

GROUP SUSTAINABLE INVESTING GUIDELINES FOR GAM

February 2015

GAM
Hardstr. 201
CH-8037 Zurich
Switzerland

T. +41 (0) 58 426 37 00
F. +41 (0) 58 426 30 31
E. media@gam.com

Group Sustainable Investing Guidelines

GAM Holding AG (the “Group”) is an independent, pure-play asset manager. It is run with the long-term view required for active investing. This approach is reflected in our investment-led culture, processes and structures. By decentralising our investment decision-making and not enforcing a ‘house view’, we seek to foster independent thinking and to give managers the freedom to invest according to their conviction.

Consistent with this approach, each of our investment teams has the duty to explore all aspects that could potentially impact their investment decision-making in the best interest of our clients, including the consideration of environmental, social and governance (“ESG”) aspects and active ownership practices. These can potentially have a material impact on investment risk and investment opportunities and therefore on long term investment returns.

In fulfilling their obligation to act in the best interest of our clients, our investment managers have considerable autonomy over their investment processes, including how they integrate ESG factors. The Group has committed to providing infrastructure support, research resources, proxy voting services, engagement support and reporting which allow our investment teams to strengthen their consideration of ESG aspects over time. We are also committed to reporting on our activities and progress as part of our semi-annual Group financial reporting, in order for our stakeholders to be informed about where and to what extent ESG aspects are part of our investment processes.

Similarly, the Group is committed to undertake measures to encourage our stakeholders, including clients and partners, to increase their engagement with us on issues regarding sustainable investing in a pragmatic and collaborative manner.

Group approach to sustainable investing

In formalising a set of Group Sustainable Investing Guidelines, we lay the foundation for working with our investment teams over time to encourage and explore the most appropriate ways for them to integrate ESG considerations into their investment processes. Our overarching aims are to better satisfy our fiduciary duty and to address the concerns of our clients.

The Group’s definition of sustainable investing is the consideration, where relevant, of ESG factors within investment processes. As investors, we consciously and responsibly support the development of just, stable, well-functioning and well-governed societies and economies, and sound environmental practices, where we can as these usually underpin the generation of long term sustainable returns.

Incorporation of ESG aspects

The incorporation of ESG aspects has the potential to reduce risk in the course of top-down, bottom-up and/or asset allocation decisions. Under-researched ESG-related areas may offer return enhancement opportunities that can have material impact on our investments.

We appreciate that, by its nature, the incorporation of ESG data into investment decision-making must vary by asset class, geography and investment approach. To this end, a number of our investment teams have already chosen to incorporate ESG considerations through their investment themes and through the integration of ESG aspects alongside conventional financial aspects. Some investment teams have also responded to client-specific demand for ESG-related and ethically driven exclusions at industry and sector level, and have developed investment strategies based on ESG ratings within bespoke portfolios.

We are committed to the ongoing development of support for our teams’ incorporation of ESG aspects into their investment processes.

Active ownership

Active ownership involves our investment teams using their formal rights (eg the ability to vote shareholdings) and their informal influence (eg the ability to engage) to encourage companies to improve their management systems, ESG performance and/or reporting.

We recognise that proxy votes are a valuable asset and must be voted in the best interest of investors to enhance the long term financial performance of investments. We strive towards full proxy voting across the holdings of the Group, to the degree feasible given the operational challenges in specific markets and investment strategies.

As active investors, many of our teams interact intensively with firms' management. The close and ongoing conversations, and the resulting detailed understanding of firms' strategies means that the teams are able to engage directly with them to voice concerns, including ESG-related issues. We fully support this pragmatic dialogue as it may impact the long term results of our clients' investments. Engagement varies based on the breadth, depth, subject matter and investment approach of the different investment teams within the Group.

Key industry initiatives to which the Group complies

As part of our efforts to enhance and protect the economic value of our clients' investments, the Group is a signatory to the following:

- **Principles for Responsible Investment (PRI).** Supported by the United Nations, the PRI is an international network of investors working together to contribute to the development of a more sustainable financial system.
- **UK Stewardship Code.** Published by the Financial Reporting Council, the Code aims to enhance the quality of engagement between asset managers and companies to help improve long term risk-adjusted returns to shareholders.
- **Asset Manager Code of Professional Conduct.** This voluntary code of conduct is offered by the CFA Institute and aimed at helping asset managers practice ethical principles that put client interests first

The Group fully supports the goals of all of these initiatives.

Organisational responsibility

The Group Management Board, which is chaired by the Group Chief Executive Officer, has strategic responsibility for the formulation and the adoption of the Sustainable Investing Guidelines. A dedicated Sustainable Investment Working Group that is chaired by a member of the Group Management Board has operational responsibility for the adoption and the implementation of the Sustainable Investing Guidelines, overseeing, documenting and reporting to the Group Management Board on the progress made.

Reporting

We believe in the highest standards of transparency and reporting as the basis of the trusted relationship between our investment professionals and our clients. We report on our sustainable investment activities and progress as part of the Group financial reporting.



Alexander S. Friedman, Chief Executive Officer