

## APPENDIX I- ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS

### GAM MULTISTOCK – SWISS SMALL & MID CAP EQUITY

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph of Regulation (EU) 2020/852

Product name: GAM MULTISTOCK – SWISS SMALL & MID CAP EQUITY

Legal entity identifier: 549300Z1JPR983W28B98

### Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : ____%	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> : ____%	<input type="checkbox"/> with a social objective
<input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>	

*The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.*

***Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.*

#### What environmental and/or social characteristics are promoted by this financial product?

GAM MULTISTOCK – SWISS SMALL & MID CAP EQUITY (the “Financial Product”) promotes the following environmental and social characteristics:

- 1) Exclusion of companies involved in specific activities considered to cause negative environmental and/or social impact, as described in the Sustainability Exclusion Criteria,
- 2) Adherence to generally accepted international norms and standards set by the United Nations Global Compact (UNGC),
- 3) Consideration of Principal Adverse Impacts on sustainability factors as detailed in Table 1 of the SFDR

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Delegated Act,

- 4) Investments in companies assessed to follow good governance practices, and
- 5) Engagement with investee companies on ESG issues in line with GAM Investment's Engagement Policy and Principal Adverse Impact Statement.

These characteristics are achieved through the Investment Strategy and binding characteristics set out in this Appendix. The Sustainability Exclusion Criteria and adherence to the UNGC are achieved through the binding elements (i.e. incorporating hard limits) of the investment strategy of the Financial Product, while the other characteristics are promoted as part of the investment process.

Investors with specific sustainability preferences or sustainability-related objectives should consider the relevant disclosures in the Prospectus and Appendix in detail to ensure that the sustainability profile of the Financial Product reflects such preferences or objectives, in addition to their financial objectives and risk tolerance. Any decision to invest in the Financial Product should take into account both the financial and non-financial characteristics of the Financial Product, as further described in the Prospectus.

Furthermore, investors' attention is drawn to the risk factors outlined in the relevant section of the Prospectus, which should be considered before investing in the Financial Product.

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the Financial Product.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

***Sustainability indicators*** measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the environmental and/or social characteristics of the Financial Product. Additional indicators for adverse impact are reviewed as part of ongoing monitoring of the environmental and social characteristics of the Financial Product.

**Involvement in controversial weapons:** share of investments in investee companies involved in the manufacture or selling of controversial weapons.

**Involvement in weapons manufacturing or weapons component manufacturing:** share of investments in investee companies involved in the manufacture of military weapons systems, and/or tailor-made components of these weapons systems, and/or tailor-made products or services that support military weapons systems (above 10% revenue threshold).

**Involvement in assault weapons for civilian customers:** share of investments in investee companies involved in the manufacture and sale of assault weapons to civilian customers (above 10% revenue threshold).

**Involvement in tobacco manufacturing:** share of investments in investee companies involved in the manufacture of tobacco products (above 5% revenue threshold).

**Involvement in tobacco retail and distribution:** share of investments in investee companies involved in the distribution and/or retail sale of tobacco products. (above 25% revenue threshold).

**Involvement in oil sands extraction:** share of investments in companies involved in oil sands extraction (above 25% revenue threshold).

**Involvement in thermal coal:** Share of investments in companies involved in mining thermal coal or from generating electricity from thermal coal (above 25% revenue threshold).

**Violations of UN Global Compact principles:** share of investments in investee companies that have been involved in violations of the UNGC principles,

**Engagement activity:** Number of ESG-related engagement activities the Investment Manager was involved in relating to the Financial Product.

**Principal Adverse Impacts:** The following indicators for adverse impacts, from Tables 1, 2 and / or 3 of Annex I of the SFDR Delegated Act, will be reported on as a minimum. This list may be expanded over time.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

Additional indicators for adverse impact are reviewed as part of ongoing monitoring of the environmental and social characteristics of the Financial Product.

**Scope 1 & Scope 2 Greenhouse gas (GHG) emissions:** Absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO<sub>2</sub> equivalent

**Investments in companies active in fossil fuel sector:** share of investments in companies active in the fossil fuel sector.

**Gender diversity on the Board** (also included in good governance): percentage of board members who are female. For companies with a two-tier board, the calculation is based on members of the Supervisory Board only

**Good governance:** The following indicators will be reported on as a minimum. This list may be expanded over time. Additional indicators for good governance are reviewed as part of ongoing monitoring and voting decisions relating to holdings in the Financial Product.

**Board independence:** the percentage of board members that meet our independent of management criteria, as defined by a third-party data provider. For companies with a two-tier board, the calculation is based on members of the Supervisory Board only.

Reporting on the above indicators will rely on sustainability-related data. The quality, timeliness, completeness, and availability of sustainability-related data may still not be comparable with the general quality, timeliness, completeness, and availability of more standardised and traditional financial data. The Investment Manager may be required to use estimates, proxies or otherwise apply subjective judgements in assessing sustainability risk which, if incorrect, may result in the Financial Product suffering losses (including loss of opportunity). Investors' attention is drawn to the GAM Investments Responsible Investment Policy for further details.

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable (the Financial Product does not claim to make sustainable investments)

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable (the Financial Product does not claim to make sustainable investments)

**How were the indicators for adverse impacts on sustainability factors considered?**

Not applicable.

**How do the sustainable investments comply with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights? Details:**

Not applicable.

**Does this financial product consider principal adverse impacts on sustainability factors?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Yes, the Financial Product takes into account principal adverse impacts (PAIs), as detailed in Table 1, and noting the additional indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Act, on sustainability factors in a qualitative and/or quantitative way dependent on the relevance of the specific indicator and the quality and availability of data. Additional details are provided in our Principal Adverse Impact statement. Where there are exclusions linked to PAIs, these are outlined in the Sustainability Exclusions. Specific sustainability indicators that will be reported on an annual basis are outlined as above.

**Greenhouse gas emissions** – a range of indicators in relation to company GHG emissions and carbon emission reduction initiatives are reviewed as part of the investment process, and are primarily addressed in a qualitative way, for example through engagement with selected companies on reduction targets and initiatives or voting on resolutions to support greater transparency on climate-related risks. Companies assessed to derive over 25% of revenue from thermal coal mining, electricity generation from thermal coal, or from oil sands extraction are excluded from the Fund.

**Biodiversity, water & waste** – indicators in relation to a companies impact on biodiversity, including deforestation, water and waste, are reviewed as part of the investment process and are primarily addressed in a qualitative way, for example through engagement with selected companies

**Social and employee matters** – a range of PAI indicators are reviewed as part of the investment process. Companies assessed as severely violating UN Global Compact principles or assessed as having exposure to controversial weapons are excluded from the Financial Product. Board gender diversity is considered primarily within our engagement and voting decisions.

#### **What investment strategy does this financial product follow?**

*The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.*

Details of the investment process are provided in the section of the Prospectus relating to the Financial Product. The environmental and social characteristics of the Financial Product are integrated into the investment process and implemented on a continuous basis as follows:

#### **SUSTAINABILITY EXCLUSIONS**

Involvement by the issuer in the following activities, beyond the revenue threshold specified, would result in the investment being ineligible:

- Involvement in controversial weapons, including anti-personnel mines, biological and chemical weapons, cluster munitions, depleted uranium, nuclear weapons, and white phosphorus. Involvement means direct exposure to the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.
- Derive over 10% of their annual revenue from the manufacture of military weapons systems, and/or tailor-made components of these weapons systems, and/or tailor-made products or services that support military weapons systems.
- Derive over 10% of their annual revenue from the manufacture and sale of assault weapons to civilian customers.
- Derive over 5% of their annual revenue from the manufacture of tobacco products.
- Derive over 25% of their annual revenue from the distribution and/or retail sale of tobacco products.
- Derive 25% of their annual revenue from the extraction of oil sands.
- Derive over 25% of their annual revenue from the mining of thermal coal or from generating electricity from thermal coal, unless the issuer has published a coal phase-out plan.

Exclusions are programmed, on a best-efforts basis, into the investment controls, drawing on information from independent ESG rating providers and recognised third party sources. Should an investment breach the Sustainability Exclusion Criteria detailed above once in the Financial Product, the Investment Manager will determine how best to either liquidate the position, if appropriate, or where applicable take action to remediate the situation through active engagement with the issuer. The Investment Manager will abstain from investing in similar investments until the identified ESG issue(s) is resolved and the relevant position is no longer considered in breach of the Financial Product's sustainability exclusion criteria detailed above.

#### **INTERNATIONAL NORMS AND STANDARDS**

Companies are expected to adhere to minimum international norms and standards as defined by the United Nations Global Compact (the "UN Global Compact"). Companies assessed as having seriously breached the

UN Global Compact are excluded, unless the issuer is considered to have taken substantial and adequate steps to have addressed the allegations.

The UN Global Compact is a special initiative of the United Nations Secretary-General which calls companies worldwide to align their operations and strategies with ten principles in the areas of human rights, labour rights, the environment and anti-corruption. Further information is available at [www.unglobalcompact.org](http://www.unglobalcompact.org).

The Sustainability Exclusion Criteria and adherence international norms and standards incorporate hard investment limits and are, therefore, considered binding elements of the investment strategy of the Financial Product (see next section for more details).

The following characteristics are promoted as part of the investment process and do not have specific hard limits attached although these processes are integral to the environmental and social characteristics of the Financial Product:

- Consideration of principal adverse impacts on sustainability factors (see principal adverse impact on sustainability factors section above),
- Assessment of good governance (see good governance question below), and
- Engagement with investee companies in line with GAM Investment's Engagement Policy.

More information can be found in the "Responsible Investment Policy", "Engagement Policy", "GAM Sustainability Exclusion Policy" and "Principal Adverse Impact Statement" at <https://www.gam.com/en/corporate-responsibility/responsible-investing>

**What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

GAM views "binding" in this context to mean the incorporation of hard investment limits in the Financial Product. Additional characteristics are promoted as part of the investment process and do not have specific hard limits attached although these processes are integral to the environmental and social characteristics of the Financial Product:

The following elements contain hard investment limits:

**SUSTAINABILITY EXCLUSION CRITERIA AND INTERNATIONAL NORMS AND STANDARDS** – involvement by the issuer in the activities specified above (and within the specific limits) and companies assessed as having seriously breached the UN Global Compact, would result in the issuer being ineligible for investment. The exclusions are applied on a best-efforts basis drawing on information from independent ESG rating providers and recognised third party sources.

**The following investment processes are applied:**

- Integrating a systematic framework to review and take action to mitigate key negative impacts on sustainability factors (see section on key negative impacts on sustainability factors above),
- Assessing good governance (see good governance issue below), and
- Engagement with investee companies on environmental, social and governance issues as part of interaction with management, including engagement following sustainability controversies, PAI review and/or thematic engagement.

For further information, please refer to the "Responsible Investment Policy", the "GAM Sustainability Exclusions Policy" and the "Engagement Policy", which can be accessed via the link on the last page of this Appendix, provided in the answer to the question "Where can I find more product-specific information online?".

Should an investment breach the sustainability exclusion criteria once in the Financial Product, the Investment Manager will determine how best to either liquidate the position, if appropriate, or where applicable take action to remediate the situation through active engagement with the issuer. The Investment Manager will abstain from investing in similar investments going forward until the identified ESG issue(s) is resolved and the relevant position is no longer considered in breach of the Financial Product's sustainability exclusion criteria.

### What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The reduction in the scope of the investments is directly linked to involvement in the activities outlined in the Sustainability Exclusions and will depend on the relevant investible universe. There is no minimum rate of reduction.

### What is the policy to assess good governance practices of the investee companies?

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment strategy incorporates a principles-based approach when assessing good governance. The assessment informs pre-investment decisions and is used by the Investment Manager to satisfy themselves that good governance practices are in place when selecting investments for the Financial Product. In addition, the assessment is conducted on an ongoing basis to inform voting decisions and engagement activity. This includes consideration of board structure and independence, alignment of remuneration, transparency of ownership and control, audit and accounting. Good governance is assessed in a qualitative and/or quantitative way dependent on the relevance of the specific indicator. This includes:

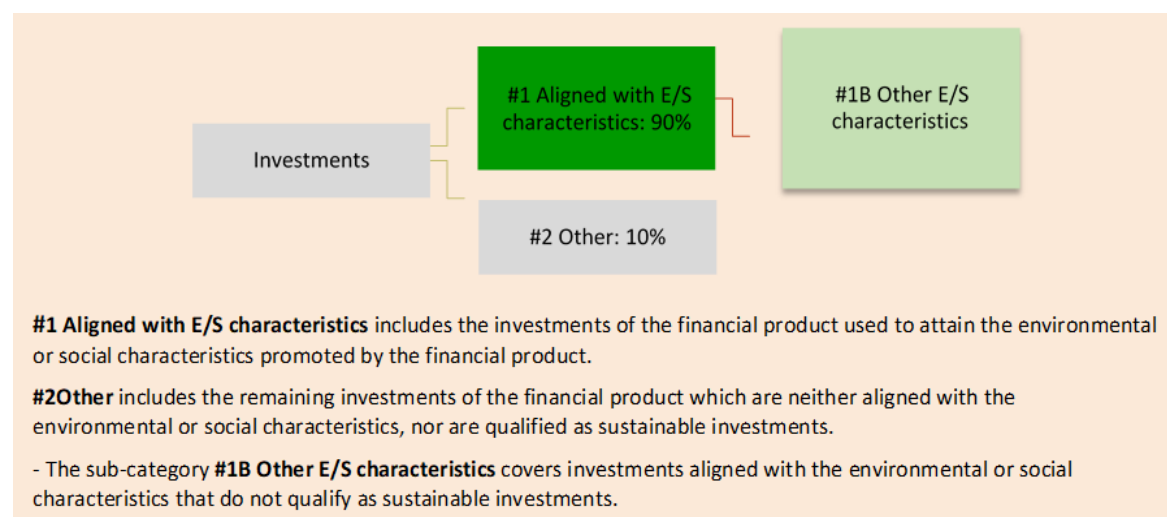
- Sound management structures - including Board independence, Board diversity and audit committee independence
- Employee relations - in particular any serious breaches of UN Global Compact principles are excluded
- Remuneration of staff
- Tax compliance – in particular any companies flagged for significant tax violations

Further details and definitions relating to governance practices are available in GAM Investment's Corporate Governance and Voting Principles and Engagement Policy.

### What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

All assets excluding cash /cash equivalent instruments and/or certain derivatives are aligned with environmental/social characteristics. A minimum of 90% of the Financial Product is expected to be aligned with environmental/social characteristics. We do not deem an assessment of minimum environmental and social safeguards to be relevant for cash and cash equivalents by nature of the asset class



### How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

While derivatives are permitted, their use is limited. Where the underlying exposure of a derivative is an ineligible issuer according to the binding characteristics, the derivative would not be eligible for inclusion in the Financial Product. Derivatives where the underlying exposure is an Index and other derivatives where the

underlying exposure is not a company or sovereign are not aligned to the Financial Product's E/S characteristics and are included in #2 Other.

### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

*Taxonomy-compliant activities are expressed by the share of:*

- **Revenues**, which reflect the share of revenues from green activities of the companies invested in;
- **Capital expenditure (CapEx)**, which shows the environmentally friendly investments made by the enterprises invested in, e.g. for the transition to a green economy;
- **Operational expenditure (OpEx)**, which reflects the green operational activities of the companies being invested in.

While the Financial Product promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in a minimum level of any "sustainable investments" within the meaning of the SFDR and it does not currently commit to a minimum level of investments taking into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. As such, the Financial Product's alignment with such Taxonomy Regulation is not calculated.

Given the recent introduction of the taxonomy, data and reporting on taxonomy alignment remains limited. As data quality and completeness improves, the Financial Product may decide to incorporate taxonomy alignment into the investment strategy and reporting in the future.

### Does the financial product invest in EU tax compliant fossil gas and/or nuclear energy activities<sup>1</sup>?

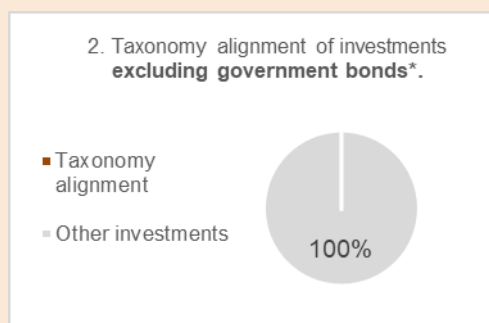
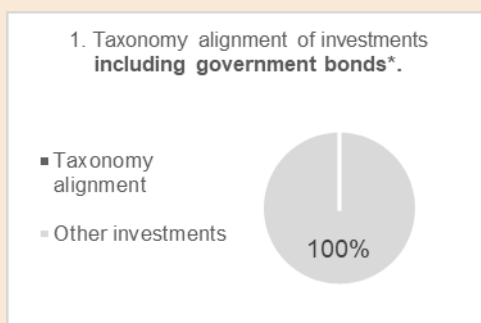
☐ Yes:

☐ in fossil gas      ☐ in nuclear energy

☒ No

Notwithstanding the fact that the Financial Product is not required to invest in fossil gas and/or nuclear energy related activities that comply with the EU taxonomy, the Financial Product may from time to time hold assets that meet the criteria of fossil gas and/or nuclear energy related economic activities that comply with the EU taxonomy.

**In the two charts below, the minimum percentage of investments that are compliant with the EU taxonomy is shown in green. As there is no appropriate method to determine the taxonomy compliance of government bonds<sup>1</sup>, the first chart shows the taxonomy compliance in relation to all investments of the financial product including government bonds, while the second chart shows the taxonomy compliance only in relation to the investments of the financial product that do not include government bonds.**



\* For the purposes of these charts, the term "government bonds" includes all risk positions vis-à-vis sovereigns.

<sup>1</sup> Fossil gas and/or nuclear activities are only EU taxonomy compliant if they contribute to climate change mitigation ("climate change mitigation") and do not significantly affect any EU taxonomy objective - see explanation in the left margin. The full criteria for EU tax compliant economic activities in the area of fossil gas and nuclear energy are set out in Commission Delegated Regulation (EU) 2022/1214.

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**What is the minimum share of investments in transitional and enabling activities?**

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Not applicable.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.

**What is the minimum share of socially sustainable investments?**

Not applicable.

**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

No more than 10% of the Net Asset Value of the Financial Product may be allocated to cash / cash equivalents and / or certain derivatives for liquidity and efficient management of the Financial Product. We do not deem an assessment of minimum environmental and social safeguards to be relevant for cash and cash equivalents by nature of the asset class.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

**Benchmarks** are indices that measure whether the financial product achieves the advertised environmental or social characteristics.

No

**Where can I find more product specific information online?**

More product-specific information can be found on the website:

<https://www.gam.com/en/corporate-responsibility/responsible-investing>

<https://www.gam.com/en/funds/featured-funds/>