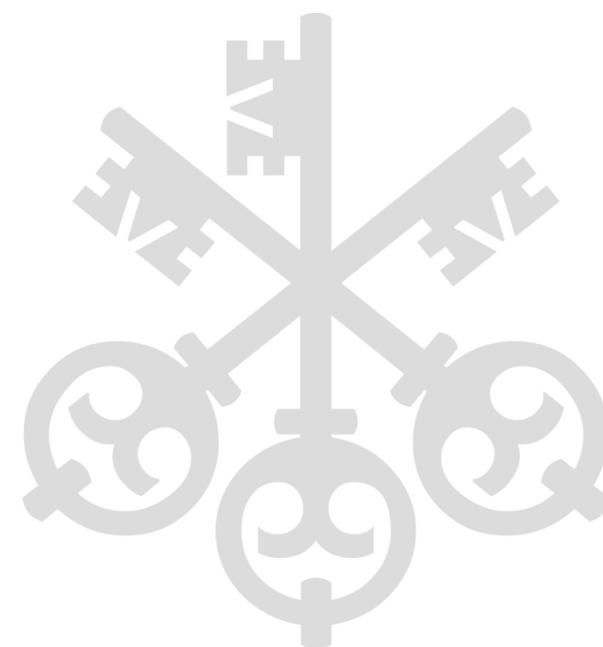


UBS ETF (CH) Carbon Compensated Gold

Product Proposal

UBS Asset Management
UBS Exchange Traded Funds



Gold investment objective

Gold in a portfolio context and its environmental impact

Diversification

Precious metals may make a portfolio more crisis-resistant

Physical precious metals can increase the risk diversification of a portfolio given the low correlation to other unit classes.

- Physical precious metals may therefore improve the risk/return profile
- Precious metals such as gold can enhance and stabilize a portfolio

Inflation protection

Precious metals can retain their purchasing power

- Physical precious metals are based on actual assets and therefore offer a certain degree of inflation protection
- There is often a negative correlation between the US dollar and the price of gold

Asset preservation

Precious metals usually hold their value

- The supply of gold and other precious metals is limited
- The same is valid for the reserves: precious metals are rare – and will remain rare.



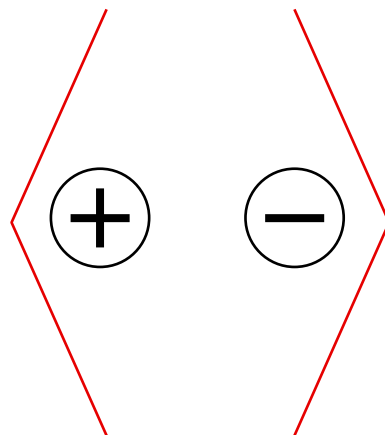
Source: WWF Schweiz: <https://www.wwf.ch/sites/default/files/doc-2021-11/2021-11-WWF-The-Impact-of-Gold.pdf>

Physical Gold and ESG

Contradictory in all aspects?

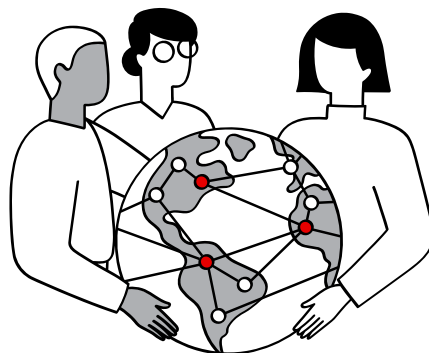
Responsible investing in general

- ESG Focus from investors is a major global trend reaching most asset classes and client types.
- Commodities in focus as a result of the reflation macro environment.
- Gold is at the forefront as well.
- Increasing demand from clients on commodities and ESG.



Challenging in the context of physical commodities

- Unlike other financial assets, Gold is a physical asset.
- Whole supply chain involved from mining to refining to vaulting.
- Gold supply chain is subject to various ESG considerations of which:
 - Labour practices
 - Energy / water management
 - Environment impact
 - Tax transparency
 - Money Laundering
 - Conflicts

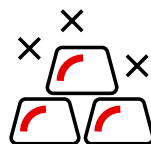


Across the globe, regulators have expanded disclosure rules in both public and private markets and consumers are increasingly holding brands accountable.

Sustainable Gold approaches

Currently available solutions

	Approach Description	To be considered
LBMA responsible Sourcing	<p>Adheres the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals to combat abuses of human rights, avoid contributing to conflict, and to comply with high standards of anti-money laundering and combating terrorist financing practices.</p> <p>https://www.lbma.org.uk/articles/lbma-launches-version-9-draft-of-responsible-gold-guidance</p>	<p>Light sustainable tilt</p>
Provenance Gold	<p>LBMA plus a block chain tracking from the mine via refiner to the end consumer.</p> <p>Gold bar that is kept in the vault.</p>	<p>Liquidity: insufficient supply with weekly 100kg, monthly 500kg. Not feasible for ETF.</p>
Artisanal and Small- Scale Mining Gold	<p>Mining by individuals, groups, families or cooperatives with minimal or no mechanisation, often in the informal sector of the market (Hentschel et al. 2002). The ASM sector is usually high labour intensive and requires low investment levels.</p>	<p>Liquidity: insufficient supply with weekly 10kg. Not feasible for ETF.</p>

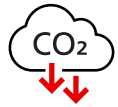


Currently available Gold ESG solutions either face liquidity risks or provide low sustainable tilt.

Source: LBMA & Swiss Better Gold Association, 6 January 2023

Focus on Carbon Emission

Reduction approaches



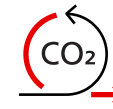
Abatable carbon emissions

Some carbon emissions can be avoided by changing processes and habits as well as by introducing actions to reduce them.

Identify key environmental issues with mining sources and other suppliers and take measures accordingly in order to meet set maximal limits.

External audited engagements with the supply chain (including mines) on the reduction pathway.

Engagement



Non-abatable carbon emissions

Even after all possible measures to lead a clean approach have been taken, there will always be a remaining part of non-abatable carbon emissions. The generation of carbon emissions is often inevitable.

Investing in projects that reduce carbon emissions via certificates (voluntary or regulated).

Projects must be developed under recognized standards and the carbon credits that they generate may be used to offset those unavoidable emissions.

Carbon Offsetting

Source: MKS PAMP 6 January 2023

Carbon Footprint Measurement Standards

Standards used for Carbon Neutral gold

ISO 14067

International Organization for Standardization

ISO 14067 specifies the principles, requirements and guidelines for the quantification and reporting of the carbon footprint of a product (PCF) and is consistent with life cycle assessment (LCA) Standards (ISO 14040 and ISO 14044).

This Standard contributes to the UN Sustainable Development Goal 13 on Climate Change.

Quantification of the Carbon Footprint



PAS 2060

Publicly Available Specification

PAS 2060 is the internationally recognised specification for carbon neutrality published by the British Standards Institution (BSI). It sets out the requirements for quantifying, reducing and offsetting greenhouse gas (GHG) emissions for organisations and products.

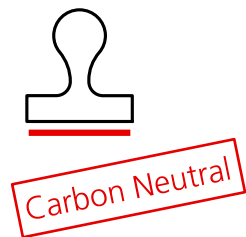
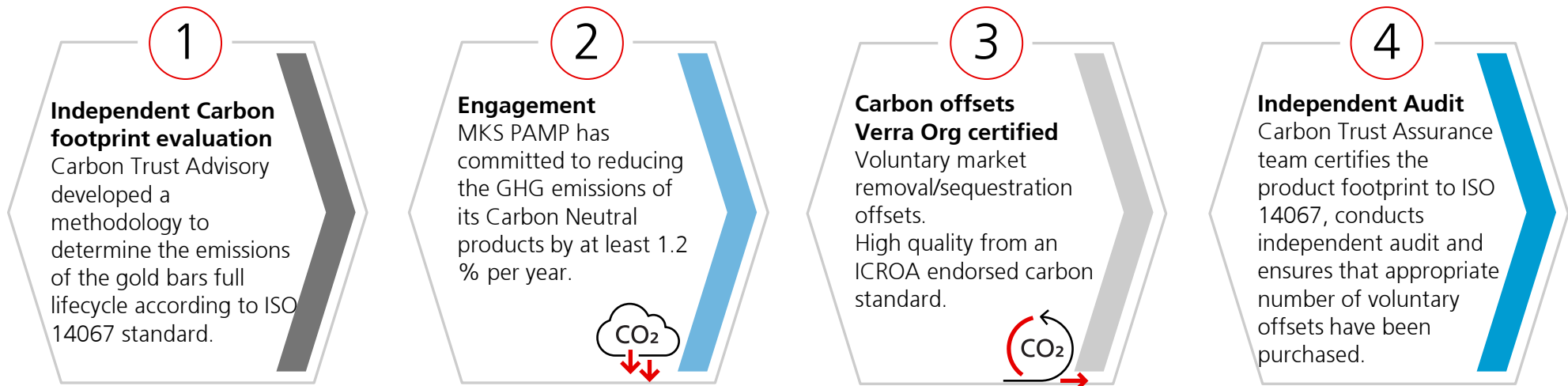
PAS 2060 is an independent standard, developed with input from a steering group of public and private organisations, including the Carbon Trust.

Certification of a product as carbon neutral

Source: MKS PAMP 6 January 2023

Carbon Neutral Gold bars proposed from MKS PAMP

Methodology for certification according to the PAS 2060 standard



Engagement

The “Carbon Neutral” certification requires that MKS PAMP provides improvements in its carbon management and a declaration of commitment to reducing the carbon emissions on a yearly basis (PAS 2060).

The UBS internal labeling for MKS PAMP Carbon neutral Gold is “Carbon Compensated Gold”.

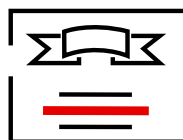
Source: MKS PAMP Working Paper, 6 January 2023

MKS PAMP Carbon reduction commitments

MKS PAMP has set tangible goals to lower greenhouse gas emissions (GHG), which have received third party approvals

MKS PAMP is a precious metal trading and refining company (at least 25 years partnership with UBS). They have conducted carbon foot printing measurement of their companies' activities that include their production of precious metals (over 25 types of products), and their trading operations. MKS PAMP is the first precious metals company to have SBTi approved carbon emissions reduction targets by 2030. The combination of the SBTi targets & PAS 2060 certifications showcases their commitment on both a company and product level.

Company related certification: **SBTi**



Product related certification: **PAS 2060**

MKS PAMP commitments with SBTi considers the emissions related to the entire business activity of the company and differentiates GHG emissions in scopes.

MKS PAMP commits:

- to reducing absolute scope 1 GHG emissions 46.2% by FY2030 from a FY2019 base year.
- to continue annually sourcing 100% renewable electricity through FY2030 (scope 2).
- to reducing absolute scope 3 GHG emissions 27.5% by FY2030 from a FY2019 base year.

MKS PAMP Carbon Neutral Gold bars are the first precious metal products to have been certified as Carbon Measured and Carbon Neutral by the Carbon Trust. This has been done in accordance with ISO 14067 and PAS 2060 certifications.

MKS PAMP commits:

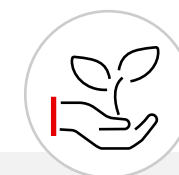
- to ensuring a yearly reduction of at least 1.2% of the emissions related to its certified gold products. As 99% of the carbon emissions of the gold bars come from their sourcing, the carbon management plan prioritizes actions in MKS PAMP's upstream supply chain.
- to purchasing the correct number of offsets to neutralize the remaining emissions of the certified gold bars.

MKS PAMP – Product Emissions Report

Carbon footprint provided by the Carbon Trust

Process	Emissions Total tCO2e MKS PAMP	Emissions Total CO2e/kg	%
Raw materials - Gold	495'652.7	2'719.0	99.6%
Raw materials - Other inputs	323.9	1.8	0.1%
Inbound transportation	1'092.2	6.0	0.2%
Manufacturing	33.7	0.2	0.0%
Downstream distribution	781.2	4.3	0.2%
End-of-life	4.4	0.0	0.0%
Product Carbon Footprint	497'888.1	2'731.2	100.0%

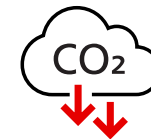
- The MKS PAMP general gold supply includes both mined and recycled sources.
- Approximately 50% of the source material is from recycled gold supply which substantially reduces the environmental footprint.
- The Carbon Trust applied the EU Product Environmental Footprint Circular Footprint Formula (PEF CFF).
- The formula considers the circularity of the product - both in the sourcing and end of life.



The emission factors average for MKS PAMP gold lifecycle is already below global average.

Source: Carbon Trust MKS PAMP Product Emissions Report June 2022, The amount are the total emissions for MKS PAMP gold bars according to the cradle-to-grave approach for 2020 as baseline year.

Abatable carbon emissions- Engagement



Carbon Management Plan of the Carbon Neutral Gold product

MKS PAMP speaks regularly with their gold sources, if not weekly at least several times per month. The exchanges include relationship, operations and practices matters.

Engagement of MKS PAMP

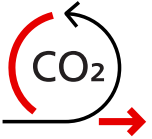
1. Acquire yearly carbon emission data of their mining sources for the Carbon Trust (as evidence in their Assurance process)
2. Incorporate carbon reduction requirements in the MKS PAMP on-boarding of clients and compliance reviews. Clients will be reviewed and onboarded based on their commitment to GHG reductions and their capacity to act.
3. Evaluate yearly the performance of our suppliers regarding GHG reduction targets (quarterly to yearly basis based on data availability.)

Ongoing review

MKS PAMP will approach and engage their sources on their emission reduction pathway. The Carbon Trust controls the performance of each action point in the product's carbon management plan during a yearly (re)evaluation process in line with the PAS 2060 accreditation.

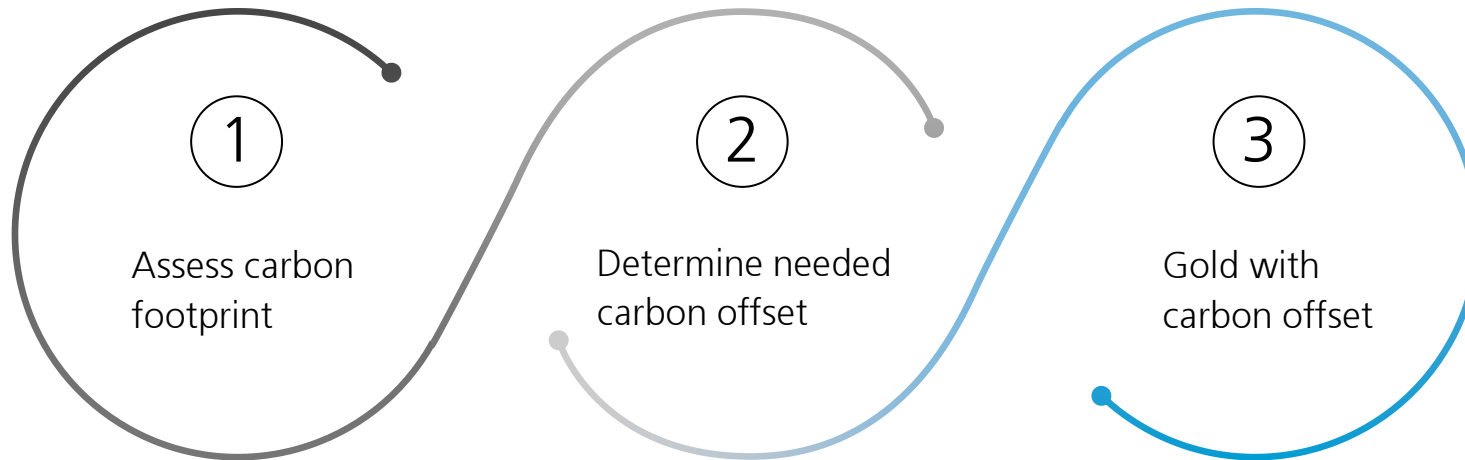


Source: MKS PAMP 6 January 2023



None abatable carbon emissions- Offsetting

Combining LBMA gold bars with a carbon offsets



- **The Carbon Trust considers** the emissions of the LBMA Gold bars full lifecycle.
- **Product Carbon Footprint** total emissions CO₂e/kg1): 2.7 tons of which over 99% from the raw material sourcing.


- **Voluntary Carbon Market** (not Regulated) is considered
- **Removal/Sequestration** (Nature Based) Reforestation, afforestation, soil sequestration, biochar, etc.
- **Verra Carbon Units (VCU)** represent the removal of one ton of carbon dioxide equivalent (CO₂e) achieved by a project
- **VCUs are purchased** and retired by MKS PAMP

- **Certified Carbon Neutral LBMA Good delivery large bar** with a QR code that contain the carbon offset details and certificates.

PAMP
Produits Artistiques Metaux Precieux

Certificate N000001

Metal	Gold
Weight	411.600 oz
Fineness	999.9

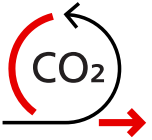
Certified Assayer
 Maria Cereghetti



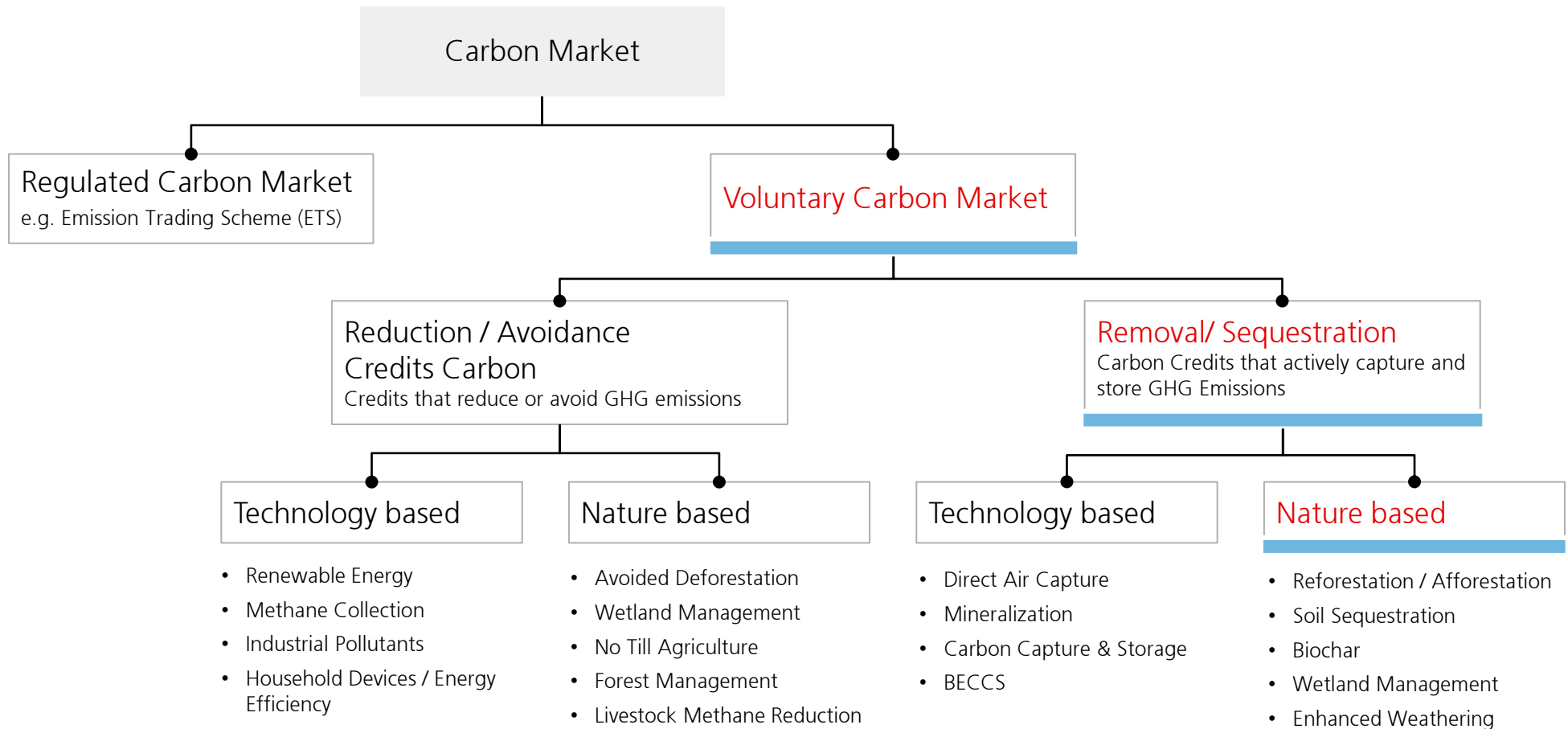
The information provided in this e-certificate solely applies to the genuine PAMP product with the SKU ZNLA000117 and the serial number N000001



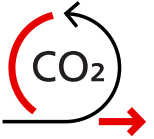
Carbon markets



Available solutions



Source: MKS PAMP, 6 January 2023



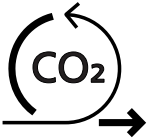
Voluntary Market: Removal/Sequestration

Verra projects that follow minimum standards of UBS

- Exclusively Verra certified projects to be considered
- Verra Carbon Units (VCU) represent the removal of one ton of carbon dioxide equivalent (CO2e) achieved by a project.
- VCU were issued in accordance to Verified Carbon Standard (VCS) protocols that lay out the rules and requirements which all projects must comply with:
 1. **Independent Auditing:** All VCS projects are subject to desk and field audits by both qualified independent third parties and Verra staff.
 2. **Accounting Methodologies:** Projects are assessed using a technically sound GHG emission reduction quantification methodology.
 3. **Registry System:** The issuance and ownership of these instruments are tracked in Verra Registry using unique serial numbers to prevent double counting or double selling.

VCUs are purchased and retired by MKS PAMP to offset the emissions of Carbon Neutral Gold

Source: <https://registry.verra.org/app/search/VCS/All%20Projects>, 6 January 2023



Voluntary Market: Removal/Sequestration

Example of an offset project: Afforestation of degraded grasslands in Vichada, Colombia

Project Type:	Agriculture Forestry and Other Land Uses
VCS Methodology:	AR-ACM0003
Country:	Colombia
Registry and Reference #:	VCS (Verra) ID 2512
Link:	https://registry.verra.org/app/projectDetail/VCS/2512



Environmental Impact

- **Overview:** The grouped project aim is to recover degraded grasslands in Vichada, Colombia, through the establishment of timber plantations. The first instance consists of the afforestation of 30,605 ha of low-fertility grasslands that have been degraded by livestock in the municipalities of Puerto Carreno and La Primavera. It includes the planting of Eucalyptus (*Eucalyptus pellita*) and Acacia (*Acacia mangium*) as timber species.
- **Objective:** Through afforestation activities to recover degraded lands, the project aims to promote connectivity between ecosystems. In addition, this project is expected to provide more than 200 full-time employment opportunities (with equal access to women and men) in a zone historically affected by poverty. Furthermore, the increase in the forest cover and sequestration of carbon in living biomass will contribute to the reduction of GHG emissions by acting as a sink that sequesters an average of 139,489 tCO₂e per year. This amount to 4,184,664 tCO₂e over the 30-year crediting period.
- **Crediting period:** The project started on September 15, 2016, and will end on September 14, 2046 (30-year total period).

Offset Characteristics



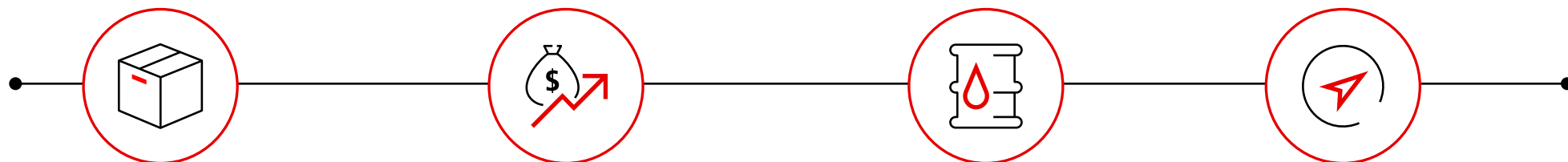
Projected carbon savings of the retired VCUs have already been fully realized.

From Vintage	To Vintage	Serial Number
01/01/2020	03/12/2020	13348-492093088-492093224-VCS-VCU-394-VER-CO-14-2512-01012020-03122020-1

Source: <https://registry.verra.org/app/search/VCS/All%20> Projects, January 2023

Product Structuring Consideration

Carbon Compensated Gold ETF



Product format

- Swiss ETF, physical replication
- Gold bars stored in UBS secured vaults in Zurich.
- Gold bars meet LBMA 2022 standards and are labelled as Carbon Neutral. They include a QR with information relevant to the offset
- Registration CH & LI

Benchmark and pricing

- LBMA Gold London PM Auction + USD 1.00 per oz
- Premium above LBMA price is USD 5.25 per oz when purchasing.
- TER/Management fee: 30 bps p.a.
- Starting NAV set at USD10.00

Liquidity and Capacity

- No capacity constraints.
- UBS AG works in close partnership with MKS PAMP and is supportive of the initiative.

Positioning

- Carbon Compensated ETF
- Carbon Neutral Gold bars
- SFDR Article 6

Product details

Fund name	Fee	NAV Ccy.	Replication	Distribution	ISIN	Bloomberg	Valor
UBS ETF (CH) Carbon Compensated Gold ETF (USD) A-acc	0.30%	USD	Physical, full replication	No	CH1233056329	GLDCO2	123305632

If part or all of the total costs is to be paid in a currency different from your reference currency, the costs may increase or decrease as a result of currency fluctuations. Investors are acquiring units in a fund, and not in a given underlying asset such as building or shares of a company.

Source: UBS Asset Management. January 2023.

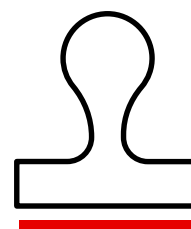
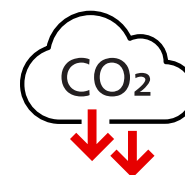
Why the Carbon compensated Gold ETF

Carbon conscious, liquid and transparent

- Strong demand for Gold, particularly in sustainable and environment friendly investment solutions.
- In contrast to Gold ESG solutions, which are either exposed to reputational risks and the supply challenges, MKS PAMP Carbon Neutral Gold has substantial advantages:
 1. Low reputational risk, full lifecycle of product's carbon emissions and its offsets purchase are results of pure quantitative ISO certified assessments.
 2. MKS PAMP LBMA Good Delivery large gold bars (~12.5kg), labelled as "Carbon Neutral" by the Carbon Trust according to the internationally recognized PAS 2060 Carbon Neutrality standard.
 3. Evidence of purchase of suitable carbon offsets verified by the Carbon Trust.
 4. No supply limits regarding MKS PAMP Carbon neutral Gold bars
- An exclusive provider arrangement with MKS PAMP limits the sale, distribution, availability of MKS PAMP Carbon Neutral LBMA large bars to UBS Group.

Carbon Compensated Gold ETF

The "Carbon Compensated Gold" ETF is a high potential building block aligning to the Net Zero Asset Managers initiative.



Carbon Neutral

Source: MKS PAMP, Carbon Trust, <https://www.bsigroup.com/en-GB/pas-2060-carbon-neutrality>, 6 January 2023

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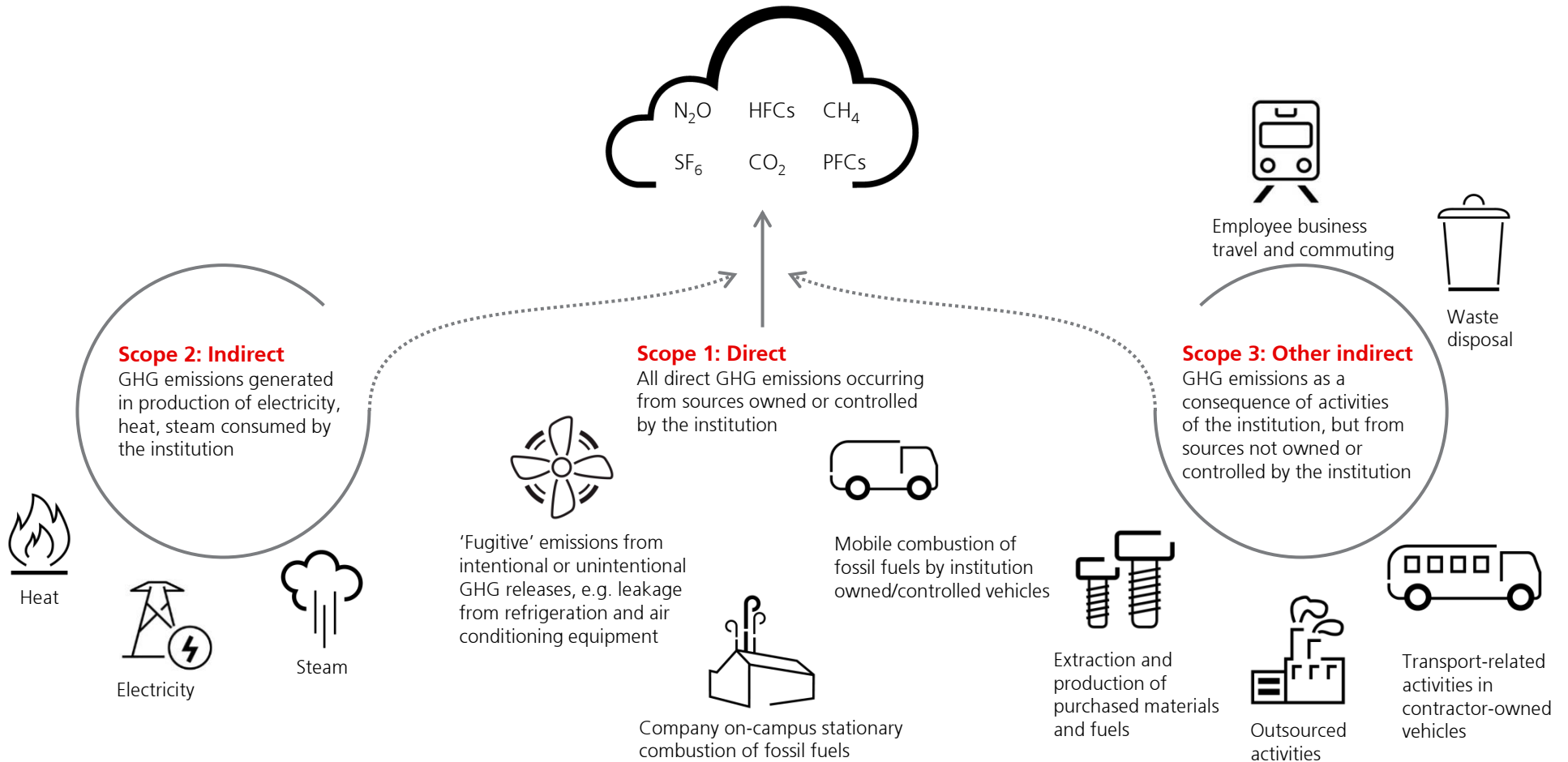
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Appendix

Explanation of the different CO₂ scopes

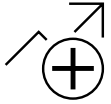
Greenhouse Gas Protocol's categorisation



Source: World Resources Institute and World Business Council on Sustainable Development

Note: For illustrative purposes only

Opportunities and risks



Opportunities

- The fund invests in physical commodity in the form of Carbon Neutral standard bars.
- The commodity is physically segregated and stored in a high-security vault in Switzerland.
- The investment objective is to replicate the performance of the commodity. The stock exchange price may differ from the net asset value.
- The fund is passively managed.
- Clients benefit from the flexibility of an exchange-traded investment.
- Provides access to the performance of the index with a single transaction.
- The fund offers a high degree of transparency and cost efficiency.



Risks

- This UBS Exchange Traded Fund invests in commodities and may therefore be subject to high fluctuations in value.
- For this reason, an investment horizon of at least five years and corresponding risk tolerance and capacity are required.
- All investments are subject to market fluctuations.
- Every fund has specific risks, which may significantly increase under unusual market conditions.
- Sustainability risks are not considered as part of the Index selection process. Therefore, sustainability risks are not systematically integrated.
- The fund's assets are passively managed. As a result, the net asset value of the fund is directly dependent on the performance of the underlying index. Losses that could be avoided via active management will not be offset.

Risk information

UBS ETFs investing in Equities

UBS Exchange Traded Funds invest in equities and may therefore be subject to high fluctuations in value. For this reason, an investment horizon of at least five years and corresponding risk tolerance and capacity are required. All investments are subject to market fluctuations. Every fund has specific risks, which can significantly increase under unusual market conditions. The fund's assets are passively managed. As a result, the net asset value of the fund's assets is directly dependent on the performance of the underlying assets. Losses that could be avoided via active management will not be offset.

UBS ETFs investing in Real Estate Funds

The funds invest in real estate funds under Swiss law that are denominated in CHF and invest exclusively in Swiss properties. The price of the underlying fund units is not determined by estimates of market value but by investor supply and demand. All investments are subject to market fluctuations. Every fund has specific risks, which may increase considerably in unusual market conditions. The fund's assets are passively managed. As result the net asset value depends on the performance of the underlying assets. Please contact your client advisor if you wish to receive further information on the investment risks associated with this product.

UBS ETFs investing in Metals

The UBS Exchange Traded Fund investing in metals may be subject to considerable fluctuations in value. Investors therefore require an investment horizon of at least five years and corresponding risk tolerance and capacity. All investments are subject to market fluctuations. All funds have specific risks, which may significantly increase under unusual market conditions. The fund's assets are passively managed. As a result, the net asset value of the fund's assets is directly dependent on the performance of the underlying assets. Losses that could be avoided via active management will not be offset.

UBS ETFs investing in Oil and Commodities

The Fund delivers the returns of a broadly diversified commodity index and may therefore be subject to high fluctuations in value. For this reason, an investment horizon of at least five years and corresponding risk tolerance and capacity are required. The returns payable on the Fund are dependent on payments received by the Fund from the Swap Counterparty under the terms of the Relevant Swap and, therefore, are subject to the credit risk of the Swap Counterparty. In the event that the Swap Counterparty defaults under the terms of the Relevant Swap, the Fund may suffer a loss. Assets are passively managed meaning losses that could be avoided via active management will not be offset. The net asset value of the Fund's assets are materially dependent on the performance of the underlying investments. If all or part of the total costs to be paid is different from your reference currency, the costs may increase or decrease as a result of currency and exchange rate fluctuations. Commissions and costs have a negative impact on the investment and on the expected returns. If the currency of a financial product or financial service is different from your reference currency, the return can increase or decrease as a result of currency and exchange rate fluctuations. All investments are subject to market fluctuations. Every fund has specific risks, which can significantly increase under unusual market conditions.

UBS ETFs investing in Fixed Income

This UBS Exchange Traded Fund invests in government bonds of a single country and/or in corporate bonds and may therefore be subject to high fluctuations in value. For this reason, an investment horizon of at least five years and corresponding risk tolerance and capacity are required. All investments are subject to market fluctuations. Every fund has specific risks, which can significantly increase under unusual market conditions. The fund's assets are passively managed. As a result, the net asset value of the fund's assets is directly dependent on the performance of the underlying assets. Losses that could be avoided via active management will not be offset.

Climate-focused investments

The Fund is subject to the risk that its climate-focused investment strategy may select or exclude securities of certain issuers for reasons other than investment performance considerations. Climate Criteria and risks are considered as part of the Index selection process.

ESG investments

Sub-fund's that are classified as Article 8 or Article 9 Product are passively managed, tracking the reference of their relevant index. Sustainability characteristics and risks are considered as part of the relevant index' selection process or in case of a fund applying the Climate Awareness Overlay, in the investment decision process. The integration of these ESG characteristics and risks could have a positive or negative impact (compared to not considering ESG) on the performance of the sub-fund.

Retail investors

Investors are acquiring units or shares in a fund, and not in a given underlying asset such as building or shares of a company.

Any decision to invest should take into account all the characteristics or objectives of the promoted fund as described in its prospectus, or similar legal documentation.

For complete information about the fund, including the risks of investing, applicable fees (e.g. entry or exit fees) and other important information, investors prior to investing should read the Key Investor Information Document (KIID), full prospectus, the complete risk information and any applicable local offering documents. Please refer to your adviser for more information.

Disclaimer

For marketing and information purposes by UBS.

For qualified investors only.

UBS funds under Swiss law.

Arrangements for marketing fund units mentioned in this document may be terminated at the initiative of the management company of the fund(s).

The benchmark is the intellectual property of the index provider. The Share Class is not sponsored or endorsed by the index provider. Please refer to the Fund's prospectus or supplement for the full disclaimer.

Before investing in a product please read the latest prospectus and key investor information document carefully and thoroughly.

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