

Stewardship Annual Report Highlights 2021

UBS Asset Management



Examples of sustainability outcomes achieved through engagement in 2021

Our approach to stewardship is focused on achieving outcomes. We are proud to share a sample of the sustainability outcomes achieved through engagement.

This sample provides a transparent view of the progress made across our priority topics throughout the year.

Issuer Name	Priority Topics							Outcome achieved
	E		S		G			
	Climate	Environmental Stewardship	Human Rights	Good Work	Directors & Boards	Remuneration	Shareholder Rights & Transparency	
ABB	○					○		ESG targets included in remuneration
AGCO Corporation				○				Employee support improvements and diversity targets set
Alibaba	○							Increased disclosure and setting of carbon targets
Barclays plc	○							Commitments and interim climate change targets set
Bayer AG		○			○			Strengthened governance and board capability in environmental product governance
Bunge Ltd		○	○					Improved supply chain monitoring for biodiversity and human rights
Cadence Design Systems, Inc.				○				Commitment on reviewing ethnicity and equal pay
China Mengniu Dairy Co., Ltd							○	Disclosure improvements and continue engagements regarding Access to Nutrition
CHUBU	○							Interim emissions targets set and start reviewing further climate transition plans
Company A	○							Lack of progress led to investment exclusion
Company B						○		Diversity targets set and one-off payment reconsideration
Company C					○			Lack of engagement led to divesting
Company D				○				Employees support improvements
ENI	○							Improved transparency on climate change plans and objectives
Fortum Oyi	○							Net zero 2050 commitment and interim targets set
Freeport McMoran		○	○					Sustainability approach improved
Intel						○		Follow up engagements due to say-on-pay vote failure
Kissei Pharmaceutical Co., Ltd				○	○			Commitment to improve governance and to increase disclosure
MMC Norilsk Nickel PJSC		○						Initial progress on remediation and prevention steps
Palo Alto Networks Inc						○		Continuing Improvement in remuneration structure
Rio Tinto						○		Disclosure improvements on the corrective actions and vote against remuneration
Roper Technologies				○				Progress on initial steps to improve good work
RWE	○							Progress on climate transition plans
Toshiba Corp					○		○	Directors removed after vote against reappointment
Transurban	○	○						Successful ESG trajectory and strengthened dialogue
Ubisoft				○	○			Employees support and Board diversity improvements

Note: This is not an exhaustive list of all engagements and milestones achieved. Please see the UBS Asset Management 2021 Stewardship Report for case studies and appendix 1 for a full schedule of issuers engaged. Source: UBS Asset Management, 2021






Achieving positive outcomes in alternative assets

As a large-scale asset manager whose business spans the investment spectrum, stewardship extends well beyond

the remit of listed equity. Our role as stewards, covers both traditional and alternative assets.

Tackling targets – Real Estate & Private Markets

A clear goal towards delivering sustainable and ultimately, better-performing assets for our investors

	Real estate targets (rolling 5 years) ¹	Progress against our targets (5-year period) ²	Current achievement (5-year period)
	Reduce by 12.5% energy consumption	Electricity to power 17,000+ houses	9.6% reduced
	Reduce by 10% water consumption	Water to fill 900 olympic swimming pools	21.7% reduced
	Reduce by 10% operating costs	USD 37.9m electricity and water cost savings ³	17.3% reduced
	Reduce by 2030 50% greenhouse gas emission	30,000+ cars taken off the road	21.7% reduced
	Achieve portfolio-wide 50% recycling rate	70,000+ tons of waste diverted ⁴	53.0% diverted ⁴

Source: UBS Asset Management, Real Estate & Private Markets (REPM), February 2022

1 GHG reduction targets determined utilizing the science-based 1.5 degree scenario, in line with the Paris Agreement; All targets above are measured over five-year timeframes except for the recycling rate, which is an annual target.

2 Based on the UBS-AM GRESB Portfolio Analysis Report 2021 (for Amalgamated RE); reflects like-for-like change data for the five-year period ended 31 December 2020.

3 Based on an estimated average electricity cost of USD 148.7 (cost as at 2020) per megawatt hour and average water cost (supply and sewerage) of USD 6.5 (cost as at 2020) per cubic meter.

4 Recycling rate metric based on measurable data for the one-year period ended 31 December 2020.

Engaging with companies is a way to drive change

<p>We held more than 1,150 meetings with prospective or investee companies. Of these, 430 met our definition of engagement.</p>	<p>They covered 295 companies across regions and sectors.</p>	<p>Of these engagements 25% reflected an outcome against objectives.</p>	<p>The dialogue in 37% of the cases, gave us specific insights in relation to AGM items and proxy voting.</p>	<p>39% of engagements with CEO/CFO and other C-Suite.</p>	<p>31% of engagements with Chair and non-executive board members.</p>
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Companies engaged by sector



Communication Services	5%
Consumer Discretionary	12%
Consumer Staples	6%
Energy	7%
Financials	17%
Health Care	9%
Industrials	15%
Information Technology	13%
Materials	7%
Real Estate	2%
Utilities	7%

Companies engaged by region



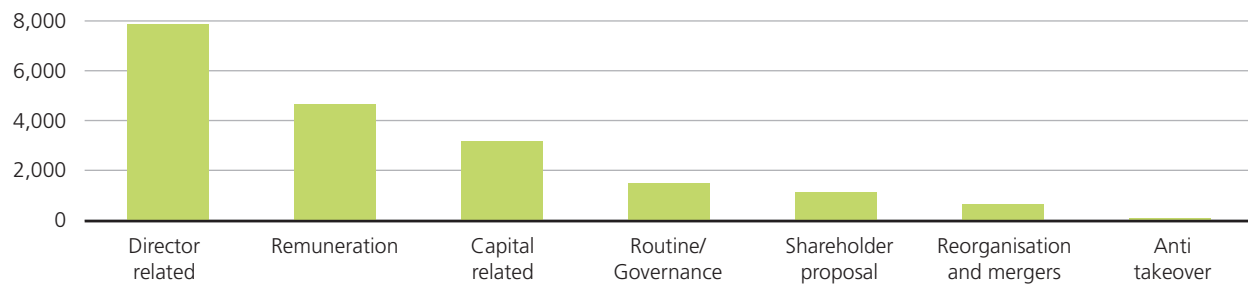
Europe, Middle East and Africa	50%
Americas	31%
Asia-Pacific	19%

Source: UBS Asset Management, 2021

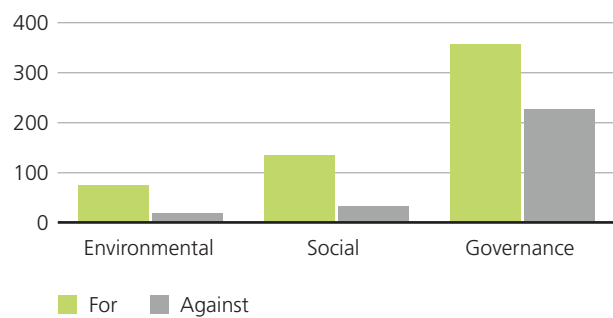
Exercising voting rights is an integral part of our investment approach

<p>We voted at 12,244 meetings in 60 countries on 117,373 separate resolutions.</p>	<p>Voting against management on 18,941 resolutions, representing 16% of votes cast.</p>	<p>We voted on 844 shareholder resolutions which were focused on ESG issues.</p>	<p>We supported 67% of the ESG shareholder resolutions</p>	<p>At 62% of the meetings voted globally at least one resolution was cast as a vote against management.</p>	<p>In 38% of the meetings we voted with management on all proposals.</p>
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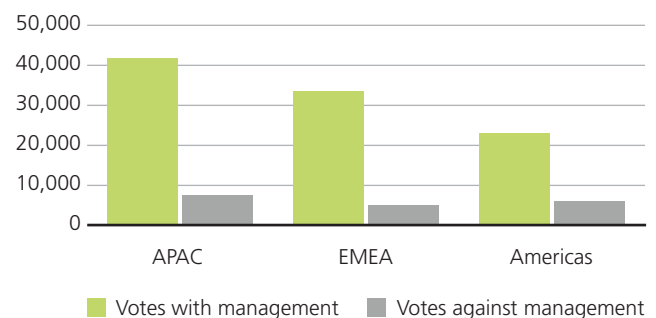
Breakdown of total votes against management



Votes on ESG resolutions



Number of votes with and against management



These figures exclude proposals in the Japanese market requesting to change the articles of association to address environmental issues.
Source: UBS Asset Management 2021

Once again in 2022 UBS Asset Management has been affirmed a signatory to the UK Stewardship Code by the Financial Reporting Council (FRC).



Access to ESG-related research, reports and policies

For the full Stewardship Annual Report 2021, visit the Sustainable and Impact Investing Team's [website](#) where all policies, reports and voting information can be found as well as external assessments and reports.

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Americas

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Australia

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