



UBS Asset Life Ltd - Company
Number 03280762

Public

Statement by the Directors in performance of their statutory duties in accordance with S172(1) of the Companies Act 2006.

The Company is required to comply with Section 172 (1) of the Companies Act 2006. Section 172 (1) is a part of the section of the Act which defines the duties of a company director, and concerns the “duty to promote the success of the Company” for the benefit of its stakeholders whose interests are in the future success of the Company. Stakeholders include shareholders, employees, suppliers and the local communities affected by the Company's activities. A director of a Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- likely consequences of any decisions in the long-term;
- the interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- maintaining a reputation for high standards of business conduct, and
- a need to act fairly as between members of the Company.

The following paragraphs summarise how the directors fulfil their duties:

Purpose Strategy and Consideration of Consequences of Decision For The Long Term

The global AM business, of which the Company is a part, is led by Suni Harford, who is the head of UBS Asset Management AG and, who took office in 1 October 2019. The global AM business has a highly differentiated global client offering, providing investment management products and services, platform solutions and advisory support to institutions, wholesale intermediaries and wealth management clients.

Following this appointment, the overall UBS Asset Management AG strategy has undergone a review and the impact of this review led to some slight strategic changes, however for the company there is no expectation of any major changes to the present strategy which is focused on capitalizing on the areas where we have a leading position to drive further profitable growth and scale, and focus on Climate Aware funds.

We aim to achieve capital growth and/or income returns to investors, while being fully transparent and treating all of our customers fairly.

The Company business continues to evolve as we react to market pressure and fee compression. In 2020 our revenues for the Company totalled £6.0m with AuM £15.4bn.

Our Culture and Conduct

The company does not employ any staff directly, but are supported by employees of UBS Asset Management Holding Ltd, for which a fixed management fee is charged.

The core behaviours of 'Collaboration', 'Integrity' and 'Challenge' form part of the assessment process for all UBS Group employees that are performing activities for the Company. Evidence of performance in these areas forms part of that assessment and therefore has a direct impact on staff compensation. Additionally, all staff attests annually to compliance with key policies, including the 'Code of Conduct' and 'Ethics'. Staffs are also subject to various mandatory trainings each year which include the area of conduct and behaviour. The Boards monitors conduct violation statistics and would take action if necessary, using appropriate escalations. To date, this has not been required. There is also a widely publicised 'Whistleblowing' framework accessible to all staff and this operates from an independent team within UBS Business Solutions AG.

The new Global CEO of UBS AG, Ralph Hamers who took office 1st November 2020, is seeking input from staff on “purpose” which will also be used as a driver for positive culture and conduct.

There is a direct link between staff behaviours and compensation and an independent remuneration committee reviews compensation of staff. The Company’s non-executive directors (see governance below) also have a high level overview to ensure reward is consistent with behaviour. The board and senior managers are subject to the ‘Senior Managers and Certification Regime’ under the Financial Services and Markets Act 2000.

Governance

The entity benefits from two independent non-executive Directors which enables independent constructive challenge. We also have our independent appointed actuary present at all board meetings. An annual board effectiveness self-assessment is undertaken for the board and the various underlying sub-committees. Our Audit Committee is chaired by a Non-Executive Director.

Engagement with Our Customers

UBS Asset Management in the UK has a dedicated client relationship team. It conducts a client survey every 2 years meaning we receive feedback about our products, client relationship, ease of doing business, sale and after sales. This also benchmarks us against the industry and drives our improvement priorities.

Engaging with Our Employees

All our employees are either employed by UBS AG or UBS Business Solutions AG but the cost for the Asset Management division is expensed through UBS Asset Management Holding Ltd. A monthly charge is allocated from UBS Asset Management Holding Ltd to the Company based on an allocation of the time spent by employees on the activities performed for the Company. This charge is reviewed periodically. The below initiatives are some of the main examples of how employees in UBS are engaged with:

- Staff Survey: this is organised globally for UBS though we are able to monitor results at a local entity level. It provides us with insights into how staffs are feeling and enables us to direct resource/support to those areas where improvements are needed.

- Rungway is an online tool where staff can post anonymous questions to colleagues and staffs, including senior management, reply openly for all to see.
- Our "people Agenda" committee strives to connect staff with each other and with management through social, educational and information sharing events. Every area of the business presents, to colleagues, what their function does in a relaxed forum to aid networking and knowledge sharing. Quarterly UK specific town halls are held to educate staff around strategy and latest topics, which have been held virtually from March 2020 due to COVID-19.
- Globally the "Grow Asset Management initiative" has been launched seeking bottom up ideas relating subjects such as training, recruitment, community and diversity.
- "Kudos" is a new scheme launched, enabling staff to highlight the achievements of their colleagues on a global basis.

Due to COVID-19 employees have worked from home on a consistent basis from March 2020, meaning interaction has been using online tools, such as email, chat and calls.

Engaging with Our Shareholders

As part of the UBS group we comply with internal policies and regulations which ensure that our shareholders are informed of our activities on matters such as strategy, performance and governance. All Board Directors must be approved by the Global Executive Committee of UBS Asset Management.

Engaging with Our Suppliers

There is regular communication with our 3rd party suppliers, such as JP Morgan, via voice and email. UBS Business Solution AG is a separate legal entity providing support services to the Company which includes finance, legal, IT, compliance, risk and operations.

Bi-annual reviews are undertaken whereby the delivery of these services are assessed against key performance indicators which have been graded as 'green' which means they have met the required service delivery expectations.

As part of the UBS Group all UBS Business Solutions AG staff utilise the global UBS systems which allows easy communication between business divisions.

UBS has a very robust centralised outsourcing process which involves extensive checks on outsourcing arrangements, especially with regard to the areas of cyber and data security. All Outsourcing relationships are governed by UBS AG's group policy 'Outsourcing, Nearshoring and Offshoring' (1-P-004943). In addition to group policy, UK regulated entities (including UBS Asset Management Life Ltd) must adhere to a local framework as outlined in the AM UK Addendum to this policy which applies to all existing and future outsourcing, either to third parties or inter-entity.

Fund Administration is delegated to JP Morgan which has been authorised by the FCA to provide administration services. The Function of the Transfer agent is delegated by the Company to Northern Trust UK.

Fund Product Control receives regular reports on exceptions/failures in connection with the provision of the services and will request additional information on mitigation measures, their implementation status and causal analysis, if necessary.

In addition, due diligence and ad-hoc reviews can be performed. The due diligence process is initiated once a year with the relevant business unit associated with outsourced services.

Engaging with Our Community and Environment

UBS globally and especially within London operates an award winning community affairs programme.

Throughout 2019 UBS Asset Management division in the UK had 56% of staff involved with some form of community and environmental activity, though this fell to 30% in 2020, in part down to a lack of face to face events due to COVID-19. UBS has very strong links with the Bridge Academy in Hackney, this is our key community partnership. UBS and Into University won the Dragon Award for best "Community partnership" in 2019. We also support Well Grounded which provides employment for refugees, amongst others. In 2020 there has been an increase in on-line interview training and CV reviews for schools and those seeking employment, due to the inability to meet face to face.

Engaging with Our Regulators

We have an open and ongoing dialogue with the FCA and PRA, keeping them informed of the key activities and strategic developments of the firm.