

Stewardship is key

to mobilizing capital to **sustainable outcomes**



The transition to net zero is taking on even greater urgency. Critical action is required by all economic participants to move the needle on the challenges ahead. This is why sustainability is a main input into all we do at UBS.

At UBS Asset Management, sustainability means thinking and acting with the long term in mind. We have an obligation to our clients, shareholders and employees to apply a long-term lens, and we also have a responsibility to society at large.

For over two decades we have been at the forefront of sustainable finance. We led the way as one of the first financial services firms to sign the United Nations Environment Program's Statement by Financial Institutions on the Environment and Sustainable Development.

In 2015 UBS-AM became a founding member of the Taskforce on Climate-related Financial Disclosures, a founding member of the Net Zero Asset Managers Initiative in 2020 and of the Net Zero Banking Alliance in 2021. Sustainability is high on our clients' agendas, and we want to help them on this journey.

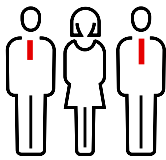
And, stewardship plays a central role on this journey, both in terms of meeting client and regulatory expectations and within our investment approach.

We strongly believe that active ownership by investors can contribute to the long-term sustainability and success of companies and the markets in which they operate. Effective stewardship provides an opportunity for asset managers to identify and influence some of the most pressing environmental, social and governance issues facing investors and companies.

We take an active approach to stewardship across asset classes, through a clear and structured program, encompassing integration of sustainability-related factors into investment decision making, engagement, proxy voting, advocacy with standard setters, and collaboration with market peers and our clients.

We believe Stewardship is one lever to address broader negative externalities across the economy which represent market deficiencies that could cause instability and inefficiencies within the financial markets and global portfolios. Our stewardship program seeks to influence corporate behavior through dialogue and proxy voting.

Voting at shareholder meetings is a vital component of our overall approach and is a crucial part of our oversight role. It enables us to express our views to a company on a broad range of topics and is a way of encouraging boards to listen to and address the concerns of all stakeholders, including shareholders.



- We expect at least **30% female representation** for companies with at least **10 board seats**: Where this is not the case, we will vote against the board director responsible.
- We will now require the Board to include **at least one director from an ethnically diverse background**: For 2022, this will apply to companies in the FTSE 100 and S&P 500.

Engagement with corporations at the board and senior management level is the other pillar of our stewardship. Our discussions with corporate management are conducted around specific issues related to the business strategy, capital allocation, operational management, and/or ESG risks and opportunities of the company that we believe could significantly impact valuations.

We also pursue thematic engagements, which focus on specific People (Social) and Planet (Environmental) themes where we believe we can have an influence as investors through our equity and fixed income exposures and across our active and index strategies. In 2021 we had:

430
engagement meetings

+1150
meetings with company
management teams

25%
of engagements reflected a
positive outcome or progress
towards objective

The outcomes of our engagements provide a clear way to differentiate the progress made by companies on climate change transition. We have identified companies that we can use as best practice in our engagements as well as the specific areas where we consider them to be leading.

At UBS, we are reimagining the power of investing and connecting people for a better world. This is our purpose, and it guides us in everything we do. We call this our global ecosystem for investing – where people and ideas are connected, opportunities are brought to life and where our thought leadership can be impactful.

Collaboration and engagement in action

UBS-AM voted in favor of 100% of climate-related resolutions that were flagged as important by Climate Action 100+. We were one of just 15 firms with such a voting record amongst the 47 largest CA100+ members.

See our full [2021 Stewardship Report](#) to read more about our global approach to stewardship, engagement activities, proxy voting in review, and case studies of stewardship in practice.

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