



UBS Asset (UK) Ltd - Company  
Number 01546400

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 stakeholders 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, wealth management clients and retail via the direct dealing offerings.

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, none of which had significant impact on the Company.

This focuses on capitalising on the areas where the Company has a leading position to drive further profitable growth and scale, namely 'Sustainable and Impact Investing', 'Private Markets' and 'Alternative investments', including; Indexed and Alternative Beta, China, Wholesale and Investment Solutions. The Company aims to continue to achieve capital growth and/or income returns to investors, while being fully transparent and treating all customers fairly.

### *Culture and Conduct*

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 attest annually to compliance with key policies, including the 'Code of Conduct and Ethics'. Staff 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 on 1 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 so there is a UBS Group remuneration committee to review compensation of staff. The non-executive directors of the Company (see governance below) also have a high-level overview to ensure reward is consistent with behaviour. Since 9 December 2019, the board and senior managers are subject to the 'Senior Managers and Certification Regime' under the Financial Services and Markets Act 2000.

### *Governance*

The Company benefits from having two independent Non-Executive Directors which enables independent constructive challenge. There is also an annual board effectiveness self-assessment that is undertaken for the Board and the various underlying sub-committees. The Audit Committee for the Company is chaired by an independent non-executive director.

### *Engagement with our Customers*

The Company has a dedicated client relationship team. It conducts a client survey every two years with the last survey being in 2019, meaning the Company receives feedback about its products, client relationships, ease of doing business, sale and after sales services. This also provides a benchmark for the Company against the industry and drives improvement priorities. There is also the 'Product and Consumer Outcomes Committee', which reports to the UK Management and Risk Committee. Whilst this does not have direct touchpoints with our customers, the desire to achieve fair and transparent treatment of customers, drives the agenda and decision making of that forum.

### *Engaging with our Employees*

The Company strives to ensure there are forums in place to encourage feedback and dialogue from its employees to maintain a strong connection and be able to react to their changing needs. This includes;

- The annual 'Staff Survey' where 86% of employees at the Group level participated in and 91% of these participants agreed that at UBS we care about our clients, investors and other colleagues. This is organised globally for UBS Group, but the Company is able to monitor the results at a local company level. It also provides the Company with insights into staff morale and enables the Company to direct resources or support to those areas where improvements are required.

- Rungway is an online tool which provides a forum for employees to be able to get advice on sensitive subjects, ask questions and share their experiences. Questions and experiences can be asked or shared either openly or anonymously and replies can be provided either publicly or privately.
- The '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 on what their function does, and this is in a relaxed forum to aid networking and knowledge sharing. Quarterly UK Asset Management specific town halls are also held to educate staff around strategy and the latest topics.
- Globally the 'Grow Asset Management Initiative' has been launched seeking ideas relating to 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.

#### *Engaging with our Shareholder*

The Company's shareholder is UBS Asset Management Holding Ltd. As part of UBS Group, the Company complies with internal policies and regulations which ensure that the shareholder is informed of the Company's activities on matters such as strategy, performance and governance. All Board of Directors are approved by the President CEO of the UBS Group.

#### *Engaging with our suppliers*

Bi-annual reviews are undertaken with UBS Business Solution AG, a separate legal entity providing support services to the Company which includes finance, legal, IT, compliance, risk and operations. 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.

UBS Group has a robust centralised outsourcing process which involves performing the necessary due diligence on outsourcing arrangements, especially the areas of cyber and data security but ad-hoc reviews can also be performed. This process is initiated once a year with the relevant 'Business Unit' associated with the outsourced services.

#### *Engaging with our Community & Environment*

The award winning 'Community Affairs' programme has managed to successfully operate both globally and locally throughout the COVID-19 pandemic but at a reduced capacity. This was made possible by switching from the usual face to face volunteering initiatives, to remotely based volunteering. Remarkably, participation for the UK was 30% for 2020 (2019: 56%).

Locally, there are very strong links with the Bridge Academy in Hackney and this is a major key community partnership. The Company also supports 'Well Grounded' which provide employment for refugees, amongst others. There has been an increase in on-line interview training and CV reviews for schools and those seeking employment.

#### *Engaging with our Regulators*

There is an open and regular dialogue with the FCA that keeps them informed of the key activities and strategic developments of the Company.