providers, but retain full control of their voting decisions.</p>
GAM EM Equity	Pooled equity fund	<p>Number of votes cast: 2,173</p> <p>Percentage of eligible votes cast: 99.95%</p> <p>Percentage of votes with management: 90%</p> <p>Percentage of votes against management: 10%</p> <p>Percentage of votes abstained from: <1%</p>	<p>Company 1: FirstRand Ltd.</p> <p>Resolution: Approve remuneration implementation report</p> <p>Decision: Against</p> <p>Rationale for inclusion: GAM did not support this resolution because Executive Directors were granted retention awards which were designed specifically to compensate for lapsed LTIP awards due to the impact of COVID-19. These awards were significant in value, were not performance-based and vested in annual tranches.</p> <p>Company 2: Techtronic Industries Co., Ltd.</p> <p>Resolution: Elect Vincent Ting Kau Cheung as Director</p> <p>Decision: Against</p> <p>Rationale for inclusion: GAM voted against this resolution as the nominee is non-independent due to a Professional Relationship and has served on the board for 12 years or more. GAM value independence on the board highly. GAM will engage with the company given the significant shareholder opposition.</p>	<p>GAM retain the services of a proxy advisor (Institutional Shareholder Services (ISS)) to assist in implementing and administering proxy voting.</p> <p>ISS provides written analysis for each company resolution based on GAM custom policy, but the ultimate voting decision is made by GAM.</p> <p>The Governance and Responsible Investment team is responsible for reviewing each meeting and making voting recommendations which are all reviewed and approved by the relevant investment manager.</p>

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<p>GAM Star Continental European Equity</p>	<p>Pooled equity fund</p>	<p>Number of votes cast: 804</p> <p>Percentage of eligible votes cast: 96%</p> <p>Percentage of votes with management: 97%</p> <p>Percentage of votes against management: 3%</p> <p>Percentage of votes abstained from: <1%</p>	<p>Company 1: Epiroc AB</p> <p>Resolution: Approve remuneration policy</p> <p>Decision: Against</p> <p>Rationale for inclusion: Remuneration policy allows for uncapped discretionary payments of sign-on and retention bonuses. GAM do not support the used of uncapped awards.</p> <p>Company 2: Ferrari NV</p> <p>Resolution: Re-elect Delphine Arnault as Non-Executive Director</p> <p>Decision: Against</p> <p>Rationale for inclusion: Poor board attendance rate. In 2019 she missed 2 out of 4 meetings and in 2018 she missed 1 out of 3 meetings. No explanation has been provided as to why she is not able to attend and fulfil her duties. GAM values strong Board composition and expect Directors to bring value.</p>	
<p>GAM Star Japan</p>	<p>Pooled equity fund</p>	<p>Number of votes cast: 289</p> <p>Percentage of eligible votes cast: 100%</p> <p>Percentage of votes with management: 95%</p> <p>Percentage of votes against management: 5%</p> <p>Percentage of votes abstained from: 0%</p>	<p>Company 1: SMC Corp.</p> <p>Resolution: Elect Director Katsunori Maruyama</p> <p>Decision: Against</p> <p>Rationale for inclusion: There are only 2 independent directors on the Board which means only 20% of the Board is independent. In the absence of a Nomination committee, GAM voted against the Board Chairman and president, Katsunori Maruyama.</p> <p>Company 2: OBIC Co.</p> <p>Resolution: Elect Director Masahiro Noda</p> <p>Decision: Against</p> <p>Rationale for inclusion: There were no changes to the Board structure, which means the independence remain particularly low (11%). In the</p>	

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			absence of a Nomination Committee, the Board Chairman was held accountable for this concern.	
Invesco EQQQ Nasdaq 100	Pooled equity fund	Details not provided by manager	N/A	
iShares Edge MSCI USA Quality	Pooled equity fund	Details not provided by manager	N/A	
iShares Core S&P500 UCITS ETF	Pooled equity fund	<p>Number of votes cast: 6,590</p> <p>Percentage of eligible votes cast: 99%</p> <p>Percentage of votes with management: 98%</p> <p>Percentage of votes against management: 2%</p> <p>Percentage of votes abstained from: <1%</p>	<p>Company 1: 3M Company</p> <p>Resolution: Consider pay disparity between executives and other employees</p> <p>Decision: Against</p> <p>Rationale for inclusion: Company already has policies in place to address these issues</p> <p>Company 2: Abbott Laboratories</p> <p>Resolution: Elect Director Nancy McKinstry</p> <p>Decision: Against</p> <p>Rationale for inclusion: Vote against sitting CEO for serving on an excessive number of public company boards which</p>	

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			we believe raises substantial concerns about his/her ability to exercise sufficient oversight on this board.	
iShares EM Enhanced UCITS ETF	Pooled equity fund	Details not provided by manager	N/A	
Legg Mason ClearBridge Infra Value	Pooled equity fund	Details not provided by manager	N/A	External service provider Institutional Shareholder Services Inc. ("ISS") is utilized mainly for the administrative side of the proxy voting process. ISS provides ballot reconciliation, which ClearBridge augments with share level reconciliation. ClearBridge also purchases research from ISS.
Lyxor Hwabao MSCI China	Pooled equity fund	As of now, the exercise of voting rights has not been performed on the Lyxor Hwabao WP MSCI China A (DR) UCITS ETF as the fund was not included into the LYXOR's voting scope. For more details on the definition of the scope, please refer to the LYXOR's voting and engagement policy: https://www.lyxor.com/en/engagement-and-voting-policy-liam-2021	N/A	LYXOR uses the services of an external provider. This proxy advisor establishes analysis and provides voting recommendations according to LYXOR's voting guidelines. LYXOR relies on these recommendations but decides on the basis of its own voting policy and retains the final decision. After conducting a market survey of the different providers, LYXOR currently uses the services of ISS (Institutional

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				Shareholder Services).
SPDR S&P500 UCITS ETF	Pooled equity fund	<p>Number of votes cast: 6,585</p> <p>Percentage of eligible votes cast: 99%</p> <p>Percentage of votes with management: 91%</p> <p>Percentage of votes against management: 9%</p> <p>Percentage of votes abstained from: <1%</p>	<p>Company 1: AmerisourceBergen Corporation</p> <p>Resolution: Advisory Vote to Ratify Named Executive Officers' Compensation</p> <p>Decision: Against</p> <p>Rationale for inclusion: This item does not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.</p> <p>Company 2: Chevron Corporation</p> <p>Resolution: Report on climate change</p> <p>Decision: Abstain</p> <p>Rationale for inclusion: SSGA is abstaining on the proposal as the company's disclosure and/or practices related to climate change are broadly in line with market standard but could be enhanced.</p>	In order to facilitate SSGA's proxy voting process, SSGA retains Institutional Shareholder Services Inc. (ISS), a firm with expertise in proxy voting and corporate governance. SSGA utilizes ISS's services in three ways. First, as SSGA's proxy voting agent, ISS provides SSGA with vote execution and administration services. Second, ISS applies SSGA's Proxy Voting Guidelines where appropriate. Lastly, ISS provides the highest level of research and analysis related to general corporate governance issues and specific proxy items.
UBS ESG UCITS ETF	Pooled equity fund	<p>Number of votes cast: 4,223</p> <p>Percentage of eligible votes cast: 99%</p> <p>Percentage of votes with management: 75%</p> <p>Percentage of votes against management: 25%</p> <p>Percentage of votes abstained from: 0%</p>	<p>Company 1: Exxon Mobil Corporation</p> <p>Resolution: Elect Director Darren W. Woods</p> <p>Decision: Against</p> <p>Rationale for inclusion: The Company has not shown sufficient progress against UBS' defined climate related engagement objectives since the start of dialogue in September 2018</p> <p>Company 2: Chevron Corporation</p> <p>Resolution: Report on Climate Lobbying Aligned with Paris Agreement Goals</p> <p>Decision: For (Against Management)</p> <p>Rationale for inclusion: We support proposals that require</p>	UBS AM retain the services of Institutional Shareholder Services (ISS) for the physical exercise of voting rights and for supporting voting research. UBS retain full discretion when determining how to vote at shareholder meetings.

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			<p>issuer to report information concerning their potential liability from operations that contribute to global warming, their goals in reducing these emissions, their policy on climate risks with specific reduction targets where such targets are not overly restrictive, and the degree to which a company is in line with its industry sector's 2 degrees glide path.</p>	
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