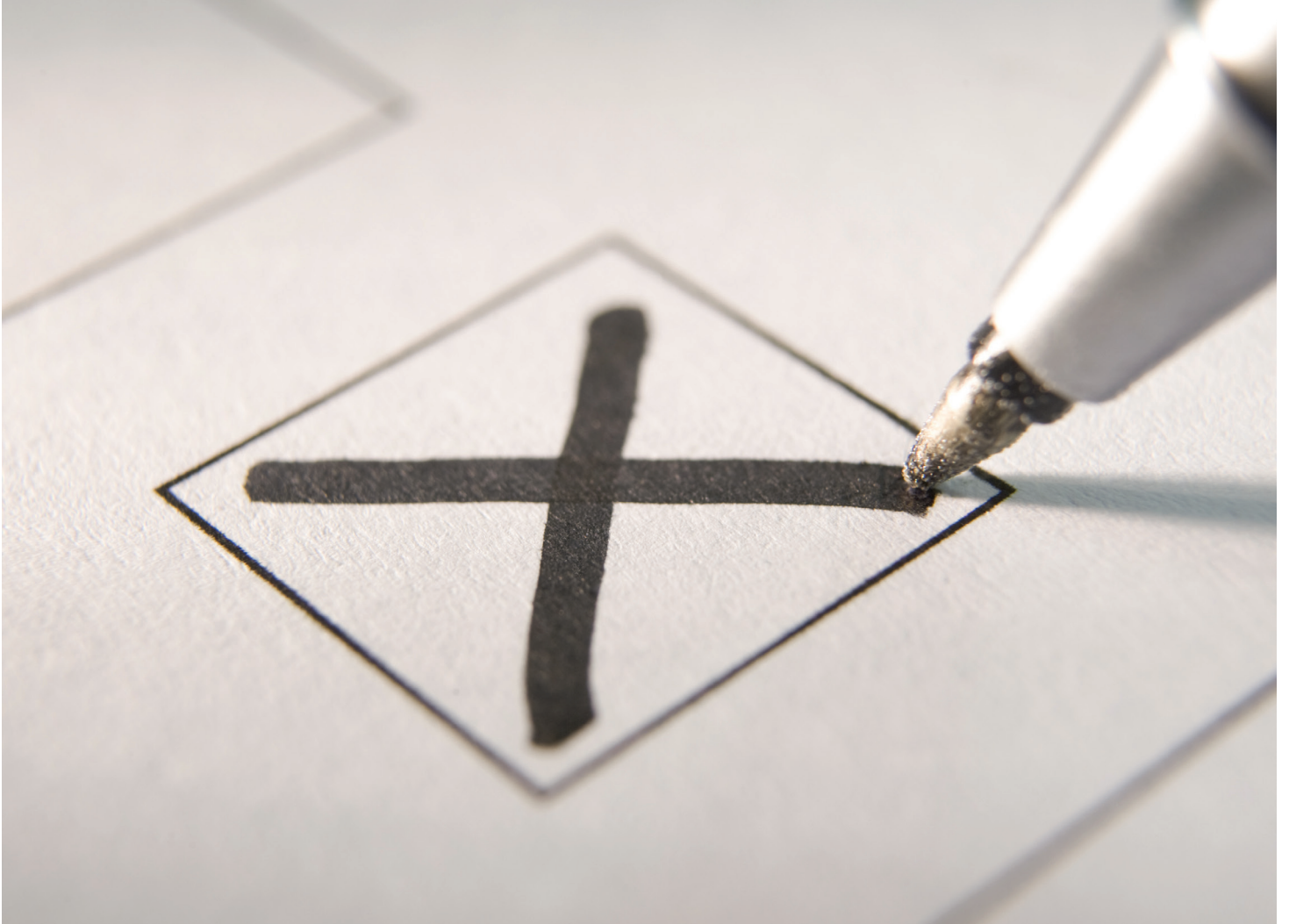


Corporate Governance & Proxy Voting

Policy & Procedures



Our approach to governance and stewardship

UBS Asset Management's stewardship policy is our commitment to act as good stewards of assets held and managed on behalf of our clients. We recognise that clients expect us to ensure the alignment of our approach with their own investment beliefs, policies and guidelines. We seek to be active shareholders by encouraging strong and effective governance and a high standard of corporate practices.

We have a high regard for the principles of good stewardship and in addition to being signatories to the UN Principles for Responsible Investment, are also signatories to codes of best practice in respect of investor stewardship in Hong Kong, Japan, Taiwan and the UK. Further to this we endorse the ISG US Stewardship Principles.

As a large scale investment manager we provide traditional (equity, fixed income and multi-asset), alternative, real estate, infrastructure and private equity investment solutions to private clients, financial intermediaries and institutional investors worldwide. With a number of different investment areas and a range of strategies within each area, the extent of stewardship activities necessarily may vary to some extent across the firm.

Nevertheless, on behalf of our clients, we aim to be supportive, long-term shareholders. We recognise the importance of corporate governance, environmental and social factors (ESG) to companies and believe that non-financial factors that are material in nature are indicators of sustainability and therefore helpful to the investment process, by broadening the range of data being considered.

They may have a direct impact on the future revenues and costs of companies, and thereby the long-term risk adjusted rate of return to investors and their beneficiaries or clients. For this reason, where possible, we seek to protect and enhance the value of clients' assets by ensuring that such factors are assessed and integrated into our overall company research process, including in our estimation of cash flows, valuation metrics and growth opportunities.

Carrying out our stewardship responsibilities involves:

- Building relationships through regular company meetings;
- Voting on all resolutions globally, where practical, in line with clients' statements of investment principles;
- Working with other shareholders where appropriate;
- Reporting to clients.

The corporate engagement undertaken as part of our investment process improves our understanding of the companies in which we invest on behalf of clients.

Our meetings with companies are typically held between our investment team of analysts and portfolio managers and the company's Chair, Lead Director, Chief Executive or Finance Director. In each situation we seek to ensure the best economic outcome for our clients.

Our Corporate Governance Principles

Overview

These principles describe the approach of our Equities, Fixed Income, Multi Asset and Investment Solutions investment areas to corporate governance and to the exercise of voting rights on behalf of our clients (which include funds, individuals, pension schemes and all other advisory clients). They also apply to the listed real estate securities held within the Global Real Estate investment area.

We apply these principles globally, however they permit us the discretion to reflect local laws or standards where appropriate. In serving the interests of our clients, some investment capabilities within UBS Asset Management may at times pursue differing approaches towards particular corporate governance issues, including how to vote on proposals.

This reflects the diverse nature and investment autonomy of our capabilities.

Underlying our voting and corporate governance principles we have two fundamental objectives:

1. We seek to act in the best financial interests of our clients to enhance the long-term value of their investments.
2. As an investment advisor, we have a strong commercial interest that companies in which we invest on behalf of our clients are successful. We promote best practice in the boardroom.

Key Principles

Good corporate governance should, in the long term, lead towards both better corporate performance and improved shareholder value. Thus, we expect board members of companies in which we have invested to act in the service of the shareholders, view themselves as stewards of the company, exercise good judgment and practice diligent oversight of the management of the company. A commitment to acting in as transparent a manner as possible is fundamental to good governance.

In particular we regard the following as key for public listed companies.

Board structure

Significant factors for an effective board structure include the following:

- An effective Chairperson is key;
- The roles of Chair and Chief Executive Officer generally should be separated;
- The board should be comprised of individuals with appropriate and diverse experience capable of providing good judgment and diligent oversight of the management of the company;
- The non-executive directors should provide a challenging but generally supportive environment for the executive directors;

Board responsibilities

For effective discharge of board responsibilities:

- The whole board should be fully involved in endorsing strategy and in all major strategic decisions (e.g. mergers and acquisitions);
- The board should ensure that at all times:
 - appropriate management succession plans are in place;
 - the interests of executives and shareholders are aligned;
 - the financial audit is independent and accurate;
 - the brand and reputation of the company is protected and enhanced;

- a constructive dialogue with shareholders is encouraged;
- it receives all the information necessary to hold management to account.

Areas of focus

Areas of focus in relation to our review of the corporate governance of public companies include:

- Economic value resulting from acquisitions or disposals;
- Operational performance;
- Quality of management;
- Independent non-executive directors not holding executive management to account;
- Quality of internal controls;
- Lack of transparency;
- Inadequate succession planning;
- Poor approach to corporate social responsibility and environmental matters;
- Inefficient management structure;
- Corporate activity designed to frustrate the ability of shareholders to hold the board to account or realise the maximum value of their investment.

Voting

Where clients of UBS Asset Management have delegated to us the discretion to exercise the voting rights for shares they beneficially own, we have a fiduciary duty to vote such shares in the clients' best interest and in a manner which achieves the best economic outcome for their investments.

We regard voting at shareholder meetings as a vital component of our overall approach to effective stewardship of our clients' assets. Voting is not an end in itself, but is an important part of our oversight role.

It enables us to voice our opinion to a company on a broad range of topics and is a way of encouraging boards to listen to and address investor concerns. A high voting turnout at general meetings can help ensure that decisions are representative of all stakeholders and not only those with large holdings or shorter-term perspectives. Voting by a large body of shareholders can protect the interests of minority investors.

We vote globally providing there is no conflict with the efficient management of client portfolios. Where we have determined that the voting of a particular proxy is of limited benefit to clients, or where the cost of voting a proxy outweighs the benefit to clients, we may abstain or choose not to vote. Among others, such costs may include fees for translating a proxy, a requirement

to vote in person at a shareholders meeting or if the process of voting restricts our ability to sell shares for a period of time.

As long-term shareholders we will generally seek to support current management initiatives. However where we have concerns with a company arising from our stewardship and engagement activities, or in relation to a particular resolution that we believe is not in the interests of our clients, we may choose not to support a particular proposal. This includes resolutions put forward by both company management and outside parties.

We will generally exercise voting rights on behalf of clients in accordance with our principles outlined in this document, as follows:

Shareholders' Rights

One share-one vote

We believe that votes at a company meeting should be determined on the basis of 'one share-one vote'. We will not support management initiatives to create dual classes of stock, which may serve to insulate company management from shareholder opinion and action, or which may transfer the full control over the company to one shareholder disproportionately to their economic interest in the company. We generally support shareholder proposals to eliminate dual class schemes and will not support cumulative voting proposals or the introduction of double voting rights.

Additional shareholder rights

We generally support resolutions which are designed to provide additional rights to shareholders. In some instances, although we may support management, some corporate governance issues should be subject to shareholder approval, in spite of management objections.

We generally vote in favour of shareholder proposals to reduce supermajority voting limits and support proposals calling for confidential voting.

We may support proposals that allow shareholders to act by written consent and which give the right to shareholders to call a special meeting.

Disclosure

Companies should act and disclose information to its shareholders in a manner as transparent as possible. Companies should disclose any relevant materials ahead of a General Meeting, allowing sufficient time for

shareholders to review, analyse and engage upon the information disclosed. In certain instances when we do not have enough information, we may abstain from voting or vote against a particular proposal.

Poison pills

We are not supportive of anti-takeover mechanisms as they undermine shareholders' rights to make a decision over their own investments. We believe that poison pills should be voted on by shareholders and we will generally support attempts to bring them before a shareholders' vote. We may also elect not to support directors who implemented a poison-pill or changed the company's bylaws without seeking prior shareholder approval.

Similarly, UBS generally do not support any proposals which authorize the issuance of new stock without defined terms or which have conditions that are intended to thwart a take-over or restrict effective control by shareholders .

Bundled items

In addition to providing transparent explanations with sufficient time ahead of a General Meeting, companies are expected to submit resolutions on an individual basis and not to bundle items under one resolution. Bundling resolutions leaves shareholders with an all or nothing choice. We will generally vote against proposals which bundle several voting items under one when we have concerns on at least one of the items.

Capital

Capital allocation

One of the key responsibilities of the board is to allocate capital appropriately in order to drive forward the company's business and to create value for its shareholders. We pay particular attention to the board's ability to allocate capital well.

Dividend policy

We will generally support management proposals to approve the dividend unless we have concerns regarding the overall level set for payment, or balance between return for shareholders and future capital investment.

Share issuances

Any new share issuance should require shareholder approval. We will support only reasonable share issuance authorities, with or without pre-emption rights for existing shareholders, taking into consideration market practices and the company's needs.



Share buy-backs

We will typically support share buy-back within reasonable limits and conditions, covering pricing, timing and circumstances of the operation. We support share buy-back proposals which lead to cancellation of the shares.

Similarly, we will only support reasonable authorities for the issuance of convertible instruments.

Any new debt demand will also be closely monitored and we will generally sanction any potential excessive increase in debt where there is insufficient justification.

Mergers, acquisitions, asset disposals

Each will be considered and reviewed on a case-by-case basis, with a decision taken based upon whether value is being created for shareholders and if the transaction proposed has strategic merit for the company.

Based on our research and analysis, we may then elect to support transactions which increase shareholder value or to vote against proposals that do not.

Board

Role of the Board

Key functions for the board include setting the company's strategy, providing oversight of management and ensuring the long term sustainability of the company for all stakeholders. When setting the strategy the board should take into account short-term issues as well as long-term trends which may affect the company's business.

It is therefore essential that the Board operates effectively, preferably with an independent Chairperson. It should be comprised of individuals of high calibre with appropriate and diverse experience, capable of providing good judgment and diligent oversight of the management of the company.

When our view of management is favourable, we generally support current management initiatives. When our view is that changes to the management structure would probably increase shareholder value, we may not support existing management proposals. If management's performance has been questionable we may abstain or vote against specific proxy proposals.

Chair/CEO

Our general view is that the position of Chairperson and Chief Executive Officer of a company should be separated and held by two individuals. We will vote for separation of these key roles where we believe it will lead to better company management. In some situations we may support an lead director board structure. We will vote against the election of an existing CEO moving to the position of Chair of the Board, except as an interim measure in exceptional circumstances when fully explained by the company.

Lead/Senior Independent Director

We will support the appointment of a Senior Independent Director who should be independent on appointment.

The Lead/Senior Independent Director can act as an intermediary for the other board directors but also as a liaison between the board and the company's shareholders.

We would expect the Lead/Senior Independent Director to have well defined responsibilities in order challenge the CEO and other executives.

Board Independence

Boards should have a balance of independent members in order to provide sufficient challenge and oversight of the Board's decisions and effectiveness. We would normally vote for all board members unless we determine conflicts exist or there are concerns regarding the independence of the nominee or the board in general. We would expect to have a majority of independent directors serving on the Board.

Conflicts of interest

Where there is a clear conflict between management and shareholder interests, even in those cases where management has been doing a good job, we may elect to vote against management.

Election information

We expect the company to provide shareholders with sufficient information such as the names and biographies of the nominees. If details concerning the nominated individual has not been disclosed then we will not support the candidate's election to the board.

Election systems

We support the practice of submitting directors' election annually on an individual basis. When directors

are nominated through alternative slates we will support existing directors provided the board has sufficient independence. Should that not be the case we will support the list with independent nominees when we believe it will improve the composition of the Board.

When directors' election is bundled under one voting item, we may vote against the resolution if we have concerns over the appointment of one or more directors and/or if there is a lack of independence of the board generally.

Directors' term of contracts, including classified or staggered board systems

We are generally supportive of annual elections of directors and support proposals seeking to declassify the Board. However, we will factor in local market requirements and practices and may not automatically vote against the election of a director on the sole basis of the duration of their contract. In some cases we may support management's recommendation to implement a staggered board where it will provide some continuity of oversight.

Committees

Board committees form an important element of the operations of an effective board. We expect a majority of members of the Audit, Nomination and Remuneration committees to be independent. Where possible, Executive Directors should not sit on the Remuneration, Audit or Compensation committee. We will generally support directives to increase the independence of key committees when we believe that these measures will improve shareholder value.

Employee representation

Where local market practices require it we will generally support the appointment of employee representatives to the Board.

Diversity

In addition to the overall level of independence of the Board, we will review the experience and background of nominees to ensure that each candidate brings a balance of experience. We will also take into account the diversity of background, nationality and gender of board members.

Size

We would generally vote for proposals that seek to fix the size of the board and/or require shareholder approval to alter the size of the board.

Attendance

We would not support directors' re-appointment when the nominee attended less than 75% of meetings for a second consecutive year without sufficient explanation.

External commitments

We will generally vote against the election of a director who holds an excessive number of external directorships. We may examine other measures of effectiveness such as attendance levels, relevance of skill set, etc. for a director holding multiple directorships.

Tenure

We favour boards which have a healthy rate of renewal of non-executive directors. We may examine the circumstances surrounding board tenure when a majority of the directors have been in the current position longer than 10 years.

Succession planning

We would expect a company to have effective plans in place for the succession of both the non-executives and executives on the board. The Chair of the Board should pay particular attention to succession planning as part of their role.

Discharge

We will vote in favour of the resolution to discharge the Board unless there are significant concerns with regard to internal control, financial accounts or current investigation against directors.

Nomination

We generally support proposals that permit shareholders to nominate directors for election to the board. We will also generally vote in favour of shareholder proposals requesting directors to be elected by a true majority voting system.

Proxy Contests

We review proxy contests on a case-by-case basis. We will study the rationale put forward by the contestant and each item on the contestant's agenda. We will carefully review the experience and expertise of the candidates, together with the response of the company. Although we may understand the contestant's perspective, the potential disruption to the board functioning and the company in general may lead us to support management.

However in cases where we believe that a change to the board would be in the best interests of all stakeholders we will support the nomination of the dissident.

Performance evaluation

We expect the board to maintain and enhance the reputation of the company and we will hold directors to the highest ethical standards. We also expect the Board to be responsive to shareholders and engage with them regularly. In cases where the board's performance has been questionable, we may abstain or vote against specific proposals. We may also elect to vote against some specific proposals or the re-appointment of directors if the board ignored a previous shareholder vote.

Audit and Risk

Board oversight

The board is responsible for the company's audit and risk structure. It is therefore vital that the board appoint an Audit and Risk Committee which would comprise a sufficient number of independent directors, one of which should be a financial expert.

The Audit and Risk committee's role is to have oversight of the internal and external audit system of the company and to highlight any potential risks to the board.

Companies which are exposed to significant risks, such as financial institutions, would be expected to appoint a separate Risk Committee.

Internal audit

Companies should have a robust internal audit system with a clear process to identify any potential risks and to manage these risks. We expect companies to have a transparent internal risk reporting process.

External or Statutory auditor

Companies should appoint independent external auditors to review the financial statements and accounts. We will support the appointment by the board of external auditors if we believe auditors are competent and professional, subject to periodic review.

We will vote against the appointment of the internal or non-independent outside statutory auditor if less than half of the statutory auditors are classified as independent.

Remuneration of auditors

We may not support the re-appointment of auditors or approval of auditor remuneration where we believe excessive services or fees for non-audit services versus audit fees have been provided without a valid explanation.

Transparency

Should a company not provide their Report and Accounts signed off as complete by a qualified auditor ahead of the General Meeting we may decide to oppose any proposal to approve the company's financial statements. Should the company receive a qualified opinion of the report and accounts we expect the company to provide a full and satisfactory explanation. If this is not the case we may vote against any proposals to approve the report and accounts, the associated discharge of directors or nomination of members of the audit committee.

Audit Committee

As a matter of principle we believe that approximately half of the members of Audit Committees should be regarded as independent directors. If this is not the case we may vote against the re-election of a non-independent director who is a member of the Audit Committee.

Remuneration

General principles

Our aim is not to micro-manage compensation schemes. We believe that each company should structure their remuneration policies and practices in a manner that suits the needs of that particular company given the sector and business environment it operates in.

Executive Directors' compensation should be aligned with the performance and the strategy of the company. We would therefore expect compensation packages to contain a short-term element as well as a long-term element.

We do not require companies to automatically adopt the same approach as peers and will not penalise companies that implement structures that differ from market practice.

However, where remuneration practices differ substantially from general practice, we expect clear disclosure explaining how the structure is in shareholders' long-term economic interests.

We expect remuneration schemes to:

- Contain an adequate but not excessive level of fixed pay;
- Include a short-term element as well as a long-term element in respect of any variable award;

- Encourage a long-term perspective – with the measurement period for the long-term bonus element to be at least three years, with executives encouraged to hold shares for a further period, particularly for those in the financial sector;
- Include stretching performance hurdles that support the strategy of the company that are not based solely on financial or accounting ratios, such as growth in earnings per share;
- Be designed to promote sustainable value creation in line with the agreed strategy of the company;
- Require a high level of personal shareholding to ensure alignment of interest with shareholders;
- Enable the remuneration committee sufficient flexibility to make adjustments as a result of unintended outcomes from plans;

Transparency

All Senior Management and board compensation should be disclosed within the annual financial statements, including the value of fringe benefits, company pension contributions, deferred compensation and any company loans. In order to increase reporting transparency we believe stock options should be expensed.

Frequency

Compensation plans should be kept simple and put to shareholders vote on a regular basis. We will carefully consider the company's history of compensation policies and how well incentives are aligned with fundamental performance to determine if a company's compensation package should be reviewed every one, two or three years, via Say-on-Pay proposals.

Performance Conditions

We would expect part of the compensation package to be attached to stringent performance conditions, with an appropriate balance between fixed and variable elements and between short and long term incentives. We may vote against a compensation program if it is not adequately tied to a company's fundamental financial performance, if it is too vague or not in line with market practice.

Share/Options awards

We would also closely monitor the level of share awards granted to Executive Directors and may not support overly dilutive plans. Stock option grants should not be retested or awarded at a discount.

Where company and management's performance has not been satisfactory we may object to the issuance

of additional shares for option purposes such that management is rewarded for poor performance or further entrenches its position.

Employees' remuneration

We would generally support employee share plans unless company disclosure is insufficient for shareholders to make an informed decision, if dilution is outside reasonable limits or should the grant conditions be unsatisfactory.

Golden parachutes

Golden parachutes will be closely scrutinised and we will look at the company's history of compensation policies as well as the management's performance. We would expect these plans to have double trigger conditions and not to allow automatic vesting or tax gross-ups.

Non-executive directors' remuneration

Non-employee or non-executive compensation should ideally be paid via a cash salary. In the event that a company elects to grant shares to non-executives these should not be in the form of stock options or with links to specific performance conditions, in order to maintain the independence and objectivity of the recipient. We would exceptionally support stock option grants to non-executive directors when the company's circumstances justify it.

Compensation Committee

Compensation should be set by independent directors, according to industry and market standards, taking advice from benefits consultants where appropriate. We would generally not support the appointment of an executive director to serve on the compensation committee.

When determining the level of overall compensation to be paid to executives the compensation committee should:

- Determine the appropriate compensation level that is required to attract, retain and reward competent directors and executives and who are fundamental to the long-term sustainable growth of the company;
- Only pay what is necessary and avoid excessive awards;
- Implement a scheme is simple in structure and able to be explained to shareholders in a concise manner, preferably with only one long-term element;
- Ensure that executive remuneration is aligned with the remuneration policy of the workforce in general;

- Disclose how the remuneration policy is aligned with the strategy and incorporate long-term performance measures;
- Ensure that the remuneration policy is sufficiently aligned with shareholder interests;
- Take into account shareholder feedback and previous voting results and re-evaluate remuneration plans that did not receive positive shareholder support;
- Disclose when remuneration consultants have been used, including the cost of retaining such services;
- Avoid retention awards or appointment inducements where possible and in the event that these are granted provide a clear explanation as to the justification;
- Only use benchmarking to establish a frame of reference for what competitors are paying, rather than as a mechanism for matching pay to peers;
- Select peers that are broadly comparable to the company;
- Explain where discretion has been used to adjust awards upwards or downwards based upon company performance.

We may evaluate company remuneration on a case-by-case basis in some instances. Common reasons where we do not support executive pay include:

- Where disclosure is less than market best practice, including where the company requests permission not to disclose individual director's remuneration or where the company has not disclosed a sufficient explanation for a retention or inducement payment;
- When it is determined that remuneration is excessive relative to peers without appropriate rationale or explanation, including the selection and appropriateness of the company's selected peers;
- Where there is a striking disconnect in variable awards that may be obtainable in comparison to peers;
- When vesting conditions are not deemed appropriate or sufficiently challenging.
- Where no mention of the use of performance criteria for the vesting of long-term awards is provided or the company states there will not be any disclosure around the performance criteria;
- In situations where the long-term incentive plan allows for re-testing or the company amends performance criteria retrospectively during the term of the scheme;
- When we identify a misalignment over time between maximum remuneration outcomes and company performance;

- When we believe that the company has not clearly outlined the correlation between the remuneration scheme and shareholder value;
- Where the company uses discretion in awarding variable pay without sufficient explanation;
- The company does not respond to shareholder concerns that have been raised in a previous vote;
- Where the company has used a benchmarking exercise as an explanation to raise the pay of executives without wider explanation.

Environmental and Social matters

Board oversight

Environmental, Social and Governance risks can create significant impacts on the reputation and financial stability of a company. It is therefore essential that the Board has a robust policy and control process in place to manage these risks.

The Board should ensure that it is aware of these issues, to enable the company to benefit from any opportunities which may positively impact the company's business. We are generally supportive of the creation of a specific committee on the Board covering Environmental, Social and Governance risks.

Environmental, Social and Governance risks may not be topics which are regularly submitted on the agenda of General Meetings. However we will often discuss such topics during our meetings with companies where we believe they have economic relevance to the investment.

Environmental Proposals

We will support issues that encourage management to make changes or adopt more constructive policies with respect to social, environmental, political and other special interest issues if we believe they have economic relevance to the investment.

We expect companies to have a strategy for reducing greenhouse gas emissions, to be clear about goals, and to report on progress. We will support proposals that requires an issuer to report to shareholders, at a reasonable cost and excluding proprietary information, information concerning their potential liability from operations that contribute to global warming, their goals in reducing these emissions, their policy on climate risks with specific reduction targets where such targets are not overly restrictive.

We will support proposals that require, or request, information regarding an issuer's adoption of, or adherence to, relevant norms, standards, codes of conduct or universally recognised international initiatives, or that seek to promote greater disclosure and transparency in a standardised format of corporate environmental policies, including information on GHG or toxic emissions.

In the following circumstances we may choose not to support specific proposals.

- When the issues presented in the proposal are more appropriately or effectively dealt with through legislation or government regulation;
- When the company has already responded in an appropriate and sufficient manner in previous years and the requirements are duplicative of existing reporting;
- Where the proposal request is unduly burdensome or overly prescriptive.

Social and human rights

We are supportive of resolutions seeking reporting from companies concerning human rights, labour rights and diversity, provided that they are not overly demanding or beyond the remit of the company's reporting.

General Corporate Governance matters

Country or regional jurisdiction

Where management have chosen to request the approval of shareholders to change the state or country of incorporation of the company we will consider the background to the proposal, and if the move is motivated solely to entrench management or restrict effective corporate governance we may not support the request.

Depending on the situation we do not typically vote to prohibit a company from doing business anywhere in the world.

Political donations

We will generally not support company proposals allowing companies to make political donations and will support shareholder proposals requiring companies to be transparent concerning such donations.

Corporate Lobbying

In general, we will support seeking greater transparency on company lobbying, except where covered by existing legislation and where the company meets such regulation, unless there is a direct reputational risk.

Financial assistance

We will not support management proposals seeking to provide financial assistance to specific 3rd party linked entities.

Related party transactions - We will sanction related party transactions that are not in line with shareholders' interests and/or when disclosure is below best market practice.

Articles of Association

We will not support a resolution when a lack of disclosure results in shareholders not being able to make an informed voting decision.

Shareholder proposals

We will review other shareholder proposals on a case-by-case basis and may choose to support a resolution raised if we believe it to be in shareholder's interests. However, we will generally not support proposals which are too binding or may restrict management's ability to find an optimal solution. We will also endeavour to assess management's initiatives to mitigate the issue raised.

While we wish to remain sensitive to issues raised, we believe that, in many cases, it is preferable to address them through engagement rather than via a proxy proposal.



Appendix 1

Global Corporate Governance Committee

UBS Asset Management has established a Global Corporate Governance Committee.

The membership in the Global Committee will be approved by the chair of the Global Committee.

Terms of Reference – Global Corporate Governance Committee

- To review, approve and oversee the implementation of the Global Corporate Governance Principles and applicable voting policies;
- To review and approve any environmental, social & governance (ESG) organisation that UBS Asset Management joins or leaves, plus any significant initiatives of UBS Asset Management in relation to Environmental, Social & Governance matters;
- To approve any independent proxy voting service used;
- To approve use of any environmental, social & governance data provider;
- To provide oversight, challenge and focus for the Corporate Governance function;
- To oversee membership and activities of any Regional Committees;
- To provide a forum for discussing significant corporate governance issues between regions; and
- To maintain and update the relevant policies and procedures covering the Corporate Governance function.

Meetings will be held as required and minutes shall be recorded.

Interaction with Company and Board of Directors

In seeking to have a good understanding of the companies in which we invest we will seek to have regular dialogue and meetings between our investment analysts, portfolio managers and governance specialists and company management, including, at times, members of the board of directors.

These meetings enable us to:

- Have discussions regarding corporate strategy and objectives;
- Make an assessment of management's performance;
- Monitor a particular company's development over time and assess progress against our expectations as investors; and
- Outline what our expectations are and explain our view on important issues.

Formal Communications with Company Boards

Nothing in this document should be interpreted as to prevent dialogue with an investee company and/or its advisers by a sector or industry analyst, governance specialist or other appropriate senior investment personnel when a company approaches us to discuss governance issues or resolutions they wish to include in their policy statement.

Where we suspect poor corporate governance standards or practices may negatively impact the long term valuation of the company (including loss of confidence in senior management), we will attempt to gather further information from the company and standard information sources.

If action is considered necessary, we will attempt to arrange a meeting with one or more non-executive (outside) directors to gather additional information, learn more about the company's corporate governance practices and communicate our concerns.

If it is determined that appropriate corporate governance practices are not present or are unlikely to be put in place, then we may:

- Formally communicate our views to the Chair of the Board or the full Board of Directors;
- Reflect our positions through our votes at the shareholders' general meeting ;
- Contact other shareholders regarding our concerns;
- Divest our position in the company.

Any such steps may only be taken in compliance with applicable legislation.

Contacting the Media

UBS Asset Management generally will not comment on any matters relating to corporate governance or proxy issues of any individual company. This policy is based on issues of client privilege as well as assuring compliance with various regulations. Requests from the media for general information relating to the policy, comments on corporate governance or proxy issues relating to a specific security or general, non-specific issues related to corporate governance, should be directed via our UBS Media Relations / Communications groups, who will determine, in liaison with our Compliance officers, if there is to be an exception to this policy.

Proxy Voting Process

Given the magnitude of the effort and required expertise we have established a dedicated Corporate Governance team.

The Governance team will:

- Take necessary steps to determine that we have received ballots for all accounts over which we have voting authority and where we intend to vote;
- Instruct relevant parties to recall, if possible and practical, securities that are currently on loan so that they may be voted on controversial proxy matters;
- Implement procedures to identify potential conflicts and vote such proxies in accordance with our Conflict of Interest process;
- Implement procedures to vote proxies in accordance with a client direction if applicable;
- Conduct periodic due diligence on any proxy voting services being employed;
- Represent UBS Asset Management on relevant market working groups with the view to improving best practices in the area of governance and voting. Participation to be reviewed and approved by the Global Committee.

Proxy Voting Disclosure Guidelines

Upon request or as required by law or regulation, UBS Asset Management will:

- Inform the company (not their agent) where we have decided to vote against any material resolution at their company. Companies may also be provided with the number of shares we own in them.
- Respond to a proxy solicitor or company agent acknowledging receipt of the proxy materials, inform them of our intent to vote and if, at that time, whether we have voted or not. We will not disclose the manner in which we have voted or the number of shares we own in a company.
- Disclose to a client or client's fiduciaries, the manner in which we exercised voting rights on behalf of the requesting client.
- Inform a client of our intended vote.

Disclaimer

In some cases, because of the controversial nature of a particular proxy, our intended vote may not be available until just prior to the deadline. If the request involves a conflict due to the client's relationship with the company that has issued the proxy, the Compliance & Operational Risk Control Department will be contacted

to ensure adherence to UBS Asset Management Corporate Governance principles. See Proxy Voting Conflict Guidelines below.

Other than as described above we will not disclose our voting intentions or make public statements to any third party (except electronically to our proxy vote processor or regulatory agencies) including but not limited to proxy solicitors, non-clients, the media, or other UBS divisions, but we may inform such parties of the provisions of our Policy.

We may communicate with other shareholders regarding a specific proposal but will not disclose our voting intentions or agree to vote in concert with another shareholder without approval from the Chair of the Global Committee and regional Compliance Department.

Proxy Voting Reporting

Our aggregated voting record is disclosed on a quarterly basis and available on our website at the following link:

www.ubs.com/global/en/asset-management/investing/responsible-investment.html

For our regulated funds in the USA, Canada and Australia we also disclose our voting record on a fund-by-fund basis, which is also posted to our website.

Proxy Voting Conflict of Interest Procedures

UBS Asset Management is a wholly owned subsidiary of UBS Group AG, a leading publically listed financial services group.

We are committed to acting in a consistent and transparent manner. Our principal objective when considering how to vote, or whether to engage with a company, is to ensure that we fulfil our fiduciary duty by acting in the interests of our clients at all times.

Situations where actual and potential conflicts of interest can arise include where:

- The interests of one client conflict with those of another client of UBS Asset Management;
- UBS Asset Management invest on behalf of our clients in publically listed shares of UBS Group AG;
- The listed company whose shareholder meeting is being voted upon is a client of UBS Asset Management;
- Affiliates within the wider UBS Group act as advisor to the company;

- The interests of an employee of UBS Asset Management directly conflict with the interests of a client of UBS Asset Management.

In addition to the Proxy Voting Disclosure Guidelines above, UBS Asset Management has implemented the following guidelines to address potential conflicts of interest that arise in connection with our exercise of voting rights.

- We exercise voting rights in line with UBS Principles and retain a record of any deviation from UBS policies;
- Where UBS Asset Management is aware of a conflict of interest in voting a particular proxy, the appropriate Corporate Governance Committee will be notified of the conflict and will review the intended vote to ensure that it remains consistent with UBS Principles. This includes where UBS Asset Management is invested into publically listed shares of UBS Group on behalf of our clients;
- 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. This is based upon UBS Asset Management policies and principles. We shall document the rationale for our vote. Exceptions to this policy may be appropriate or necessary where the Global Corporate Governance Committee determines that it is prudent to engage an independent fiduciary to manage the voting decision and/or process.
- In the event that UBS Asset Management are responsible for voting rights over a client portfolio that is invested into units of a publically traded UBS investment or mutual fund any such voting rights will not be exercised in the event that 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 Asset Management 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, the contact will refer the matter to our Compliance & Operational Risk group. The Chair of the Global Corporate Governance Committee will be advised, who will in turn advise the Chief Risk Officer. In specific circumstances our Compliance group may discuss the matter with their counterparts at Affiliates;
- UBS provide specific and periodic training for employees outlining their responsibilities in relation to conflicts of interest;
- Where UBS Group has provided seed capital to a fund of UBS Asset Management (UK) Ltd any voting rights arising from such capital will not be exercised;

Disclaimer

Legal and Compliance & Risk personnel may have contact with their counterparts working for an Affiliate on matters involving information barriers. In the event of any issue arising in relation to Affiliates, the Chair of the Global Committee must be advised, who will in turn advise the Chief Risk Officer.

Record Keeping

UBS Asset Management will maintain records of proxies voted. Such records include copies of:

- Our policies and procedures;
- Proxy statements received;
- Votes cast per client;
- Number of shares voted;
- Communications received and internal documents created that were material to the voting decision and;
- A list of all proxies where it was determined a potential conflict existed and any written rationale created or approved by the Global Committee supporting its voting decision.

Appendix 2

Special Disclosure Guidelines for Registered Investment Company Clients

Registration Statement

Management is responsible for ensuring the following:

- That this policy and procedures, which are the policy and procedures used by the investment adviser on the Funds' behalf, are described in the Statement of Additional Information (SAI). The policy and procedures may be described in the SAI or attached as an exhibit to the registration statement;
- That the SAI disclosure includes the procedures that are used when a vote presents a potential conflict between the interests of Funds' shareholders, on the one hand, and those of the Funds' investment adviser, principal underwriter or any affiliated person of the Funds, their investment adviser, or principal underwriter, on the other;
- That the SAI disclosure states that information regarding how the Funds voted proxies during the most recent 12-month period ended June 30 is available (i) without charge, upon request, by calling a specified toll-free (or collect) telephone number; or on or through the Funds' website, or both; and (ii) on the Securities and Exchange Commission's (Commission) website. If a request for the proxy voting record is received, the Funds must comply within three business days by first class mail. If website disclosure is elected, Form N-PX must be posted as soon as reasonably practical after filing the report with the Commission, and must remain available on the website as long as the Funds disclose that it is available on the website.

Shareholder Annual and Semi-annual Report

Management is responsible for ensuring the following:

- That the Funds' shareholder reports contain a statement that a description of this policy and procedures is available (i) without charge, upon request, by calling a specified toll-free (or collect) telephone number; (ii) on the Funds' websites if applicable; and (iii) on the Commission's website. If a request for the proxy voting record is received, the Funds must comply within three business days by first class mail;
- That the report contain a statement that information regarding how the Funds voted proxies during the most recent 12-month period ended June 30 is available (i) without charge, upon request, by calling a specified toll-free (or collect) telephone number;

or on or through the Funds' websites, or both; and (ii) on the Commission's website. If a request for the proxy voting record is received, the Funds must comply within three business days by first class mail. If website disclosure is elected, Form N-PX must be posted as soon as reasonably practical after filing the report with the Commission, and must remain available on the website as long as the Funds disclose that it is available on the website.

Form N-PX

Management is responsible for ensuring the following:

- That this policy and procedures are described in Form N-CSR. In lieu of describing these documents, a copy of this policy and procedures may simply be included with the filing. The Commission's preference is that the procedures be included directly in Form N-CSR and not attached as an exhibit to the N-CSR filing;
- That the N-CSR disclosure includes the procedures that are used when a vote presents a potential conflict between the interests of Funds' shareholders, on the one hand, and those of the Funds' investment advisers or principal underwriters, on the other hand.
- That the securities lending agreement used by the Funds will provide that when voting or consent rights that accompany a loan pass to the borrower, the Fund or Funds making the loan will have the right to call the loaned securities to permit the exercise of such rights if the matters involved would have material effect on the applicable Fund's investment in the loaned security;
- That each Fund files its complete proxy voting records on Form N-PX for the 12-month period ended June 30 by no later than August 31 of each year;
- That any material issues arising in connection with the voting of Fund proxies or the preparation, review and filing of the Funds' Form N-PX are reported to the Funds' Chief Compliance Officer (" Funds' CCO").

Oversight of Disclosure

- The Funds' CCO shall be responsible for ensuring that the required disclosures listed in these procedures are implemented and complied with. The Funds' CCO shall recommend to the Fund Boards any changes to these policies and procedures that he or she deems necessary or appropriate to ensure that the Fund complies with relevant federal securities laws.

Appendix 3

Responsible Parties

The Chief Compliance Office of UBS Asset Management ("Adviser's CCO") or his/her designees shall be responsible for monitoring and enforcing this policy.

Documentation

Monitoring and testing of this policy will be documented in the following ways:

- Annual review by Funds' CCO and Adviser's CCO of effectiveness of this policy and associated procedures;
- Annual Report of Funds' CCO and Adviser's CCO regarding the effectiveness of this policy and associated procedures;
- Periodic review of any proxy service vendor by the Funds' CCO and Adviser's CCO;
- Periodic review of any proxy votes by the Regional Committee for the Americas.

Compliance Dates

- File Form N-PX by August 31 for each registered investment company client;
- Annual review by the Funds' CCO and Adviser's CCO of the effectiveness of these procedures;

- Annual Report of Funds' CCO and Adviser's CCO regarding the effectiveness of these procedures,
- Form N-CSR, Shareholder Annual and Semi-Annual Reports, and annual updates to Fund registration statements as applicable.

Other Policies

Other policies that this policy may affect include:

- Recordkeeping Policy,
- Affiliated Transaction Policy,
- Code of Ethics.

Risks Addressed by this policy

This policy is designed to address the following risks:

- Failure to provide required disclosures for investment advisers and registered investment companies.
- Failure to identify and address potential conflicts of interest.
- Failure to provide adequate oversight of third party service providers.
- Failure to vote proxies in the best interests of clients and funds.

For further details on all our voting records, please see our website:

www.ubs.com/global/en/assetmanagement/investing/responsible-investment.html

For further information on our policies and activities, please contact our Corporate Governance team:

+44-(0)20-7901 5188

SH-CORPGOV-LONDON@ubs.com

Scope

UBS Asset Management is a large-scale asset manager, providing traditional, alternative, real estate, infrastructure and private equity investment solutions to private clients, financial intermediaries and institutional investors worldwide. With a number of investment areas and a range of strategies within each area, the approach to ESG issues necessarily varies across the firm and, to some extent, across countries/regions according to local market customs and client needs.

This document focuses on our approach utilised for the overwhelming bulk of our traditional equity capabilities. Our general approach described here is subject always to any client-specific instructions or restrictions and/or following any local laws or standards applicable in the domiciles of assets or funds.

This document does not replace portfolio and fund-specific materials. Commentary is at a macro or strategy level and is not with reference to any registered or other mutual fund.

Americas

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EMEA

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UK

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