Our Stewardship approach

2024 | UBS Asset Management

For professional / qualified / institutional clients and investors

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Introduction

"The use of influence by institutional investors to maximize overall long-term value including the value of common economic, social and environmental assets, on which returns and clients' and beneficiaries' interests depend."

UN Principles for Responsible Investment

What is Stewardship?

Stewardship describes the activities undertaken by investors to monitor and, where necessary, intervene on matters that may affect the long-term value of investee companies.

This relates to traditional topics such as strategy, performance and capital management, as well as sustainability-related risks and opportunities we deem financially material.

Effective Stewardship is intended to improve risk management and support investment returns, while providing benefits to stakeholders and society.

Our Stewardship commitment

We believe a focused, investment-driven approach to stewardship brings benefits to companies, shareholders and society.

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.

In this document we outline our approach to stewardship across asset classes, including how active ownership is utilized to encourage companies and other investee entities to develop strong approaches to material sustainability-related issues.

As a global large-scale investment manager with a broad range of different investment areas and strategies, the extent of Stewardship activities may vary across the firm.

The practices in this document apply to the UBS Asset Management entities outlined in the appendix, including those defined as institutional investors or asset managers under both the Shareholder Rights Directive II and Article 3g of Directive 2007/36/EC of the European Parliament Sustainable Finance Disclosure Regulation. This document should be read in conjunction with the UBS Asset Management Proxy Voting Policy document and UBS Asset Management Sustainable Investment Policy document.

SECTION 1

Our Stewardship strategy

Leveraging our strength as a global, diversified asset manager to drive positive change

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

As a manager of actively managed, index and rules-based strategies, as well as Real Estate and Private Investments, we believe there are synergies that managing different strategies bring to our stewardship approach. On the one hand, active strategies benefit from the scale and breadth of exposure UBS-AM has to companies across our index strategies, enabling wider corporate access and a greater ability to influence management. On the other hand, the in-depth knowledge of expert financial analysts with sector expertise, and their relationships with corporate management, benefits index strategies through our combined stewardship program and/or insights to support customized index solutions.

> For the past 20 years, client feedback has been essential in developing our stewardship approach.

For index and rules-based strategies, stewardship activities often represent one of the most significant ways in which institutional investors can express their views on key topics and influence company performance.

We believe that effective stewardship is key to addressing broad externalities across the economy that could cause instability and risk in financial markets, such as climate change and loss of biodiversity.

SECTION 2

The components of Stewardship at UBS-AM

An integral part of the investment process, across relevant asset classes

Integrating sustainability factors into investment decision making	– Environmental, social and governance (ESG) factors are monitored using bottom up fundamental analysis and using a proprietary dashboard, which draws upon ESG data to provide a bespoke ESG Signal to the fundamental analysts, supporting and informing the allocation process. – ESG opportunities are explored through proactive thematic research and interactions between portfolio managers, fundamental analysts and SI dedicated analysts create a full spectrum of strategic risks and opportunities through a sustainability perspective.
Engagement	– Constructive dialogue with issuers based on thorough research, with clear objectives and feedback on company actions, to achieve positive outcomes with improved performance. – Thematic based engagement on key material topics with a thorough understanding of global value chain dynamics to drive impact in ESG ecosystem. – Escalation pathways where progress against goals is not achieved.
Exercising shareholder rights through proxy voting	– Commitment to constructive dialogue with companies based upon thorough research, with clear objectives, including feedback on company actions and focused on achieving positive outcomes and solving existing concerns – Thematic People and Planet engagements, with an escalation pathway where progress against goals were not achieved
Proxy Voting	– Voting policy provides framework for voting in the best financial interest of our clients. – Applied consistently and underpinned with case-by-case reviews and insights obtained through our engagement.
Contributing to industry initiatives and advocacy	– Supporting the enhancement of best practices across the investment industry. – Advocacy with policy makers and standard setters on taxonomies and regulation.
Collaborating with peers and our clients	– Collective engagement where appropriate. – Supporting clients with their commitments.
Reporting	– Aggregated global voting record disclosed, including explanations for votes against management, as well as fund level reporting of votes for institutional funds in various markets. – Annual Stewardship Report, explaining actions and outcomes achieved. – Client and fund-specific active ownership reporting.

SECTION 3

Integration of sustainability related factors

Equities and Fixed Income

It is our view that financially material sustainability factors may have a direct impact on the future revenues and costs of companies and other capital issuers in which we invest, and subsequently the long-term risk adjusted rate of return.

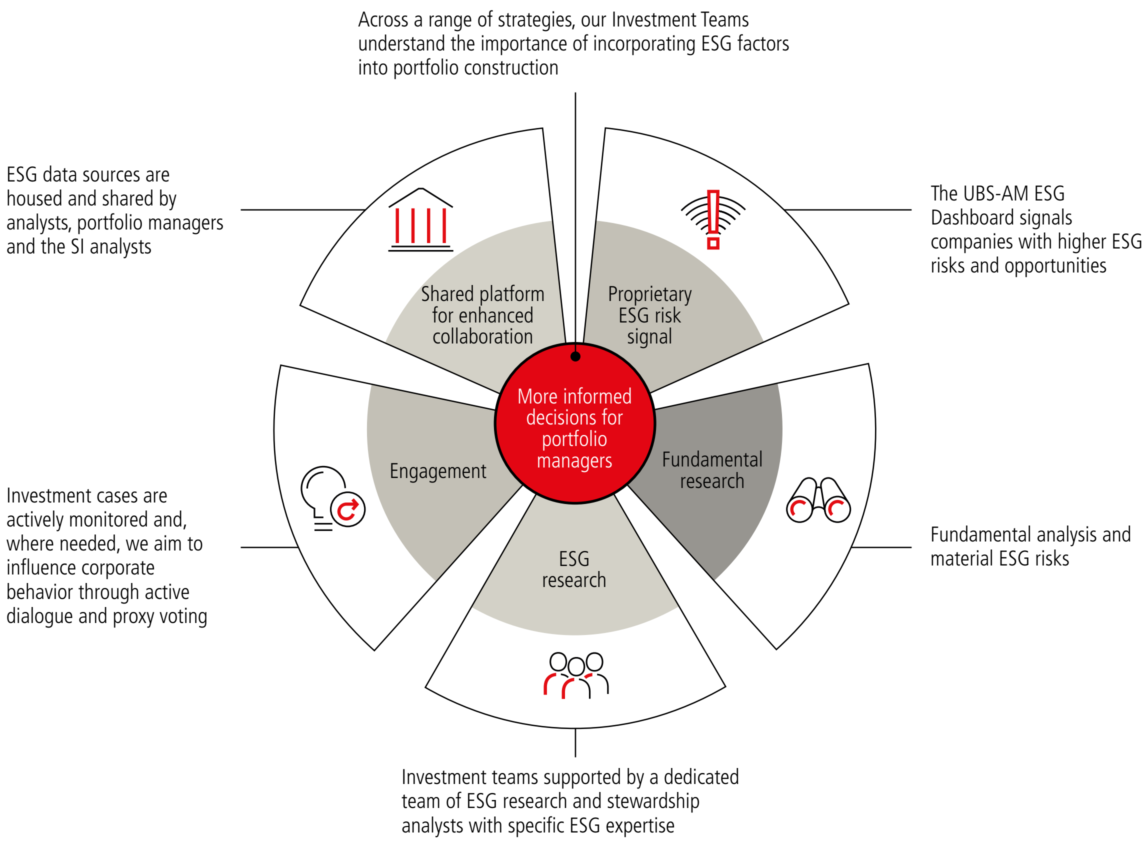
As a result, we seek to protect and enhance the value of clients' assets by assessing and integrating these in our overall company research and active investment decision making process.

Fundamental investment teams have access to relevant datapoints, including environmental, social and governance (ESG) factors via the ESG Dashboard. This dashboard combines multiple ESG data sources (insights, company models, proxy voting activities and engagement notes) to identify companies with material risks or opportunities. The risk signal can be reviewed by investment teams as an integral part of their investment decision process.

For non-corporate issuers, we may apply a qualitative or quantitative ESG risk assessment that incorporates an analysis of material sustainability/ ESG considerations, for instance: climate change and biodiversity, health and well-being, human rights, supply chain management, fair customer treatment and governance. Further information on our approach to integration of sustainability factors into investment decision making is outlined in our Sustainable Investment Policy.

Consideration of principal adverse sustainability impacts (PASI)

Principal adverse impacts (PAIs) are impacts of investment decisions that result in negative effects on sustainability factors. UBS-AM considers PAIs via a combination of approaches that can vary depending on the asset class, investment process, type of strategy, fund range or client objective. UBS-AM's approach to considering PAIs is described in the "UBS-AM PAI Declaration".



SECTION 4

Active ownership framework

"The use of the rights and position of ownership to influence the activities or behavior of investee companies…for listed equities, it includes engagement and voting activities".
UN Principles for Responsible Investment

Part 1 – Engagement

Why and how we engage

Investor Stewardship is also commonly referred to as Active Ownership. It is an integral part of our investment proposition. The UN Principles for Responsible Investment define active ownership as "the use of the rights and position of ownership to influence the activities or behavior of investee companies, markets and economics, and explicitly prioritizes critical systemic goals and collective effort aimed at concrete outcomes, rather than processes and activities".

For listed equity this includes engagement and voting. Under this framework, investors use their influence to shape sustainability outcomes by engaging in more effective and assertive stewardship activities. For other classes such as Fixed Income and Real Estate engagement with the issuer or property partner is the driver to enhance sustainability approaches.

We believe adopting a common approach to engagement enhances our effectiveness. We therefore look at investment exposure across relevant asset classes when selecting companies for engagement.

Three ways our dialogue with companies can contribute to our investment processes and decision making

Our dialogue with issuers can contribute to our investment processes and decision-making in three principal ways: obtaining insights, ensuring accountability and encouraging outcomes.

Insights
Investors can identify and better understand relevant risks and opportunities that issuers face. They can also use engagement and other interactions to assess and build relationships with management and boards. These insights can be integrated into investment decision-making.

Accountability
Investors can hold management and boards to account for their work and assess all aspects of an issuer's performance, activities and behaviors. Seeking accountability to investors can drive focus towards material issues.

Outcomes
Investors can constructively work to influence issuer's key decision-makers. This can contribute to changes in the governance (broadly defined), activities or behaviors of companies, helping them to address potential risks and opportunities, with the goal of protecting or enhancing long-term corporate value.

Definition of engagement

There are different definitions and interpretations of what constitutes engagement.

We regard engagement to be a two-way mutually beneficial dialogue with an issuer, with the objective to share information, enhance understanding and help to improve business practices and performance.

These discussions with company boards and corporate management enable us to explain our expectations and to encourage changes to business practices or governance which we believe protect and enhance long-term value. We refer to the latter aspect as outcome focused engagement. It also allows us to hold boards and management to account.

Companies can explain the relationship between their business model, financial performance and sustainability. In our view, it is this two-way dialogue between investors and companies which defines engagement. We believe that providing feedback and challenge are pre-requisites for effective engagement.

Accordingly, we focus on the quality of our engagement, not the quantity of discussions we have. This provides for clearer messaging to companies on what we expect of them and promotes consistency between engagement dialogue, voting outcomes and investment goals and returns.

For non-corporate debt issuers, such as sovereign or supranational organizations, we believe engagements on targeted issues, such as governance, transparency and disclosure on the use of proceeds are most likely to drive real world positive outcomes.

High level objectives of active ownership

When aiming to contribute to change, we believe it is important to be clear about the high-level objectives of our engagement.

Our active ownership activities are meant to support our overarching goal to protect and enhance the value of our clients' investment portfolios in line with our fiduciary duty. This means that we will pursue engagement objectives that seek to address issuer specific opportunities and risks that we believe have the potential to enhance investment returns.

We believe that to support our clients in achieving their investment objectives over different time horizons and meet regulatory expectations and requirements, we also need to target outcomes that seek to address the drivers of systemic risks. These risks can impact market returns over time, as well as specific companies, potentially enhancing or harming investment returns across portfolios.

Finally, we target outcomes that seek to encourage companies to adhere to global norms, such as the UN Global Compact, with the goal of enhancing the management of company specific risks and supporting investors in meeting their sustainable investing objectives, as well as regulation.
There are interdependencies and significant overlaps between the three categories of outcome objectives described above For example, addressing climate-related opportunities and risks at the company level may contribute to the management of related systemic risk at the market level, particularly over longer time horizons.

This framework guides our selection of themes and issuers for engagement as well as our setting of issuer specific engagement objectives.

How we approach corporate engagement

As one of the largest global asset managers we generally have access to management and company boards across most markets. We leverage this to further engagement dialogue with both executive and non-executive board members, as well as other senior executives and subject specialists.

Our engagement activity is coordinated between our Sustainable Investing team (SI), and broader equity and fixed income investment teams in order to coordinate clear messaging to companies on what is expected of them, with the goal of consistency between investment, engagement and voting objectives and activities.

Engagement may take different forms and arise in a variety of ways, including direct one-to-one discussions with companies on routine or more specific topics, or collaborative engagement with other investors, or a combination of both. Such engagements may be in person, via video or conference calls or group discussions.

Our approach to specific engagements and its resourcing will depend on the purpose of a particular engagement and its categorization.

Key characteristics of our approach

We believe that active ownership should involve working in partnership with companies and where we can, contribute to their thinking and actions on material risks and opportunities, and when opportunities arise, engage more broadly within the ESG ecosystem to drive positive real-world outcomes and alleviate bottlenecks in the system. This requires our engagement to be focused, investment-centric and informed, and genuinely two-way, with information flowing between us and the engaged company.

Outcomes focus

We put a particular focus on quality rather than quantity of engagement, which is essential in driving investment relevant and real-world outcomes.

Investment centricity

We believe engagements linked to the investment case may provide a differentiated means of creating better returns for clients. We aim to identify and focus on company specific opportunities and risks which have the potential to enhance investment returns.

We believe that to support our clients in achieving their investment objectives over different time horizons we also need to target outcomes that seek to address the drivers of systemic risks. These risks can impact market returns over time, as well as specific companies, and can potentially have impact on investment returns across portfolios.

Investor manager contribution

When engaging, we seek to add tangible value to the conversation, for example, by providing insights derived from our company and thematic research and our understanding of industries and their supply chains and key drivers, as well as sharing our knowledge and connections across the ecosystem and companies in specific sectors.

Joint engagement based on analyst research

Our active ownership leverages the experience and skills across our investment teams to produce company specific and thematic research in order to take a holistic view of a company. These insights inform our engagement objectives and can increase the likelihood for material outcomes.

Systematic approach to engagement selection

We incorporate bottom-up and top-down considerations, such as exposure and related research, when selecting companies for engagement. This allows us to focus on where we see both idiosyncratic and systemic risks and opportunities, which may have an impact investment returns over different time horizons.

Our enagagement categories

Thematic People and Planet	Governance	Controversies	Impact strategies	Engagement across strategies and issues
Planet Climate and natural capital **People** Human Capital, Human Rights and Health	Corporate governance and voting related topics	Companies in breach of the UN Global Compact principles	Achievement of intended impact for impact strategies	Opportunities/risks, including but not limited to ESG issues, identified by Portfolio Managers or fundamental analysts

Selecting companies for engagement: Three key criteria

Quantitative and qualitative criteria considered before including companies in the engagement program

Materiality of engagement issue
Idiosyncratic risks/ opportunities and systemic risks

Engagement potential
Investor potential to contribute to outcomes on the issue at the specific investee company

Investment exposure
Dimensions of exposure by aggregate holding of portfolios and issuer

UBS-AM engagement program

Thematic research and enagagement

Our thematic engagements focus on macrotrends that we believe may have a significant impact on client portfolios, people and the planet. These engagements are informed by an extensive research process and selected based on the criteria described above, including our equity and fixed income exposures across strategies.

Planet

We believe our economic prosperity depends on protecting and preserving our natural world. Our planet program seeks to understand and engage on systemic risks such as climate change and ecosystem degradation, and to identify investment opportunities in the transition to a low-carbon, nature-positive economy.

Climate change

Managing climate risks and the transition to a net zero economy will entail a significant shift in how companies operate. We engage with the world's most emission intensive companies to encourage and help them to adopt transition plans and achieve emission reductions in line with a net-zero pathway while recognizing that this also depends on governments follow through on their commitments to ensure that the objectives of the Paris Agreement are met.

The basis of our engagement is our net zero engagement framework, which enables us to assess and engage issuers on the alignment of their transition plans with a net zero pathway. It is based on guidance from market-leading standards such as IIGCC's Net Zero Investment Framework, Climate Action 100+ engagement process, and GFANZ's Expectations for Real-economy Transition Plans report, and a multitude of sector-specific standards.

We have used the net-zero engagement framework to set our expectations for transition planning in specific sectors. We baseline company performance against sector expectations to determine the alignment of transition plans and develop a holistic, granular view of a company's climate strategy, as well as its performance compared to peers. We use these outputs to inform our detailed, evidence-based engagements with companies and to provide company and sector-level insights to our investment teams.

Natural capital

We believe biodiversity loss and degradation is a source of highly material financial risk. We are committed to using our planet program to engage issuers on biodiversity loss and restore our natural ecosystems.

We undertook an extensive research and stakeholder consultation process to identify the material natural capital impacts and dependencies of our investment portfolios. This included mapping our listed equity and fixed income investments against tools such as the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) database. Our engagement on natural capital risks and opportunities focuses on three specific areas: forests, water, and the climate-diversity nexus.

People

For our social thematic engagements we focus on three selected key themes: human capital, human rights and health.

We selected these themes because we believe they have financial materiality and, as an investor, we can contribute towards positive outcomes through corporate engagement. We have joined various collaborative initiatives to support our approach, selecting those we feel are well placed to contribute to evidence-based research required for these engagements and where we believe we can have a more effective influence on a larger number of companies. The focus on five sub-themes allows us to carry out in-depth engagements and seek to drive specific outcomes.

Theme	Sub-theme	Collaborative initiative	Key characteristics
Human Capital	Diversity, equity and inclusion (DEI)	30% Club	A global campaign taking action to increase gender and ethnic diversity at board and senior management levels.
	Labor Rights	FAIRR	An initiative that produces and analyzes data to help drive change in the animal agriculture sector.
Human Rights	Human Rights	Investor Alliance for Human Rights	A collective action platform connecting institutional investors with the tools and strategies to promote human rights and responsible business.
Health	Nutrition	Access to Nutrition Foundation	An initiative that evaluates the world's largest food and beverage manufacturers' policies and performance related to nutrition challenges.
	Safe chemicals	Investor Environmental Health Network	A collaborative partnership advised by nongovernmental organizations, encouraging companies to reduce and eliminate toxic chemicals.

Human capital

The focus of our engagement is on businesses providing and promoting decent work. This includes a focus DEI and labor rights.

Diversity, equity and inclusion
Companies globally lack diversity and effective strategies to create diverse, equitable and inclusive working environments. Through engagement, we encourage lagging global companies to make positive change and commit to improve policies, practices and disclosures. Some of these engagements are conducted as part of our 30% Club membership, in collaboration with other investors.

DEI has been linked to innovation, employee productivity, creativity and problem solving, better decision- making and identification of opportunities; all of these factors may contribute to enhanced financial performance. Inclusive and equitable working environments have been shown to contribute to higher levels of employee satisfaction, retention, and engagement, which can potentially lead to increased productivity and, ultimately, enhanced customer satisfaction, company reputation and may also improve financial performance.

Labor rights
Many companies globally lack policies and practices to protect labor rights, which can impair social progress, equality and standards of living for society. We believe protecting labor rights is can contibute to avoiding economic crisis and aiding economic recovery. Labor rights protection and enforcement can encourage employee engagement and retention rates, and can also potentially reduce business-related risks.

In our labor rights engagements we ask companies to acknowledge the need to protect labor rights and commit to improve their labor rights policies, practices and disclosures. We want engaged companies to develop best-in-class labor rights policies, practices, and publicly disclose them. We believe policies and practices should focus on three areas of labor rights: health and safety, fair working conditions and worker representation, including support for International Labor Organization (ILO) Principles.

Human rights

Human rights protection and enforcement is fundamental to responsible business conduct and can reduce business-related risks. Our human rights engagement focuses on successful implementation of the UN Guiding Principles on Business and Human Rights (UNGPs), which provides guidance on how identify, remediate, prevent and mitigate human rights issues.

Companies globally generally lack comprehensive policies and practices in alignment with international standards on protecting human rights, which can impair social progress, equality, and better standards of living for society. At the same time, companies may miss out on system-wide benefits associated with advancing human rights.

In our collaborative engagement on human rights with the Investor Alliance for Human Rights (IAHR) we use the Corporate Human Rights Benchmark (CHRB) provided by the World Benchmarking Alliance.

Our engagements seek for companies to acknowledge the need to enforce human rights and commit to improve their human rights policies, practices, and disclosures. We want investee companies to develop best-in-class human rights policies, practices, and publicly disclose these, as evidenced by their assessment against the CHRB.

Health

The focus of our health engagement is on products and services that contribute to a healthier society. The health theme includes a focus on nutrition and safe chemicals.

Nutrition
Research shows that unhealthy eating negatively impacts public health, contributing to diseases such as cardiovascular, musculoskeletal disorders, cancer, diabetes and obesity. This poses a material risk to public health, while it has a major impact on economies through reduced productivity and participation in the workforce and increased health care costs. Healthy eating, on the other hand, increases productivity, participation in the workforce and decreases future healthcare costs and can contribute to promoting sustained and widespread economic growth. We believe better nutrition can not only improve society in general, can benefit companies and have a knock-on effect for investment portfolios, and that companies globally have scope to enhance nutrition strategies.

In our engagements we seek companies to acknowledge the benefits associated with enhanced nutrition strategies and commit to improving their nutrition policies, practices, and disclosures. We aim for investee companies to improve their nutrition policies, practices and publicly disclose, as evidenced by the results of their assessment against the ATNI framework.

ATNI's Global Index focuses on the following areas: governance, products, accessibility, marketing, lifestyles, labelling and engagement.

Safe chemicals
Chemicals of high concern (CoHCs) are found in a wide range of everyday products, and their use can have negative implications for public health systems, the environment as well as economies. Economic studies link CoHC's to loss of corporate revenues, higher health care costs for workers, lower productivity, increased risk of supply chain disruptions and negative impacts on the environment.

We believe that companies which offer safer chemicals and appropriate chemical management in general can help to provide health benefits for consumers as well as for employees, increasing worker productivity, participation in the workforce and decreasing healthcare costs. This is in addition to reducing environmental harm.

We conduct engagement through one-to-one engagements as well as collaborative engagements with consumer-facing companies as they are under pressure from consumers and are well positioned to drive demand changes. We have a partnership with the Investor Environmental Health Network, which supports our research and engagement, and we endorse the Chemical Footprint Project ("CFP").

In our engagements we seek for companies to acknowledge the need to adopt appropriate chemical management practices, substitute CoHCs with safer alternatives, participate in the CFP Survey and commit to improve policies, practices and disclosures as indicated by the Survey. We want investee companies to improve their chemical management policies, practices and publicly disclose these as evidenced by their assessment in the CFP Survey.

Governance engagement

We recognize that the approach to corporate governance and sustainability issues can differ across countries and regions. However, we encourage all companies in which we invest to adopt the highest standards of board leadership and executive management, with a robust and clear approach to sustainability-related topics.

We believe that strong governance drives corporate behavior and can lead to effective policies and business practices regarding environmental and social issues. Such matters, managed, may lead to both better corporate performance and improved shareholder value over the long term.

We expect companies to provide timely, accurate, and comprehensive reporting on all material governance and business matters, including ESG- and sustainability-related issues. Clear and effective disclosure enables investors to effectively monitor companies and their operations, business practices and policies.

We expect companies to use standard frameworks for reporting, including meeting the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). As standards for reporting of ESG factors continue to evolve and develop, we encourage companies to continually review their disclosures and reporting. Within such reporting companies should outline what they regard to be the purpose of the business and how the strategy supports the delivery on it.

It can be difficult to judge the quality and effectiveness of a board from outside the boardroom and we believe that continual monitoring and communication is an essential component of effective stewardship: it can help identify areas of concern and provide opportunities for us to give feedback to investee companies.

Our monitoring of governance related factors involves the following:

– Use of internal information from our proprietary databases, external specialist sell-side broker research and ESG rating tools.
– Review of the inputs to governance (such as board committee structures).
– Meetings with company executives and non-executive board members give us the opportunity to assess the success of the outputs of governance – such as strategy, acquisitions, capital allocation and operational performance.
– Assessment of deviations from relevant corporate governance codes.
– Monitoring corporate developments through company announcements and market news sources.

We are particularly keen to engage early with companies with the goal of minimizing the potential for loss of shareholder value: our governance engagement also provides a forum for us to give feedback to companies on issues raised at the annual general meeting (AGM) of shareholders.

Controversy focused

We pay close attention to companies that are involved in breaches of international standards.

We focus on companies that appear to be in violation of any of the 10 principles of the UN Global Compact, as well as companies flagged in the UBS sustainability and climate (SCR) risk watchlist,which identifies companies with potentially higher environmental and socal risks and which is a tool supporting the group-wide initiative to address risks across our firm's business divisions and legal entities.. We believe that these companies represent an investment risk.

For companies flagged in these categories we review:
- The nature and cause of the breach or highlighted risk
- The responsibility of the company
- The time elapsed, and actions taken
- Public reporting on the issue, communications from the company, reports by NGOs and other third parties, as well as results of investigations by other investors

When cases are material or represent a systematic management failure our main engagement objectives are for the companies to:

1. Remediate the breach or issue
2. Have defined plans to address and compensate for any negative impacts
3. Identify and implement processes to prevent repetitions
4. Communicate effectively with stakeholders

We track progress through public communications and make contact the companies directly. We recognize that given the nature of issues facing many companies, changes may take time, and that cases may be ongoing.

Where we believe a company has taken credible corrective action in response to an apparent violation of the UN Global Compact principles or has addressed the issue that prompted it to be placed it on the UBS SCR watch list, we will assess the significance of the issues, the actions taken by the company and other stakeholders and the progress of any ongoing engagement, and will present the case to our Stewardship Committee for consideration.

The Stewardship Committee may decide it is appropriate to return a company detemined as having credible corrective action to the eligible investment universe for actively managed Sustainability-Focused and Impact fixed income and equities strategies under the direct management of UBS-AM. Additional details can be found in the UBS-AM Sustainability Exclusion Policy.

Impact focused engagement

UBS-AM impact investment strategies target positive, measurable social and environmental real-world outcomes, alongside financial returns.

Active ownership is one mechanism for investors to contribute to a company's positive impact , commonly referred to as additionality in impact investing, and a critical component of impact investment, particularly in public markets.

Impact strategies benefit from stewardship on thematic topics, such as climate and human capital management or governance and controversies, as described in earlier sections, . In all of our engagements we focus on achieving specific outcomes, which requires depth and quality, investment centricity and our own contribution to the dialogue with companies.

Impact engagements prioritize and focus on measurable social and environmental real-world outcomes, often aligned to a United Nation's Sustainable Development Goal (SDG). Engagements can also play a key role in identifying, monitoring and mitigating sustainability risks and negative impacts as recognized in the Operating Principles for Impact Management (OPIM). The specific sustainability outcomes we are seeking in our impact-related engagements will depend on the particular objective of a specific strategy.

While we recognize that our engagement will rarely be the only factor driving change at investee companies, we believe it is important to assess the effectiveness of our dialogue with companies alongside the real-world outcomes we are observing. For this purpose we define and track progress against engagement objectives. This also allows us to prioritise our engagement with specific companies depending on the progress we have observed.

Engagement across strategies and issues

We also engage with companies on a range of idiosyncratic opportunities and risks, including but not limited to sustainability issues, which are identified during the investment process and not covered in any of the other categories.

These can relate to ESG risks, company specific governance and sustainability concerns, but also include topics such as strategy, capital allocation and financial performance, linked to our investment thesis.

These issues are identified during our systematic integration of material sustainability related factors into investment processes and decision making and our monitoring of ESG risks (see section 2), or during dialogue with a company before or after an investment was made.

Engagement will typically focus on outcomes that seek to address the specific opportunities and risks identified which we believe have the potential to enhance or protect investment returns.

When we identify an ESG risk through our research and processes and decide to engage as a next step, we use engagement to obtain additional information and insights directly from the company and/or to drive an engagement outcome that will address the identified risk.

The combination of ESG related data and analysis and engagement can provide us with a more holistic view of the risks a company faces, its management and potential mitigation. We can then take a more informed view on risk-adjusted returns.

We believe that engagement across strategies and issues focused on idiosyncratic risks and opportunities linked to an investment thesis can be particularly effective in driving investment relevant outcomes in the more short-term and may provide a differentiated means of creating better returns for our clients.

Part 2 – Proxy voting

Consistent and focused voting decisions, driven and underpinned by engagement insights

It is our belief that voting rights have economic value and should be treated accordingly. As a result we consider voting to be integral to both the investment process and our overall stewardship approach.

Exercising voting rights allows us to voice our opinion to a company on a broad range of topics, provide support to an investee company where appropriate and enables us to escalate any concerns. We engage with boards ahead of general meetings where appropriate, subject to the need to issue voting instructions to fit in with voting deadlines. This approach provides a clear link between our voting decisions and our investment research process.

To the largest extent possible, where holdings are held across different portfolios and strategies, we will vote consistently to maximize the outcome of our voting activities, leveraging the weight of our aggregated holdings. Only in exceptional circumstances will we split our vote for individual strategies, for example where a merger and acquisitions transaction may financially impact one strategy differently to another.

Not only does this unified approach strengthen our decision making, but it also enables us to present a consistent view to companies, as we take into account all information available to us.

Our approach is to vote in all markets, unless we feel that by doing so we will impede our ability to manage a portfolio, or the logistics involved in voting are prohibitive and would not deliver sufficient benefit to clients.

Due to the nature of our investment approach we will not generally requisition an extraordinary general meeting, however, may decide to file, or co-file, shareholder resolutions at pre-announced meetings as part of our escalation strategy. We may also choose to support proposals put forward by other shareholders.

Where we decide not to support the board of companies linked to significant holdings, we may decide inform the company privately, in advance of the AGM whenever possible. More generally, we do not disclose our voting intentions publicly, or to third parties, ahead of a shareholder meeting.

Our voting process is incorporated within our external procedure operational validation review. On a periodic basis our approach is audited by UBS Group Internal Audit and any issues of concern are reported to senior management to be resolved via our operational risk event remediation process.

Voting Policy

The principles outlined in our global Proxy Voting Policy provide the foundation for our voting decisions. We have a single global framework as opposed to regional or strategy-level policies, to encourage all companies to adopt strong corporate governance standards in all markets in which we invest for clients. Our policy is based on best practice outlined in the G20/OECD Principles of Corporate Governance 2023, ICGN (International Corporate Governance Network) Global Governance Principles and requirements of various national and global governance codes.

The policy explains in detail the principles and topics we believe to be important to deliver on good governance across all investments, as well as information on when we might choose to abstain or not vote.

The guidelines cover the board of directors, shareholders' rights, capital allocation and management, audit and risk oversight, remuneration, environmental and social factors, including disclosure and reporting expectations. They also provide details of our proxy voting process, how we use third-party service providers, and how we identify and manage conflicts of interest.

We monitor changes to best practice on an ongoing basis and perform an annual review of the policy, considering market updates, trends we have identified from our activities during the year, as well as feedback from our clients and other stakeholders. Proposed changes to our voting principles are drafted by our stewardship team and shared with our investment teams for comment and feedback. All final proposed updates are then reviewed and approved by our Stewardship Committee.

Our latest proxy voting policy is available on our dedicated webpage.

Voting on positions where securities lending activity takes place

Stock lending can be beneficial to a fund or portfolio by providing an additional income stream. It can also benefit the market by providing liquidity. Many of our mutual funds include the provision for stock lending, in some cases with a specific limit on the percentage of the fund's holdings which can be used for lending purposes at any given time.

However, we recognize that there can be a trade-off, particularly when it comes to exercising voting rights. Voting rights linked to equity positions are not retained by the lending party and are transferred to the control of the borrower: we are contractually unable to exercise voting rights on loaned positions. Through our voting process we monitor eligible share positions where a loan position impacts an upcoming shareholder meeting.

If we judge an upcoming vote to be particularly contentious, or if we believe it is in our client's best interests to do so, we may choose to recall stock out on loan to vote the maximum position available to us. This is generally in exceptional cases. We do not borrow shares for the purpose of gaining additional voting rights and do not vote on any equity collateral positions that are held due to a lending agreement.

The decision to recall shares to vote a larger position is generally dependent upon the following criteria:

- The issuer represents a significant holding; and/or
- The issuer is subject to our focused proxy voting/ engagement program; and/or
- The agenda for the shareholder meeting contains a proposal regarded as controversial according to our Proxy Voting Policy or other circumstances, particularly where we believe shares on loan may cause a risk to the long-term value of the holding.

In adopting this approach, we seek to maximize our voting positions alongside the additional income stream, balancing the benefits of lending alongside our stewardship commitments.

Proxy Voting advisors

Our proxy voting process is supported by a third-party proxy advisor, Institutional Shareholder Services (ISS). ISS is responsible for issuing voting recommendations to UBS-AM based on the principles and guidelines within the UBS-AM Proxy Voting Policy.

We use the research and recommendations provided to supplement the assessments undertaken by our dedicated stewardship team; we do not delegate our voting responsibilities to ISS. We retain full discretion when determining how to vote shares held for our clients and funds.

ISS deliver their services through their dedicated online research and voting execution tool, ProxyExchange. This enables us to view research alongside client voting positions. Our voting decisions are executed via the platform.

Attendance at shareholder meetings

Given the nature of our global investments, it is generally impractical for us to physically attend a shareholder meeting. However, where we believe it is in our clients' best interests we may occasionally attend, choose to speak, or vote directly at a shareholder meeting.

Supporting clients exercise of voting rights

We recognize that some of our clients with directly managed portfolios, or clients for whom we provide single investor mutual funds, may prefer to implement a consistent voting outcome across different investment managers. We offer a number of different options to support these clients.

Option 1

Delegate voting rights to UBS-AM, in which case voting decisions will be based upon UBS-AM voting policy. Voting will be performed consistently, as part of UBS-AM stewardship activities, with regular reporting and insights: a client may instruct UBS-AM how to vote for their portfolio for particular companies or topics that are of interest, on a case-by-case basis.

Option 2

Clients can manage voting rights directly with their selected custodian, based on their own policy, or a selected market policy.

Option 3

Clients may appoint a 3rd party specialist provider to vote in line with their guidelines, or the policy from the provider.

SECTION 5

Our escalation approach

Our active ownership approach considers financially material issues that we believe are linked to long-term value creation. We assess company responsiveness and progress in addressing issues of concern that we have raised to management and/or the board to determine whether escalation is required.

We recognize that change or progress does not happen overnight and is not always straightforward. Successful engagement is typically not a one-time discussion, and encouraging companies to implement improvements or develop in key areas usually requires a series of interactions over time. The effectiveness of engagement can often only be judged over a period of time and for this reason we monitor the progress of our engagements against objectives. We expect companies to demonstrate tangible progress toward meeting our engagement objectives after two years.

> There may be occasions when there has been no progress on engagement objectives, or our concerns have not been sufficiently addressed, and we consider shareholder value to be at risk.

In such cases escalation may be necessary. We have a clear process in place for situations where an engagement does not achieve our objectives or if we are not satisfied with the response of the company.

In the first instance, we will seek to highlight and discuss our concerns through further direct interactions with senior executives and non-executive board members, or the board chair. We may also contact the company's advisers.

In making decisions as to whether to further escalate our engagement we will consider the following:

- The circumstances which have led to our concern
- The materiality of the potential negative impact that could arise if we do not address it
- Best practice standards, including where the company has breached established global norms
- Explanations provided by the company
- The significance of the issue for our clients
- Any pattern of concerns over a period of time
- The likelihood of future success for our engagement

If a company consistently fails to meet our expectations, if there is a continued lack of response, or if a company's ESG disclosures are insufficient to allow for investors to gain an appropriate understanding of a company's sustainability-related risks, there are further steps we may choose to take. Our escalation strategies may include:

Voting against management proposals at the shareholder meeting, including the election of board candidates, or items correlating to our concerns, for example relating to climate.
Supporting shareholder resolutions.
Writing to senior executives or the board of the company to formalize our concerns.
Presenting a statement at the AGM.
Seeking collective engagement, including through industry groups and investment fora.
Exercising other shareholder rights, such as filing a resolution individually or with other shareholders.
Eventually, decreasing or exiting a position.

In doing so we are acting to protect the value of our client's investment, which is paramount to our approach.

In some cases, the risks identified may have an impact on our ability to invest in the company for specific investment strategies.

SECTION 6

Stewardship in Real Estate and Private Markets

Being an active manager of our assets, engaging with underlying investments and acting as a good steward for our clients form an integral part of our approach to sustainability in Real Estate and Private Markets (REPM). In our investment activities, we follow a partnership philosophy, engaging with a variety of stakeholders in a constructive, two-way dialogue with the goal of positive, long-term outcomes.

Depending on the nature of the underlying asset, and the way we invest - either as direct owner of property and infrastructure assets or indirectly into funds or portfolio companies – the stakeholders differ and both levers and methods of the interaction vary.

Direct Real Estate

As a direct manager of real estate assets we generally are direct owners of the building. It is in our control to positively influence the ESG credentials of the property, in close collaboration with our tenants, communities and other stakeholders.

Front and center to our activities is a constructive exchange and ongoing cooperation with our property manager, facility managers and/or our tenants in pursuit of our sustainability aims for our properties. We seek their alignment with our aims and collaboration to reduce consumption and waste, improve the energy mix in the property and the coverage and quality of data available to use.

We aim to include green lease clauses – a key instrument in tenant engagement - in all new commercial tenancy agreements, focusing on the improvement of data coverage, promoting a cooperative approach towards the implementation of energy measures, waste and energy reduction as well as recycling measures, and the achievement of green building certifications. In residential assets we raise awareness and provide guidance on how users can reduce their consumption and emissions.

We also measure tenant satisfaction through regular surveys and identify further areas for improvement. The results are analyzed and measures implemented as appropriate in accordance with the feedback received.

Other key stakeholders, such as construction companies, developers and architects, with whom we maintain an ongoing and open dialogue also clearly have an important role to play and we have clear guidelines for these business partner relationships.

Lastly, we interact and connect with local communities through programs such as hosting charitable events, community activities and sponsorships.

Direct Infrastructure

For our Direct Infrastructure Equity business (including specialist strategies), we generally aim to seek majority or controlling rights over our portfolio companies where possible and ensure we have board seats (or aim to seek control over a project company board as applicable). For minority stakes, we ensure we have governance rights that allow us to protect and enhance our investment. We can drive progress in our portfolio companies and projects making sure appropriate sustainability approaches are in place with processes to track and monitor key sustainability performance indicators. Achieving a defined and executed sustainable strategy is at the asset level is the ultimate target of our engagement.

Our engagement activities for equity involve collaboration between the portfolio managers and the sustainability specialists who provide support and advice to the portfolio companies on their approach or, for specialist strategies to portfolio managers to provide support and advice throughout project due diligence, development, and operations. Central to our engagement program in equity is the establishment of an action plan for each company, which is tailored to the asset, sector and location.

Sustainability action items for our equity business and the underlying portfolio companies include elements such as leadership, policies, reporting, risk management and stakeholder engagement. Some of our investments in specialist strategies will be subject to ongoing sustainability-related KPIs around carbon reduction and air quality improvements, as we encourage regular board oversight for sustainability.

In our Direct Infrastructure Debt business, every portfolio company is assessed and scored during the initial due diligence by the Portfolio Manager according to our proprietary framework. In addition, on an annual basis each investment is reviewed using the sustainability scorecard. We focus particularly on gathering key sustainability indicators, such as data on greenhouse gas emissions. We aim to improve sustainability disclosures over time for debt which typically does not report on sustainability metrics. As a lender we naturally have less control and ability to directly drive change at investment level.

Multi manager program

As an indirect investor with no direct control of our underlying investments (i.e., real estate and infrastructure assets, portfolio companies, etc.), periodic engagement with fund managers on ESG topics and issues forms an important component of the REPM Multi-Managers activity. We consider engagement to be a part of our fiduciary duty on behalf of our clients and will always seek to maximize our influence in this respect, through advisory board membership for example.

We conduct regular engagements with underlying fund managers on various sustainability topics ranging from carbon reduction targets, climate risk, diversity, governance, regulatory trends and requirements and ESG-related training. Engagements performed by our Multi-Managers business may be routine, or ad hoc in nature. Routine engagements are recurring and relate to the components of our standard investment process such as the distribution and assessment of ESG questionnaires, or the review of the annual GRESB Real Estate Assessment results. Ad hoc engagements take place around specific events such as during the due diligence process for a new investment opportunity or participating and voting investor meetings.

Our engagements can take various forms, including written communication, conference calls, face-to-face meetings and investor meetings.

Additional engagement takes place with fund managers around our proprietary MM ESG Questionnaire, which is distributed to underlying fund managers on an annual basis and is a mandatory requirement for all investments. The MM ESG Questionnaire assesses various topics including (but not limited to) regulatory classifications, establishment of appropriate carbon reduction targets, disclosure and management of physical and transition risks, health and safety topics. The responses collected from fund managers are used to identify areas for further discussion or improvement and aligning with industry best practice.

These questionnaires are periodically reviewed and updated to ensure we stay industry-aligned and capture new ESG trends and applicable regulatory requirements in a fast-evolving environment.

Additionally, as a leading private markets investor we consider it part of our role to share our knowledge and experience with the market and industry associations and shape the sustainability path into the future. We engage and communicate with industry bodies, standard setters, regulators and authorities as well as peers and clients. Industry memberships and working group/board/committee representation include, amongst others, INREV, ANREV, AREF, UNPRI, GRESB, IIGCC. Through industry participation, we actively contribute to the development of new ideas, technologies, methodologies and increased transparency with the ultimate aim to drive the sustainability agenda forward.

SECTION 7

Working together

Direct and collaborative dialogue, promoting well-functioning markets

The significant nature of many of our investments provides us with access to the management and boards of companies and as a general rule our preference is to engage privately and directly with our investee companies.

However, we recognize that we have a role in shaping market improvements and developments through collaboration with peers and discussions with policymakers and standard setters. It is our ambition to support the development of regulatory standards globally. We undertake this through interaction with trade associations, regulators, and other policymakers.

Underpinning our commitment to the wider financial market infrastructure is our view that there can be a clear benefit to working with other investors and stakeholders, including collective engagement with investee companies.

Where we believe the effectiveness of engagement and the chance of success can be increased, we are keen to work both formally and informally with collective bodies, or with other shareholders. By speaking to companies with a unified voice, investors can communicate their views more effectively while allowing the companies to focus on a smaller and more coordinated number of requests from the financial community.

Collaboration with peers and our clients, we can build knowledge and skills, pool resources and focus the attention of corporate management. However, there is a chance that negotiation and coordination costs might hamper the advantages of collaboration.

Therefore, at the outset, we always confirm that:

- Working with other investors is permitted by law and/or regulation
- A general alignment of views, and agreement on issues of concern and potential solutions
- Dialogue will be undertaken privately
- We have the resources to effectively contribute to the research and dialogue

We assess the outcomes of the collective engagements we participate in using the same criteria we apply to our individual engagements. These assessments focus on progress against agreed engagement objectives.

Collective engagements are not the only channel we employ with other stakeholders. We are active members of industry working groups and advisory committees that seek to advance standard setting on key ESG strategic issues. We assess the effectiveness of these initiatives through the quality of final deliverables and alignment with our internal positions.

Our commitment to companies

We believe in building relationships with the corporate management we engage with. We ask our investee companies to be responsive to our invitations for dialogue and provide material and forward-looking information to us. Equally, companies can expect the following behavior from us to allow for meaningful and effective conversations:

Solid preparation
We review and analyze the most up-to-date and relevant information on financial and ESG performance provided by the company. We also weigh third party research on issues considered material for the specific company and sector, in order to identify material ESG issues.

Local and sectorial expertise
We look to internal expertise and views on relevant local markets and sectors across teams.

Connection with investment decision
During our meetings with corporate management, we explain how the information collected will be taken into consideration. Whenever possible, both our sustainable and stewardship team and investment teams will participate together in meetings with companies, and the intelligence from the engagement is shared as appropriate through an internal shared platform.

Feedback
During and after meetings, we will provide feedback on current company actions and plans to address existing concerns and offer opinions on the issues they are facing. After initial conversations, we communicate share our engagement objectives with management.

SECTION 8

Reporting of our Stewardship activities

We aim to provide transparency in our stewardship activities through regular client and public reporting. We maintain a record of our engagement, voting and other stewardship activities.

We report to our clients with listed public investments on the voting and corporate engagement activities we have undertaken on a quarterly basis. We also publish an annual stewardship report outlining our core activities over the previous year. Where practical our reports include both qualitative and quantitative information.

Our aggregated global voting record is disclosed publicly online on a quarterly basis. This includes the explanation when we have elected not to support company resolutions. For our regulated funds in the USA and Canada we disclose our voting record on a fund-by-fund basis, in line with regulatory requirements.

We are mindful that our engagement activity, especially while still current, may be confidential or sensitive and we may choose not to fully disclose all information, including company names, particularly if we feel that this may hinder the outcome of our ongoing discussions.

Portfolio specific voting information includes all voting activity during the reporting period, as well as statistical analysis.

Many of our clients across different regions have expanded reporting obligations to their beneficiaries. We are able to report in accordance with the required formats, including the PLSA (Pensions and Lifetime Savings Association) disclosure requirements, engagement reporting following the guidance of the Investment Consultant Sustainability Working Group (ICSWG), and the Shareholder Rights Directive II in relation to disclosure of significant votes.

SECTION 9

Our governance and oversight

We have established a clear structure for planning and execution of our sustainability approach and stewardship responsibilities. The Stewardship Committee oversees and coordinates our stewardship responsibilities and supports our executive team on all topics related to stewardship matters.

The Stewardship Committee is chaired by the head of investments. It also comprises of the head of sustainable investing, head of active equities, head of fixed income, head of institutional client coverage and head of portfolio execution and trading.

Stewardship Committee oversight

Our voting activities are overseen by our Stewardship Committee, which is chaired by the head of investments. In cases where our proposed final intended voting action differs from our policy guidelines, the Stewardship Committee will review and consider the supporting reason for this.

A majority of committee members must approve any diversion from the recommendation prescribed by our voting policy. All voting actions reviewed by the Committee are recorded, tracked, and used to inform our future policy reviews. This additional governance step adds additional structure to our decision-making process with the goal that votes remain aligned to our principles and take a consistent approach.

The Committee also oversees the engagement progress for issuers with severe ESG risk and makes the ultimate decision regarding whether an issuer's engagement progress is sufficient to justify maintaining a holding in any issuer flagged for severe ESG risks.

The Committee is the executive forum for all relevant legal entities of the traditional business of UBS-AM globally. The Committee meets quarterly with ad-hoc meetings at the discretion of the chair should matters arise that warrant Committee review. The Committee can also perform duties on ad-hoc basis via email, as required, in respect to voting approvals that are required to be escalated for committee review.

The core committee responsibilities and duties are outlined in the table below.

Global Stewardship Approach | **Proxy Voting Policy**

Stewardship Committee
– Head of Investments (Chair)
– Head of Active Equities
– Head of Fixed Income
– Head of Portfolio Execution and Trading
– Head of Institutional Client Coverage
– Head of Sustainable Investing

Category	Responsibility
ESG Integration/ Stewardship	– Oversees engagement progress for issuers with severe ESG risk and approves related exclusion where necessary – Approves investments in companies identified as breaching global norms, where credible corrective actions have been evidenced – Reviews and approves membership of any organization or collaborative efforts with other investors in relation to ESG/stewardship
Engagement	– Ensures alignment of our engagement activities with our Stewardship Policy across strategies – Reviews and approves requests to escalate our engagement activities through letters to the board, AGM statements and/or public communications
Proxy voting	– Reviews and approves our Proxy Voting policy, including updates as required and/or scope changes of country coverage – Approves all proposed proxy voting decisions which deviate from UBS Proxy Voting Policy guidelines, including where we vote upon shares held in UBS Group on behalf of client portfolios – Reviews and determines voting decisions where a consensus has not been reached among our sustainable investing team and portfolio management teams
Others	– Supports our efforts to send a clear message to companies based on all our holdings across index and active strategies – Reviews and approves requests to participate in the filing of a shareholder resolution

Sustainable Investing and Impact Team

The Sustainable Investing and Impact (SI) Team is an integrated function within our Investments team. The team reports directly to the head of investments, who acts as Chair of the Stewardship Committee and is a member of UBS-AM's Executive Committee, reporting to the president of UBS-AM.

The goal of this governance structure is to provide clear oversight from the president of UBS-AM through to our dedicated SI team and alignment across investment areas.

The SI team's responsibilities are organized around the following core activities:

- Our SI analysts collaborate with our investment teams to provide guidance, research, data and expertise on best practices around the use of sustainability data to support the integration of ESG in the investment process. Research includes deep dive on sustainability themes, developing sector materiality frameworks and issuer level analysis.
- The team is responsible for leading our stewardship activities, including the corporate engagement program and proxy voting. SI analysts are organized by theme, and with regional focus for governance and proxy voting activities. This dual coverage enables us to identify a broad range of sustainability and governance factors at investee companies from both a relative sector level and absolute country-specific level.
- The SI specialists are responsible for the design of SI characteristics of SI products and creating customized sustainable investment strategies for clients. Working closely with client-facing teams is key to better understanding current and developing client needs and identifying market practices.
- The SI Specialists team also provides education and training on selected topics in the context of sustainability to clients as well as UBS-AM staff to ensure that sustainability fluency is embedded throughout the organization.

SI capability extends beyond the SI team and is embedded in multiple business areas.

- Our SI Quant Analytics team drives quantitative assessment of ESG risks and opportunities, as well as supporting analyses of sustainability-related regulatory requirements.
- Risk Analytics & Modelling resources calculate ESG metrics for portfolio management, risk management and reporting.
- Dedicated sustainability related regulatory resources identify regulatory requirements and facilitate regulatory implementations with impacted business areas.

Across UBS-AM, we have dedicated SI ambassadors representing each of our business areas including Investments, Products, Client Coverage, Data & Research, and our Chief Operating Office. The ambassadors are points of contact within business areas for training on best practices.

They share trends and tools as well as disseminate updates on our SI strategy. In addition, the Ambassadors support the business area's alignment with our SI strategic objectives.

Managing conflicts of interest

Our principal objective when considering how to vote, or whether to engage with a company, is to fulfil our fiduciary duty by acting in the interests of our clients at all times. UBS and UBS-AM have outlined clear policies for identifying and managing any perceived or actual conflicts of interest. Regular training is provided to all employees in regard to these policies. Our compliance teams manage oversight of our policies.

Situations where potential or actual conflicts of interest may arise in connection with our stewardship activities include where:

- The interests of one client conflict with those of another client of UBS-AM.
- UBS-AM invests on behalf of our clients in publicly listed shares of UBS Group AG.
- The listed company whose shareholder meeting is being voted upon is a client of UBS-AM.
- Affiliates within the wider UBS Group act as advisor to the company engaged or we vote on.
- Board members or employees of UBS Group AG serve on the board of an external company, where UBS-AM will be voting upon their election to the board.
- The interests of an employee of UBS-AM directly conflict with the interests of a client of UBS-AM.

We have implemented the following guidelines to address these potential conflicts of interest:

- We exercise voting rights in line with UBS-AM guidance and principles and retain a record of any deviation from UBS-AM policies.
- Where UBS-AM is aware of a conflict of interest in voting a particular proxy, a vote will be cast in line with UBS-AM policy guidelines, unless it is identified that such a vote would not be in the best interests of our clients. In that event the Stewardship Committee will review the case.
- As it relates to the voting of UBS shares, we will vote in accordance with our internal conflict process, as with all other companies we invest in for clients. We will document the rationale for our vote. Exceptions to this policy may be appropriate or necessary where the Stewardship Committee determines that it is prudent to engage an independent fiduciary to manage the voting decision and/or process.
- In the event that UBS-AM is responsible for voting rights over a client portfolio that is invested into units of a publicly traded UBS-AM investment or mutual fund, any such voting rights will not be exercised if the fund announces a meeting of unitholders. In such cases, any voting rights must be exercised directly by the external client or end beneficiary.
- Under no circumstances will our proxy voting decisions be influenced by our general business, sales or marketing, with impacted functions remaining outside of our voting decision process.
- UBS-AM and its affiliates engaged in banking, broker-dealer and investment banking activities (“Affiliates”) have policies in place prohibiting the sharing of certain sensitive information. UBS officers are not permitted to discuss voting intentions with an Affiliate, and if they are contacted by an Affiliate, contrary to our policy, this will be referred to our Compliance and Operational Risk group. The chair of the Stewardship Committee will also be advised, who may advise the President of UBS-AM.
- Where UBS Group has provided seed capital to a fund of UBS-AM any voting rights arising from such capital will not be exercised.
- In seeking to undertake engagement with a listed company we will follow the factors outlined in our prioritization process. Information about the companies we have targeted within our engagement program and progress of dialogue will not be released to other UBS divisions, with the only exception of cases where a public statement is planned. In such cases, we have established a process to share the nature of the statement to be released and the company of interest with an identified UBS AG department entitled to receive such information. However, final decisions to make public statements on investee companies remain at the discretion of UBS-AM.

We provide specific and periodic training for employees outlining their responsibilities in relation to conflicts of interest. Our Stewardship activities are overseen by the Stewardship Committee.

Appendix

Our commitment to stewardship codes

UBS-AM is a signatory to, or has given commitment to, the following codes of best practice in relation to investment stewardship:

- International Corporate Governance Network (ICGN) Global Stewardship Principles
- UK Stewardship Code
- Japanese Stewardship Code
- Singapore Stewardship Principles
- Hong Kong SFC Principles of Responsible Ownership
- ISG Stewardship Framework (USA)
- Australian FSC Standard 23 on Principles of Internal Governance and Asset Stewardship
- Taiwan Stewardship Principles for Institutional Investors

Our commitment to industry initiatives and best practice

UBS-AM is currently a member of, or supporting, the following global groups and initiatives:

- Asian Corporate Governance Association (ACGA)
- Global Real Estate Sustainability Benchmarks (GRESB)
- EFAMA Stewardship, Market Integrity and ESG Investment Standing Committee
- International Corporate Governance Network (ICGN)
- Institutional Investor Group on Climate Change (IIGCC)
- Principles for Responsible Investment (PRI)
- Sustainable Accounting Standard Board (SASB)
- UK Investor Forum
- US Green Building Council
- US Sustainable Investment Forum (USSIF)
- Workforce Disclosure Initiative (WDI)
- Financial Stability Board's Taskforce on Climate-related Financial Disclosure (TCFD)
- Transition Pathway Initiative (TPI)
- Farm Animal Investment Risk & Return (FAIRR)

Further information and contact details:

For further information regarding Sustainable and Impact Investing at UBS Asset Management, please contact the SI operating office, DL-SI-Research-Stewardship@ubs.com

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