



**UBS Asset Management 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 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 companies 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 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 Asset Management business, of which the Company is a part, is led by Suni Harford, who is the Head of UBS Asset Management. The Asset Management business has a highly differentiated global client offering, providing investment management products and services and advisory support to institutions, wholesale intermediaries, wealth management clients and retail via the direct dealing offerings.

The strategic focus for the AM business remains consistent with the previous year's strategic plan. This focuses on capitalizing on the areas where the Company has a leading position to drive further profitable growth and scale, namely in Environmental, Social and Governance ("ESG"), key markets in Asia, and Emerging Markets', 'Private Markets and Alternatives'. The Company now has an entirely passive fund offering.

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

Culture and Conduct

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

The core behaviours of 'Collaboration', 'Accountability with Integrity' and 'Innovation' 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. UBS's purpose statement is: "Reimagining the Power of Investing, Connecting people for a better world".

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 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 that 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 improvements priorities.

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;

In 2022, 80% (76% 2021) of UBS employees globally participated in the 'Line Manager Effectiveness survey'. The results show consistently strong scores in all categories and across the Group with particularly high scores on team culture and strong engagement. The results can be broken down to different levels, e.g., local company level, providing insights and enabling 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. This remains active and is a tool for candid debate and feedback.

The 'UK People Agenda' forum 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. Social events are organised. 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. Impacts include a significant increase in community engagement by staff globally and changes to recruitment process.

'Kudos' is a scheme enabling staff to highlight the achievements of their colleagues on a global basis.

In March 2022 UBS Group has agreed to match \$10m of staff donations made towards relief efforts in Ukraine.

In February 2023 UBS Group has agree to match 20% of donations made by its employees towards relief efforts in Turkey and Syria.

Engaging with our Shareholders

As part of UBS Group the Company complies with internal policies and regulations which ensure that our shareholders are informed of the Company's activities on matters such as strategy, performance and governance. All Board Directors must be approved by the Executive Team of UK Group.

Engaging with our Suppliers

There is regular communication with our 3rd party suppliers, such as JP Morgan, via voice and email. UBS Business Solutions 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 staff utilise the global 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-00494). In addition to group policy, UK regulated activities (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 provided 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 & Environment

The award winning 'Community Impact' programme has managed to retain staff engagement levels. This was made possible by a hybrid approach to volunteering initiatives, some virtual and some in person. Participation for Asset Management in the UK was 49% for 2021 and 62% for 2022.

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. In April 2022 the London office of UK Group offered virtual work experience to 60 students online and this was repeated in October 2022.

Effective 1 January 2022, Lucy Thomas was appointed AM Head of Sustainable Investing with responsibility to deliver AM's sustainability and impact strategy, including the execution of 'AM's Sustainable Investing 2025 initiative'. This initiative brings together workstreams from across AM, with the ambition to significantly increase Sustainable Investing focused assets through the launch of innovative new products as well as the repositioning of some of the existing capabilities.

The Company launched the UBS Life World Equity Carbon Aware Fund in January 2022, followed by the UBS Life Global Equity Sustainable Transition Fund in September 2022. The Life company still offers the longstanding UBS Life Climate Aware Fund which continues to attract new investors.

Engaging with our Regulators

There is an open and ongoing dialogue with the FCA and PRA, keeping them informed of the key activities and strategic developments of the Company.