

# GROUP RESPONSIBLE INVESTING GUIDELINES

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## **GAM's responsible investing guidelines**

GAM Holding AG ('GAM') is one of the world's leading independent, pure-play asset managers. Our active investment heritage is built on a foundation of original thought and high conviction investing. We believe that active investing means being responsible investors. Our responsible investing guidelines, set out in this document, are based on our overarching aims to ensure we fulfil our fiduciary duty and meet the evolving requirements of our clients. They apply to GAM and all its underlying entities, collectively referred to as 'the Group'.

As part of our commitment, GAM has established the Responsible Investment Committee (the 'Committee'), which comprises members from the Group Management Board (the 'GMB'). The GMB is tasked by GAM's Board of Directors with the management, oversight and control of the business. The GMB members who form the Committee are Alexander Friedman (Group CEO), Tim Rainsford, Dirk Spiegel and Elmar Zumbuehl. This ensures top level leadership and representation across key business areas - Investments, Distribution, Legal, Risk and Operations. The Committee sets strategy and direction on our responsible investment approach for the Group and is supported by the Responsible Investment Working Group, which comprises a dedicated team of responsible investment specialists that provides guidance and ongoing support to our business activities.

### **Approach**

Although we have a common distribution platform, we actively foster a broad range of independent investment teams who are accorded an extraordinary degree of latitude in their investment philosophies and processes. Each team has the freedom to generate risk-adjusted performance using their individual talents and expertise.

Our approach therefore has been to formulate our environmental, social and governance ("ESG") incorporation strategy to take account of diversity while building a Group-wide responsible investment framework that is robust, systematic and scaleable over time. In line with their investment freedoms, each investment manager is responsible for determining the potential financial material impact of ESG risks on their investments. We believe this is the best way to ensure meaningful integration of ESG criteria into the investment process.

### **Incorporation of ESG aspects**

In our view, the incorporation of ESG factors has the potential to reduce risk and may offer return enhancement opportunities. In the first phase of our ESG integration, we treat ESG issues as potential risk factors. Poorly managed ESG risks may lead to negative investment returns. The core of our framework is the responsibility each manager holds to decide whether ESG risks would, on balance, have a financially material impact on investment performance and long term returns.

We appreciate that the incorporation of ESG data into investment decision-making needs to take account of the characteristics of each asset class and investment style. To this end, a number of our investment teams have already chosen to incorporate ESG considerations through their investment themes alongside conventional financial analysis. We undertake further client-specific screening requests, whether ESG-related or not, on a segregated mandate basis.

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.

## **Active ownership**

We recognise that proxy votes are a valuable asset and must be exercised in the best interest of investors to enhance the long term financial performance of investments. We believe that the authority to vote can be delegated or retained but should always be voted in the best interests of investors. Please see our Group Proxy Voting document which sets out our approach in more detail.

As active investors, many of our teams interact intensively with company management. The close, ongoing conversations and in-depth understanding of their investments mean our teams are well-placed to engage directly on any areas of concern, including ESG-related risks. We fully support this pragmatic dialogue as it may impact the long term results of our clients' investments.

## **Key industry initiatives**

We align ourselves with key industry initiatives that reflect our core values. Some examples are:

- GAM signed up to the United Nations-supported Principles for Responsible Investment (PRI) in December 2014.
- GAM International Management Limited signed up to the UK Stewardship Code in December 2010.
- GAM USA claims compliance with the CFA Institute's Asset Manager Code of Professional Conduct as of July 2011.

## **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. GAM is 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. GAM reports on its activities and progress as part of its annual financial reporting, in order for stakeholders to be informed on progress and developments.

Our guidelines will be reviewed regularly and updated to take account of improvements and refinements to our approach as well as to reflect changes in industry best practice.