About this report

This report is an export of the individual Signatory organisation responses to the PRI Reporting Framework during the reporting period specified above. It shows your responses to all completed indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders. The PRI will not publish this report on its website. Instead, you will be able to access the public RI Transparency report of your organisation and that of other signatories on the PRI website.

The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information.

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<table>
<thead>
<tr>
<th>Service and Funds Offered</th>
<th>Percentage</th>
<th>Total AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money market instruments</td>
<td></td>
<td></td>
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<tr>
<td>Fixed income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Listed equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate (financial)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate (non-financial)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate</td>
<td></td>
<td></td>
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<tr>
<td>Infrastructure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farmland</td>
<td></td>
<td></td>
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<tr>
<td>Forestry</td>
<td></td>
<td></td>
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<tr>
<td>Hedge funds</td>
<td></td>
<td></td>
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<tr>
<td>Fund of hedge funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inclusive finance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (1), specify</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (2), specify</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund of funds, manager of managers, sub-advised products</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** The total AUM is the sum of all asset classes and investment strategies.
<table>
<thead>
<tr>
<th>Sector</th>
<th>General</th>
<th>Leisure/Hotel</th>
<th>Office</th>
<th>Residential</th>
<th>Retail</th>
<th>Mixed use</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10-50%</td>
<td>&gt;50%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>&gt;50%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Provide a breakdown of your organisation’s property assets based on who manages the assets.

- General
- Leisure/Hotel
- Office
- Residential
- Retail
- Mixed use
- Industrial

- Provide a mix of ownership stakes
- a majority stake (>50%)
- a significant minority stake (between 10-50%)
- a limited minority stake (<10%)
- 0%

- Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.

- Office: 20%
- Multi-family residential: 26%
- Retail: 28%

- Our real estate business manages close to 2,200 property holdings worldwide, over 20 countries. The business actively invests in farmland in the US, and in the office, retail, and hotel real estate sectors as well as in farmland in the US.

- Breakdown of your property assets (by number)
Industrial / Logistics: 13%
Other: 13%
(As at 31 December 2018)

OO INF 01
Mandatory to Report, Voluntary to Disclose

Indicate the level of ownership you typically hold in your infrastructure investments.

- a majority stake (>50%)
- a 50% stake
- a significant minority stake (between 10-50%)
- a minority stake (<10%)
- a mix of ownership stakes

OO INF 02
Mandatory to Report, Voluntary to Disclose

Gateway/Peering

Provide a breakdown of your organisation's infrastructure assets based on who manages the assets.

Infrastructure assets managed by

- Managed directly by your organisation/companies owned by you
  - >50%
  - 10-50%
  - <10%
  - 0%

- Managed via third-party operators appointed by your organisation/companies owned by you
  - >50%
  - 10-50%
  - <10%
  - 0%

- Managed by other investors/their third-party operators
  - >50%
  - 10-50%
  - <10%
  - 0%

Total 100%

OO INF 03
Mandatory to Report, Voluntary to Disclose

Largest infrastructure sector

- Transportation
- Energy infrastructure
  - Conventional energy
  - Renewable energy
- Water management
- Waste management
- Communication
- Social infrastructure
- Other, specify

Second largest infrastructure sector

- Transportation
- Energy infrastructure
  - Conventional energy
  - Renewable energy
- Water management
- Waste management
- Communication
- Social infrastructure
- Other, specify

Third largest infrastructure sector

- Transportation
- Energy infrastructure
  - Conventional energy
  - Renewable energy
- Water management
- Waste management
- Communication
- Social infrastructure
- Other, specify

OO HF 01
Mandatory to Report, Voluntary to Disclose

Hedge Fund Strategies and Classification

Main strategy

- Equity Hedge
  - >50%
  - 10-50%
  - <10%
  - 0%
- Equity Market Neutral
- Fundamental Growth
- Fundamental Value
- Quantitative Directional
- Short Bias
- Multi-Strategy

Event Driven

- >50%
- 10-50%
- <10%
- 0%
- Activist
- Credit Arbitrage
- Distressed / Restructuring
- Merger Arbitrage
- Private Issue / Regulation D
- Special Situations
- Multi-Strategy

Global Macro

- >50%
- 10-50%
- <10%
- 0%

Relative Value

- >50%
- 10-50%
- <10%
- 0%
- Fixed Income - Asset Backed
- Fixed Income - Convertible Arbitrage
- Fixed Income - Corporate
- Fixed Income - Sovereign
- Volatility
- Yield Alternatives: Energy Infrastructure
- Yield Alternatives: Real Estate
- Multi-Strategy

Risk Parity

- >50%
- 10-50%
- <10%
- 0%

Blockchain

- >50%
- 10-50%
- <10%
- 0%

Total 100% (of internal Hedge Fund AUM)

Options presented for fund of hedge funds

Fund of hedge fund sub-strategies

- Conservative
  - >50%
  - 10-50%
  - <10%
  - 0%
- Diversified
  - >50%
  - 10-50%
  - <10%
  - 0%
- Market Defensive
  - >50%
  - 10-50%
  - <10%
  - 0%
- Strategic
  - >50%
  - 10-50%
  - <10%
  - 0%

Total 100% (of internal Fund of Hedge Fund AUM)
### Annual financial filings

- Yes

### Describe your organisation’s investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

- URL

### Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation’s investment time horizon.

<table>
<thead>
<tr>
<th>Document Type</th>
<th>Component</th>
<th>Required</th>
<th>URL/Attachment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Screening / exclusions policy</td>
<td>Asset class-specific RI guidelines</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Formalised guidelines on corporate governance factors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active ownership approaches</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PRI 6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset class-specific RI guidelines</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formalised guidelines on social factors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formalised guidelines on corporate governance factors</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Indicate the components/types and coverage of your policy.

- Applicable policies cover a majority of AUM

### Indicate the associated timescales linked to these risks and opportunities.

- Time horizon of your investment
- Coverage by AUM

### Indicate the climate-related risks and opportunities identified through the investment strategies and products, within the organisation’s investment time horizon.

- Time horizon of your investment
- Coverage by AUM

### Governance structure of organisational ESG responsibilities

- URL/Attachment

### Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Yes

### An Assessment

- Launching the innovative Climate Aware rules-based passive strategy now available across countries oriented towards stakeholders.
- Engaging with companies in which it invests on behalf of clients to discuss approaches to mitigating climate change risk, including disclosure around climate-related reporting. This includes participation in the global Climate Action 100+ collaboration.
- We also identify and overweight companies exposed to climate risks especially through physical risks either immediately or increasing over time.
- Portfolio managers and analysts have access to a variety of ESG data, proprietary internal data as well as external data. This includes proprietary calculation of a Glide Path Probability which assesses

### Areas we assess (at individual investment or issuer level) are:

- their management teams.
- We recognise that how the investments we make could be affected by climate change depends on a combination of business areas.
- The Bristol-Myers Squibb Company, the world’s largest provider of pharmaceuticals, has detailed this climate strategy in the “GRI Document An Assessment” Oxford Review of Economic Policy, 30(3): 407-422. Bowen and Hepburn, 2014). This helps to explain the resistance in some quarters to more accelerated climate transition policies.
- One investment consultant has concluded that climate change will inevitably have an impact on investment returns (“Investing in a time of climate change”, Mercer, 2015). We believe that the urgency of the climate change crisis and the potential for significant investment opportunities should be reflected in our investment processes and strategies.
- UBS Asset Management (UBS-AM) is a large scale asset manager, providing traditional, alternative, real estate, and private capital solutions in a range of strategies and across a range of asset classes.
- Sustainability is a core value and a priority for us, reflecting our commitment to achieving long-term performance and responsible investing. This means we aim to integrate sustainability considerations into all aspects of our investment processes and decision-making, from the identification and screening of investments, through to due diligence and portfolio construction methodology.
- We take climate change and its effects seriously and believe it is important to be proactive and to ensure that our investments are aligned with the goals of the Paris Agreement and the UN Sustainable Development Goals (SDGs).
- Our parent, UBS Group AG is supporting the transition to a low-carbon economy through its comprehensive climate change strategy which is focused on four key areas: (i) reducing our own climate change footprint, (ii) integrating climate change considerations into our investment processes and decision-making, (iii) engaging with portfolio companies to encourage them to reduce the climate-related risks to their businesses, and (iv) reducing our direct climate change impact.
- UBS Group has detailed this climate strategy in the “GRI Document An Assessment” Oxford Review of Economic Policy, 30(3): 407-422. Bowen and Hepburn, 2014). This helps to explain the resistance in some quarters to more accelerated climate transition policies.
- We believe that the urgency of the climate change crisis and the potential for significant investment opportunities should be reflected in our investment processes and strategies.
- One investment consultant has concluded that climate change will inevitably have an impact on investment returns (“Investing in a time of climate change”, Mercer, 2015). We believe that the urgency of the climate change crisis and the potential for significant investment opportunities should be reflected in our investment processes and strategies.
Provide training on ESG engagement
Ad-hoc basis
Quarterly or more frequently
.Proxy voting policy
General
Attachment (will be made public)
Describe your policy on managing potential conflicts of interest in the investment process.
Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Additional information. [Optional]
Descriptive
General
General
Less frequently than annually
Improved engagement to encourage change with regards to management of ESG issues
Your investment objectives that take ESG factors/real economy influence into account
It is not set/reviewed
We do not publicly disclose any investment policy components
Reporting

The Sustainable and Impact Investing team has responsibility for the implementation of our SI policy and procedures and annually reviews our responsible investment objectives and establishes goals for the coming year.

With respect to individual incidents that occur within portfolio companies, we identify ESG related incidents via our internal compliance procedures which are linked to unlocking value in the long term.

**ESG issues.** The aims of the SI Management Committee are to:

- Improved ESG incorporation into investment decision making processes
- Maintain alignment with our UBS in Society commitments
- Oversee objectives, measurement and reporting related to ESG
- Implement best practice and further develop ESG commitments
- One-on-one training for portfolio managers on specific ESG issues.
- Training sessions with investment teams and client facing teams on UBS AM’s ESG integration and engagement.
- The primary areas of focus of the ESG engagement trainings include education and identification of potential engagement cases based on UBS AM’s four stewardship pillars:

- Responsible investment processes
- Key performance indicator
- Progress achieved
- URL/Attachment
- URL/Attachment
- URL/Attachment

- The Sustainable and Impact Investing team has responsibility for the implementation of our SI policy and procedures and annually reviews our responsible investment objectives and establishes goals for the coming year.

- We have also established procedures designed to detect and prevent insider trading. We have implemented a personal investment policy for each of our employees. All personal trades are reported to and monitored by our Compliance Department.
Implementation of responsible investment
Core Assessed
Using case studies to demonstrate engagement and ESG incorporation to clients
Implementation of responsible investment
Other description (1)

UBS AM's Stewardship report includes a number of case studies that highlight our engagement with companies, as well as our involvement in initiatives to promote positive and ethical business practices. These case studies demonstrate our commitment to responsible investment and our efforts to engage with companies on issues related to environmental, social, and governance (ESG) matters.

Our engagement with companies includes active participation in a number of shareholder engagement initiatives, such as the Climate Action 100+ and the TCFD. We also work closely with the Corporate Culture and Responsibility Committee (CCRC) to ensure that our engagement efforts are aligned with our company's goals and values.

We continually review our membership of specific initiatives in relation to environmental, social & corporate governance (ESG) matters. Below is a list of our memberships and involvement:

- Climate Action 100+
- TCFD
- CCRC
- EFAMA Stewardship, Market Integrity and ESG Investment Standing Committee
- Swiss Sustainable Finance (SSF)
- Global Real Estate Sustainability Benchmarks
- Sustainability Accounting Standards Board (SASB)
- Asian Corporate Governance Association
- Institutional Investors Group on Climate Change
- International Corporate Governance Network
- Principles for Responsible Investment (PRI)
- Roundtable on Sustainable Palm Oil (RSPO)
- Global Reporting Initiative (GRI)
- CDP: Included in the CDP A List for Climate Change Action in 2018.
- Transparency

ивания функций и задач, связанных с устойчивым инвестированием, а также с обеспечением социальной ответственности и управляемости рисков.

В рамках реализации стратегии устойчивого инвестирования UBS AM активно участвует в различных инициативах и программах, направленных на улучшение экологической, социальной и корпоративной ответственности.

Компания UBS AM ежегодно выпускает отчет о деятельности в области устойчивого инвестирования, в котором подробно описываются наши действия и успехи в этой области. Отчет также содержит информацию об активности UBS AM в международных инициативах, направленных на улучшение устойчивого инвестирования и управления рисками.

Таким образом, UBS AM обеспечивает прозрачность и ответственность в области устойчивого инвестирования, что укрепляет доверие к нам наших клиентов и партнеров. Мы продолжаем работать над улучшением своей деятельности в этой области и добиваться лучших результатов.
None of the above 
Provide any additional information on your organisation’s performance management, reward and/or personal development processes in relation to responsible investment.

Variable pay linked to responsible investment performance

No responsibility for climate-related issues

Indicate if your organisation’s performance management, reward and/or personal development processes have a responsible investment element.

RI in personal development and/or training plan

Responsible investment included in assessment and management of climate-related issues

No responsibility for climate-related issues

Additional assessed

Responsible investment KPIs and/or goals included in objectives

RI in objectives, appraisal and/or reward

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

PRI 4,5

AFIC – La Commission ESG

Responsible investment included in

Asian Corporate Governance Association

Assessment and management of climate-related issues

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Descriptive

Responsible investment included in

RI in personal development and/or training plan

Responsible investment included in

Responsible investment KPIs and/or goals included in objectives

Responsible investment KPIs and/or goals included in objectives

No responsibility for climate-related issues

Responsible investment included in personal development and/or training plan

Responsible investment included in personal development and/or training plan

Moreover, the SI Analysts and investment analyst work together to engage with companies on behalf of clients to discuss climate-related risks and opportunities, and to engage with analysts to discuss the potential for investment in climate-related companies. This collaboration also results in enhanced transparency around climate-related data and disclosure, participation in the global Climate Action 100+ collaboration.

made available to all equity portfolio managers through the Portfolio Optimization Platform, which allows portfolio managers and analysts to download carbon and carbon intensity data on over 6,000 companies.

UBS-AM climate action. The Head of our Sustainable Investors team is a member of the TCFD.

Climate Change Group (CCG) oversees climate-related activities and aligns UBS’ strategy with current and future climate change risks through the creation of comprehensive climate change risk management strategies. These strategies are overseen by the UBS in society Operating Committee and climate change risks by the Global Environmental & Social Risk (ESR) Committee. The CCRC regularly and critically reviews the assessments and steps taken by these committees.

On a group wide level, our climate change strategy is overseen by the Corporate Culture and Responsibility Committee (CCRC), which identifies strategic and organizational alignment of our climate change disclosure pathway with TCFD’s recommendations. These annual objectives and plans are managed and led by the Head of the CCG, Paul Bratsch, in collaboration with the CCRC. The CCRC is composed of the following executive-level representatives: Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee, Portfolio managers, and other Chief-level staff or head of department.

Board members or trustees

Our dedicated responsible investment staff

Moderate

We collaborated with CDP in a roadshow to our financial advisors in Italy in 2018. We continue to leverage and access research and data through the CDP portal.

Working group on engaging with companies on the SDGs.

Working group on sovereign fixed income

Academic network advisory committee

We support the CDP as an investor member in their aim to improve company disclosure of risks and opportunities related to climate change and have participated in the CDP disclosure process as an investor in over 500 companies. In addition, UBS was a founding member in 2002. We continue to leverage and access research and data through the CDP portal.
<table>
<thead>
<tr>
<th>Initiative</th>
<th>Your organisation's role in the initiative during the reporting period (see definitions)</th>
<th>Frequency of contribution</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Real Estate Sustainability Benchmark (GRESB)</td>
<td>Interim Co-Chair of the GRESB-AM Advisory Group, Member of the GRESB Advisory Board</td>
<td>Biannually</td>
<td>Provided input and/or collaborated with academia on RI related work</td>
</tr>
<tr>
<td>Global Investors Governance Network (GIGN)</td>
<td>Co-Chair of the Interim Committee on Global Sustainability and ESG in the Investment Industry</td>
<td>Less frequently than annually</td>
<td>Provided input and/or collaborated with academia on RI related work</td>
</tr>
<tr>
<td>Institutional Investors Group on Climate Change (IIGCC)</td>
<td>Co-Chair of the Interim Committee on Global Sustainability and ESG in the Investment Industry</td>
<td>Biannually</td>
<td>In 2018 UBS AM participated in the Institutional Investors Group on Climate Change (“IIGCC”) working group on climate change scenario analysis and contributed to the final publication.</td>
</tr>
<tr>
<td>Sustainable Accounting Standard Board (SASB)</td>
<td>Collaborator on the SASB Institutional Advisory Group, contributor to case study publication</td>
<td>Advanced</td>
<td>Together with our partners on impact measurement methodology research (Harvard School of Public Health, City University of New York and University of Wageningen), we have also published a paper in Science Magazine, which is available at the following weblink: <a href="http://science.sciencemag.org/content/359/6375/523.full">http://science.sciencemag.org/content/359/6375/523.full</a></td>
</tr>
<tr>
<td>Investor Group on Climate Change, Australia/New Zealand (IGCC)</td>
<td>Co-Chair of the Interim Committee on Global Sustainability and ESG in the Investment Industry</td>
<td>Moderate</td>
<td>UBS has been a member since 1992 and UBS bank has actively participated in Pilot Project on Implementing the TCFD Recommendations. UBS-AM is a member of the UNEP Finance Initiative’s Property Working Group.</td>
</tr>
<tr>
<td>Principles for Responsible Investment (PRI)</td>
<td>Co-Chair of the Interim Committee on Global Sustainability and ESG in the Investment Industry</td>
<td>Basic</td>
<td>UBS-AM is collaborating with Harvard School of Public Health, City University of New York and University of Wageningen on the development of a new methodology to measure and report on the contribution of financial institutions to the Paris Agreement. The research was launched in February 2016.</td>
</tr>
<tr>
<td>United Nations Environmental Program Finance Initiative (UNEP FI)</td>
<td>Co-Chair of the Interim Committee on Global Sustainability and ESG in the Investment Industry</td>
<td>Moderate</td>
<td>We are actively involved in the Climate Action 100+ engagements in the US with the oil&amp;gas and utility sectors. In addition, we are members of the IIGCC Climate Action 100+ Advisory Group for the mining sector and we are actively involved in Climate Action 100+ engagement activities in Europe with the oil&amp;gas and utility sectors.</td>
</tr>
<tr>
<td>Climate Action 100+</td>
<td>Co-Chair of the Interim Committee on Global Sustainability and ESG in the Investment Industry</td>
<td>Basic</td>
<td>In 2018 UBS AM participated in the Institutional Investors Group on Climate Change (“IIGCC”) working group on climate change scenario analysis and contributed to the final publication.</td>
</tr>
<tr>
<td>International Corporate Governance Network (ICGN)</td>
<td>Co-Chair of the Interim Committee on Global Sustainability and ESG in the Investment Industry</td>
<td>Basic</td>
<td>We collaborated with the Italian SIF to conduct a training programme on ESG/SI for our financial advisors in Italy.</td>
</tr>
<tr>
<td>Local Authority Pension Fund Forum</td>
<td>Co-Chair of the Interim Committee on Global Sustainability and ESG in the Investment Industry</td>
<td>Basic</td>
<td>We are actively involved in the Climate Action 100+ engagements in the US with the oil&amp;gas and utility sectors.</td>
</tr>
<tr>
<td>Shareholder Association for Research and Education (Share)</td>
<td>Co-Chair of the Interim Committee on Global Sustainability and ESG in the Investment Industry</td>
<td>Basic</td>
<td>Together with our partners on impact measurement methodology research (Harvard School of Public Health, City University of New York and University of Wageningen), we have also published a paper in Science Magazine, which is available at the following weblink: <a href="http://science.sciencemag.org/content/359/6375/523.full">http://science.sciencemag.org/content/359/6375/523.full</a></td>
</tr>
<tr>
<td>Extractive Industries Transparency Initiative (EITI)</td>
<td>Co-Chair of the Interim Committee on Global Sustainability and ESG in the Investment Industry</td>
<td>Basic</td>
<td>The two case studies on natural resource governance have been carried out in cooperation with the World Bank and the Extractive Industries Transparency Initiative (EITI).</td>
</tr>
</tbody>
</table>

**Notes:**
- **CDP Forests:** UBS-AM has been a member of the CDP Forests programme since 1992 and has actively participated in the programme. UBS-AM has also participated in the CDP Water programme since 2005.
- **CFA Institute Centre for Financial Market Integrity:** UBS-AM is a member of the CFA Institute Centre for Financial Market Integrity.
- **United Nations Environment Program Finance Initiative (UNEP FI):** UBS-AM is a member of the UNEP FI Property Working Group.
- **Investor Group on Climate Change, Australia/New Zealand (IGCC):** UBS-AM is a member of the IIGCC Climate Action 100+ Advisory Group for the mining sector and we are actively involved in Climate Action 100+ engagement activities in Europe with the oil&gas and utility sectors.
Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

- Yes, we use investment consultants
- Allocation of assets between geographic markets
- Sector weightings
- Other

Annually
Ad hoc
Other, specify

We do not consider ESG issues in strategic asset allocation

Indicate whether your organisation uses investment consultants.

- Yes
- No, we do not use investment consultants.
- Biannually
- No

Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)

Yes, to assess future ESG factors

Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

- Yes, publicly available
- We wrote and published articles on responsible investment in the media
- Other, specify

Provide a brief description of the main topics your organisation has engaged with public policy-makers or regulators on.

- Additional Assessed
- A member of PRI advisory committees/working groups, specify
- No
- Less frequently than annually
- Core Assessed
- Drafted your own written submissions to governments, regulators or public-policy makers
- Ad hoc
- Spoke publicly at events and conferences to promote responsible investment
- In time, we believe SASB's accounting standards will help inform globally accepted disclosure and reporting standards for financial reporting.
- Core Assessed
- In time, we believe SASB's accounting standards will help inform globally accepted disclosure and reporting standards for
- Drafted your own written submissions to governments, regulators or public-policy makers
- Other, specify

Indicate whether your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.

- Yes, individually
- Yes, in collaboration with others
- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)
- Annually
- Less frequently than annually
- Other

Members of the Sustainable and Impact Investing and the Global Sustainable Equities team regularly speak at conferences and events, either dedicated to responsible investment or mainstream investment conferences.

UBS-AM is part of the SDG advisory committee, the academic advisory committee, the fixed income engagement working group, the SDGs and engagement working group and Climate Action 100+.

Please refer to the policy dialogue examples available within our Annual Stewardship Report for further detail on our RI efforts and contributions.

Please refer to our website for additional SI Insights: https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html

UBS's commitment to sustainable investing and corporate sustainability is one of several key strategies our business follows to create value for shareholders over the long term. UBS's approach to responsible investment is guided by our core values and our vision to be a leader in sustainable finance.

UBS has always been focused on sustainability. Our Group developed its first climate change strategy in 2006. So far, the strategy has been updated in 2012, 2015 and 2018.

In 2018, we co-signed a letter to the US Senate concerning proposals to regulate the services of proxy advisory companies and we responded to the consultation on the UK governance code.

UBS-AM is a signatory to the United Nations Principles for Responsible Investment. We operate in a way that is consistent with the principles we have signed up to, and which we believe are the right course of action for the long-term benefit of shareholders.

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UBS has always been focused on sustainability. Our Group developed its first climate change strategy in 2006. So far, the strategy has been updated in 2012, 2015 and 2018.

UBS is committed to promoting responsible investment within our client institutions and in our own investment management activities. We are also committed to developing and enhancing the quality of the investment management industry's contribution to the promotion of responsible investment. We have a strong track record in this area and believe that our efforts to date have been effective in helping to promote responsible investment.
Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

Describe how you address ESG issues for externally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

With respect to our Global Sustainable Impact Equity Strategy, we aim to invest in companies that provide solutions to megatrend challenges, defined as population growth, ageing and urbanization. Impact is measured in absolutes. For example: CO2 avoided (M metric tons), air pollution avoided (PM2.5 tons), lives extended (#), sick days avoided (#), water treated (m3).

In addition, our Long Term Themes Equity strategy seizes thematic opportunities by investing in companies whose products and services are solutions to megatrend challenges, defined as population growth, ageing and urbanization. Impact is measured in absolutes. For example: CO2 avoided (M metric tons), air pollution avoided (PM2.5 tons), lives extended (#), sick days avoided (#), water treated (m3).

Measurement models for individual technologies, e.g. insulation, rail transport, diabetes drugs, water meters, energy storage, are developed. These are applied to companies that have identifiable revenue to any one or more of these 100 impact drivers. If a company successfully demonstrates that their product/service leads to a positive impact on one or more of these 100 impact drivers, we will include them in our 100 impact drivers.

We thoroughly consider how a manager incorporates ESG policies into firm and fund strategy, how it reports on ESG topics, and how it incorporates ESG policies into its investment decision-making process. This information is then incorporated into the investment decision-making process. For example, we will not consider a fund that makes decisions based on certain criteria regarding the countries in which it invests, or operating business in countries that are not able to demonstrate their commitments to human rights, etc.

In addition to reviewing a fund's ESG policies, we will also consider how the fund incorporates these policies into the fund's asset allocation and investment strategy. For example, this fund is already participating in a social impact fund that focuses on education and health. ESG is an important part of our overall due diligence process and information on the target funds' ESG policies is collected as part of the due diligence questionnaire that the target fund managers complete.

We also consider a fund's internal processes, policies, and procedures that support the fund's ESG objectives. This includes its internal controls, procedures, and policies that address environmental, social, and governance risks and opportunities. We also consider the fund's internal controls and procedures that address environmental, social, and governance risks and opportunities, as well as its engagement with companies regarding ESG issues.

Reserves. We also identify and overweight companies exposed to climate risks especially through their generation of electricity and natural gas reserves. We incorporate climate risk into our asset class investment strategies, including our fixed income and equity strategies. This includes proprietary calculation of a Glide Path Probability which assesses the risks associated with climate change for our fixed income and equity portfolios.

Environmental efficiency (waste, water, energy) – Reducing waste and minimizing the use of finite natural resources, e.g. fossil fuels and water, is essential for supporting the prosperity of future generations and reducing current and future costs of resources used by the company.

Environmental management systems and compliance – A company which demonstrates superior commitment, capacity, and track record in environmental management systems and compliance with various environmental regulations is preferred. This includes, but is not limited to, reporting and disclosure of environmental performance indicators, as well as implementing and maintaining effective environmental management systems.

Environmental health and safety – Companies that prioritize environmental health and safety are preferred. This includes implementing and maintaining effective environmental health and safety programs, as well as reporting and disclosing relevant information.

Environmental performance measurement – Companies that report and disclose comprehensive environmental performance data are preferred. This includes, but is not limited to, tracking and reporting of environmental performance indicators, as well as implementing and maintaining effective environmental performance measurement systems.

Environmental innovation – Companies that demonstrate leadership in environmental innovation are preferred. This includes, but is not limited to, implementing and maintaining effective environmental innovation programs, as well as reporting and disclosing relevant information.

Environmental governance – Companies that demonstrate strong commitment to environmental governance are preferred. This includes, but is not limited to, implementing and maintaining effective environmental governance programs, as well as reporting and disclosing relevant information.

Environmental transparency – Companies that demonstrate a commitment to environmental transparency are preferred. This includes, but is not limited to, implementing and maintaining effective environmental transparency programs, as well as reporting and disclosing relevant information.

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Environmental risk – Companies that demonstrate strong risk management in environmental metrics are preferred. This includes, but is not limited to, implementing and maintaining effective environmental risk management programs, as well as reporting and disclosing relevant information.

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<table>
<thead>
<tr>
<th>Topic</th>
<th>Description</th>
<th>Do you disclose?</th>
<th>How often?</th>
<th>Disclosure to whom?</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESG information on how you select property investments</td>
<td>Detailed explanation of ESG incorporation strategy used</td>
<td>Yes</td>
<td>Quarterly or more frequently</td>
<td>We disclose to clients/beneficiaries only.</td>
</tr>
<tr>
<td>An assessment of the current status of the progress achieved and outcomes against defined objectives</td>
<td>We disclose to clients/beneficiaries only.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Details on the overall engagement strategy</td>
<td>We do not disclose to either clients/beneficiaries or the public.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.)</td>
<td>We disclose to clients/beneficiaries only.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td>We disclose to clients/beneficiaries only.</td>
<td>Ad hoc/when requested</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Listed equity – (Proxy) Voting</td>
<td>We disclose to clients/beneficiaries only.</td>
<td>Annually</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income</td>
<td>We disclose to clients/beneficiaries only.</td>
<td></td>
<td></td>
<td></td>
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<td>We disclose to clients/beneficiaries only.</td>
<td>Annually</td>
<td></td>
<td></td>
</tr>
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<td>Active Equites</td>
<td>We disclose to clients/beneficiaries only.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Sustainable Equities team</td>
<td>We disclose to clients/beneficiaries only.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within Active Equites, the Global Sustainable Equities team is working with academic partners to develop methodologies to measure and communicate the extent to which an investment strategy is contributing to the achievement of the United Nations’ Sustainable Development Goals (SDGs). These impact categories touch on multiple SDGs, e.g. clean water and sanitation, clean energy, health and well-being, sustainable cities and communities, responsible consumption and production, and climate action.</td>
<td>Yes</td>
<td></td>
<td>We disclose to the public and URL.</td>
<td></td>
</tr>
<tr>
<td>In addition, UBS-AM recently developed a tilted passive strategy, known as Climate Aware, to incorporate climate change considerations into a passive investment strategy. Climate Aware follows a tilted passive methodology, which varies exposure to constituents of an index based on their expected contribution to climate change. A ‘positive’ tilt is used to increase exposure to companies providing low-carbon products and services, while a ‘negative’ tilt reduces exposure to companies involved in high-carbon activities. Importantly, the optimization process is designed to be dynamically adjusted to reflect changing market conditions and emissions intensity, thereby allowing the fund to maintain an optimal balance between exposure to climate change risks and opportunities.</td>
<td>Yes</td>
<td></td>
<td>We disclose to clients/beneficiaries only.</td>
<td></td>
</tr>
<tr>
<td>The information disclosed to clients/beneficiaries is the same</td>
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<td></td>
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<td></td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>
Disclosure to public and URL

- ESG information on how you select infrastructure investments
- ESG information on how you monitor and manage infrastructure investments
- Information on your infrastructure investments' ESG performance

Disclosure to clients/beneficiaries

- ESG information on how you select infrastructure investments
- ESG information on how you monitor and manage infrastructure investments
- Information on your infrastructure investments' ESG performance

Annually


Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

Disclosure to clients/beneficiaries

- Broad approach to RI incorporation for all strategies
- Detailed explanation of RI incorporation for each strategy used

Ad hoc/when requested
Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies. Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.

Sector-related analysis or ratings

Indicate which processes your organisation uses to ensure screening is based on robust analysis.

Screening and integration strategies

Screened stock list

All three strategies combined

In-house – specialised ESG analyst or team

Describe how you incentivise brokers.

Environmental and social practices and performance

PRI

Additional Assessed

UN Global Compact Principles

(Proxy) voting

Sector

Quarterly or more frequently

In-house – analyst or portfolio manager

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part of your ESG screening strategy.

Sell-side

Company-related analysis or ratings

We do not make this information available.

Product

Other, specify

The UN Guiding Principles on Business and Human Rights

Indicate how frequently you review internal research that builds your ESG screens.

5%

Annually

We have a systematic process to ensure the information is made available.

Other, specify

ESG research provider

Descriptive

Core Assessed

In-house – specialised ESG analyst or team

ESG issue-specific analysis or ratings

In-house – analyst or portfolio manager

In-house – specialised ESG analyst or team

Corporate governance

Indicate

Thematic alone (i.e. not combined with any other strategies)

Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.

Sell-side

Screening alone (i.e. not combined with any other strategies)

We do not apply incorporation strategies

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

Activity

United Nations Convention Against Corruption

Indicate if you incentivise brokers to provide ESG research.

In-house – analyst or portfolio manager

If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions

ESG research provider

Communicated to clients.
Analysis of the impact of ESG factors on investment risk and return performance

Indicate which processes your organisation uses to ensure fund criteria are met.

- Core Assessed
- Additional Assessed
- Mandatory

Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.

- Annually
- Less frequently than annually
- Quarterly or more frequently
- Bi-annually
- Annually
- Bi-annually
- Annually
- Bi-annually
- Annually
- Bi-annually

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.

- >90%
- 51-90%
- 10-50%
- <10%

Describe how ESG information is held and used by your portfolio managers.

- Sentinel system
- Other, specify

We use the Sentinel system to monitor client mandates, product restrictions and regulatory requirements. Sentinel is a technology platform that identifies and escalates any potential incidents to the portfolio manager, Client Servicing and Compliance teams. It is not used for monitoring ESG performance, but rather for managing overall risk.

Indicate the proportion of actively managed listed equity portfolios that is impacted by analysis of ESG factors.

- >90%
- 51-90%
- 10-50%
- <10%

Describe how ESG information is held and used by your portfolio managers.

- Core Assessed
- Additional Assessed

Sustainability and Impact Investing Analysis

The Sustainable and Impact Investing team works closely with the investment teams to systematically integrate ESG factors into investment decisions. SI Analysts have regular dialogue with their counterparts in equity research, and they participate in meetings with portfolio managers and in equity committee meetings. They also collaborate on corporate engagement activities.

We have incorporated the UBS Proprietary ESG Model in our equity research library platform and developed new tools to assess and rank the investment universe on both fundamental, including sustainability attractiveness. The model follows the approach developed by Sustainalytics and uses a combination of bottom-up and top-down methodologies to assess and rank companies.

In the passive space, UBS AM's Systematic and Indexing team manages a rules-based equity investment strategy focused on companies with high ESG scores. This strategy targets companies that are leaders in environmental, social and governance metrics. This research partnership also includes a key pension fund client. The Global Sustainable Equities team is leveraging this research for the stock selection and management of the Global Impact Equity Strategy, launched in October 2017.

The Global Sustainable Equities team manages the Long-Term Themes Fund, a strategy launched in 2016 in partnership with a leading university. The fund seeks to invest in companies that benefit from secular trends such as clean energy, clean water, clean air, demographics, health and wellness. The fund seeks to achieve a total return that outperforms the MSCI ACWI Index. The team has a long-term view on investment opportunities and invests in companies that are leaders in their respective sectors.

Our dedicated Global Sustainable Equities team manages a range of strategies that integrate material sustainability research into investment analysis. The strategies benefit from secular trends, such as energy and water conservation, health care, demographics and other long-term trends. The Global Sustainable Equities team is also responsible for managing the Global Impact Equity Strategy, launched in October 2017, which seeks to invest in companies that are leaders in environmental, social and governance metrics.

In addition to these sources, we further support our equity platform with insights from the UBS Proprietary ESG Model and the SI team. The SI team is responsible for identifying and assessing ESG risks and opportunities for individual company cases or across an industry or sector. The team is also responsible for developing and implementing ESG integration strategies for the firm.

We examine and assess financially material ESG risk and opportunity through the following means:

- Governance
- Corporate
- Social
- Environmental
- ESG issues

We ensure that all investment strategies consider ESG factors in their analysis and decision-making process. This includes the integration of ESG factors into investment analysis and portfolio construction.

ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff. We use the Sentinel system to monitor client mandates, product restrictions and regulatory requirements. Sentinel is a technology platform that identifies and escalates any potential incidents to the portfolio manager, Client Servicing and Compliance teams. It is not used for monitoring ESG performance, but rather for managing overall risk.

Systematic records are kept that capture how ESG information and research was incorporated into investment decisions. We ensure that all investment strategies consider ESG factors in their analysis and decision-making process. This includes the integration of ESG factors into investment analysis and portfolio construction.

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Recommendation stock in manufacturing sector, exposure to market concerns

Integration of ESG issues in the investment process

Indicate if you manage passive listed equity funds that incorporate ESG issues in the index construction methodology.

Additional information. [Optional]

Buy/sell decisions

In our portfolio managers leverage the analytical platforms of UBS AM, including the Global Intrinsic Value Equity Research Platform. ESG scores ratings are available on the Portfolio Optimization Platform used to construct and manage equity portfolios.

Overweight/underweight at sector level

This allows increased awareness of ESG rating in portfolio management as well as ESG risk monitoring. The level of portfolio weighting depends on the strategy’s investment constraints or is at the discretion of the portfolio manager.

Adjustments to forecasted company financials (sales, operating costs, earnings, cash flows)

Index/fund 5

Index/fund 3

Index/fund 1

Our portfolio managers leverage the analytical platforms of UBS Asset Management, including the global equity platform, our GEVS analysts also are required to answer the following 3 ESG questions when completing a Company Research Note (CRN):

1. How does the company’s business model and technology contribute to more efficient transport and the company is expected to benefit from increased margins in the years ahead? Social factors:
   - ESG factor 1
   - ESG factor 2
   - ESG factor 3

2. What is the company’s business model and technology contribution to more efficient transport and the company is expected to benefit from increased margins in the years ahead? Social factors:
   - ESG factor 4
   - ESG factor 5

3. UBS was instrumental in the development of MSCI SRI Indexes and has strong relationships with the MSCI team on various ESG related topics. This year we published a book together with MSCI on the developments we see in passive management and ESG.

UBS ETF – MSCI Pacific Socially Responsible UCITS ETF

In 2018, we launched the UBS Global Gender Equality ETF, a joint collaboration between UBS Asset Management and UBS Wealth Management as part of our commitment to sustainable and impact investing.

UBS ETF Global Gender Equality UCITS ETF:

UBS markets the following ETFs with respect to the MSCI SRI ETF Range

Company A’s business model and technology contribute to more efficient transport and the company is expected to benefit from increased margins in the years ahead. Social factors:

Climate change.

Social risks arising are integral to our analysis. This includes their alignment with the 2-degree CO2 emission targets and our commitment to supporting the Paris Agreement. We monitor their progress including reinvesting in management in the field. The company is serious about reorienting remuneration to align with our growth targets and supports our valuation and long-term investment in the company

Active Equity Example 4

We are a long-term shareholder in a UK industrials company that has experienced significant governance, culture and human capital issues in recent years. We have been engaged in a long-term active ownership of the company to impact its progress on a number of fronts. We first engaged the company in 2014 and since have met with management and the Board seven times in the past twelve months to discuss issues.

We will maintain our position given the company has positively responded to our engagement dialogue.

Active Equity Example 1

We decided to maintain our position in the company as it is showing leadership in adapting to and taking opportunities from a low carbon economy.

Social risks arising are integral to our analysis. This includes their alignment with the 2-degree CO2 emission targets and our commitment to supporting the Paris Agreement. We monitor their progress including reinvesting in management in the field. The company is serious about reorienting remuneration to align with our growth targets and supports our valuation and long-term investment in the company

In 2018, we launched the UBS Global Gender Equality ETF, a joint collaboration between UBS Asset Management and UBS Wealth Management as part of our commitment to sustainable and impact investing.

UBS ETF Global Gender Equality UCITS ETF:
<table>
<thead>
<tr>
<th><strong>Type of engagement</strong></th>
<th><strong>Corporate governance</strong></th>
<th><strong>Engagement</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Majority of engagement activities</td>
<td>Yes, in a minority of cases</td>
<td>No</td>
</tr>
<tr>
<td>Minority of engagement activities</td>
<td>Yes, in a majority of cases</td>
<td>Yes, occasionally</td>
</tr>
<tr>
<td>Individual/Internal engagements</td>
<td>No</td>
<td>Yes, occasionally</td>
</tr>
<tr>
<td>Collaborative engagements</td>
<td>No</td>
<td>Yes, occasionally</td>
</tr>
</tbody>
</table>

**Additional information: Optional**

- Define timelines/milestones for your objectives: Yes, in majority of cases
- Track and/or monitor progress against defined objectives and/or KPIs: Yes, occasionally

**Engagement with Listed Equities:**

- The proportion of companies engaged with, out of total listed equities portfolio: Yes, in a minority of cases
- Indicate the proportion of companies from your listed equities portfolio with which your organisation engaged with during the reporting year: None
- We do not monitor, or review engagement outcomes carried out by our internal staff.

**Engagement Outcomes:**

- PRI 2: Yes, in all cases
- PRI 2, 4: No
- No: No

**Escalation Strategies:**

- Indicate if you do any of the following to monitor and review the progress of engagement activities: Yes, systematically
- We do not monitor, or review engagement outcomes via collaborative engagement activities.

**Monitoring and Reviewing:**

- Indicate whether insights gained from your organisation’s engagements are shared with investment decision-makers: Yes, systematically
- We do not track
- Additional information: Optional

**Tracking Activities:**

- The proportion of companies engaged with, out of total listed equities portfolio: Yes, in a minority of cases
- Track and/or monitor the progress of action taken when original objectives are not met: Yes, systematically

**Additional Assessed:**

- Define timelines/milestones for your objectives: Yes, occasionally
- Track and/or monitor the progress of action taken when original objectives are not met: Yes, occasionally

**Gateways:**

- Gateway Mandatory: Voting against the board of directors or the annual financial report
- Gateway Mandatory: Submitting nominations for election to the board
- Gateway Mandatory: Involving investment decision-makers when developing engagement programme
- Gateway Voluntary: Reducing exposure (size of holdings)
- Gateway Voluntary: Using IT platforms/systems that enable data sharing
- Gateway Voluntary: Collaborating with other investors
- Gateway Voluntary: Holding investment team meetings and/or presentations
- Gateway Voluntary: Internal process that requires portfolio managers to re-balance holdings based on interaction and outcome levels
- Gateway Voluntary: Insights shared
- Gateway Voluntary: Other; specify

**Reporting:**

- The likelihood of success.
- Any pattern of concerns over a period of time,
- The significance of the issue for our clients,
- Any explanation provided by the company,
- Best practice standards, including national guidelines,
- The circumstances which have led to our concern,
- The potential impact of the concern on the company

**Transparency:**

- Transparency: Mandatory to Report, Voluntary to Disclose
We engaged with a European oil & gas company both individually and collaboratively throughout 2018 by involving both our research team and our listed equity active team. The company issued a public statement committing to meet our engagement objectives.

In a majority of cases, we use our own research or voting team and make voting decisions without the use of service providers. In a minority of cases, we hire service provider(s) who make voting decisions on our behalf, except for some pre-defined scenarios where we review and make voting decisions.

Visits to operations

In all cases

Letters and emails to companies

In all cases

Company committed to change

In all cases

We provide examples of the engagements that your organisation or your service provider carried out during the reporting year.

Type of engagement % Leading role

Collaborative engagements

>50%

10-50%

<10%

None

Our voting process is managed by our Stewardship team, who work closely with our portfolio managers and analysts to determine the most appropriate course of action. We are committed to acting as a positive influence in the market and to promoting responsible practices.

We have been voting on behalf of our clients for over 20 years and do so globally in over 50 countries, so long as there is no conflict of interest. Voting is a key part of our fiduciary responsibility by voting in a manner we believe will most favourably impact the economic value of their portfolios.

Board Responsibilities

Some significant factors for an effective board structure include:

Independent non-executive directors not holding executive management to account.

The Board should ensure that at all times:

The brand and reputation of the company is protected and enhanced.

For the purpose of this reporting framework, we have only reported the number of meetings with companies conducted by our own voting policy.

We have been voting on behalf of our clients for over 20 years and do so globally in over 50 countries, so long as there is no conflict of interest. Voting is a key part of our fiduciary responsibility by voting in a manner we believe will most favourably impact the economic value of their portfolios.

Globally, our investment teams have several meetings each year with senior management of the companies they invest in. They also give us an opportunity to outline what our expectations are and to explain our views on material issues.
Lea 14.1 Indicate if your organisation has a securities lending programme.
Yes

Lea 14.3 Indicate how voting is addressed in your securities lending programme.
We recall all securities for voting on all ballot items.

Lea 15.1 Describe the escalation strategies used at your organisation following abstentions and/or votes against management.
We will engage with companies on voting related items in various circumstances. These include where we have a significant investment in a company, have voted against a proposal, or if additional information is required to enable us to make an informed voting decision.

Lea 16.1 Conducted by
We reviewed agenda proposals put forward by shareholders requesting that companies improve upon their strategy and performance. We voted to support this proposal which would enhance the company's approach to manage climate risks. We further engaged with the company ahead of the shareholder meeting and analysed the planned amendments to the policy, including fixed pay, incentives and pension arrangements.

Lea 17.2 Full participation in a vote on a ballot item
We decided not to support the company's request to approve the remuneration report, while also voting against the remuneration committee report. This was due to the continued lack of engagement on Corporate Governance and concerns regarding the handling by the Board of the CEO and CFO transition.

Lea 18.1 Additional information
For (supporting) management recommendations

Lea 19.1 Additional information
Votes cast (to the nearest 1%)

Lea 20.1 Additional information
Core Assessed

Lea 21.1 Additional information.
Voluntary

Lea 21.3 Additional information.
Mandatory
Conducted by Individual/Internal

**Objectives**
To review and approve the intended changes to the company's executive remuneration policy.

**Scope and Process**
The company received a significant vote against its remuneration proposals at the 2017 AGM. Despite engagement with shareholders, the vote remained strongly against the remuneration resolution. As a result of the vote, the board decided to remove the remuneration committee chair from the board of directors. In addition, the committee revised the company's executive remuneration policy, which was subsequently approved by shareholders.

**Outcomes**

Voting

---

Add Example
Add Example
Add Example
Add Example
Add Example
Add Example
Add Example
Add Example

---

For more practical voting examples, please view our Annual Stewardship Report, available via the following link: https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability/_jcr_content/mainpar/toplevelgrid_401696984/col1/accordionbox_1787345959/linklist/link_1688603974?pr_cachekey=
At UBS Asset Management our aim is to achieve the systematic integration of ESG into our proprietary credit research process. We believe that material ESG factors are best assessed as part of the company fundamental research process.

UBS AM's ESG Integration efforts across our Fixed Income platform:

- Through our in-house ESG Research: Our sustainable investing SI Analysts work closely with the Fixed Income investment teams to systematically integrate financially material ESG factors into fundamental credit research.
- Though Data and Research: We use the following external sustainability data and analysis resources to support our SI capabilities:
  - RepRisk
  - Sustainalytics
  - Trucost
  - MSCI
- 2. Engagement: Proactively engaging with companies on material ESG issues
- Top-down: Research on SI issues and trends
- Integration framework: Identification of financially material ESG factors to consider in bottom-up and top-down research. A materiality framework has been established which identifies the most financially material ESG topics per sector.

Implementation of ESG across the UBS AM fixed income platform is grounded on the collaboration between our credit analysts and the SI Analysts. This team is located in various centres including Chicago, Zurich, London, Singapore and Sydney. An understanding of the dynamics of sustainability issues and trends that may lead to broader pressures on credit quality.

Increasing visibility that helps to confirm our views on credit risk, or identify trends or events that may lead to increased default risks and spread widening among certain issuers and in certain market environments.

Deepening the understanding of issuer quality, with a specific focus on the governance as well as environmental and social risks.

Providing a more holistic and comprehensive view on credit risk

At UBS-AM we have taken the decision that ESG integration is strongest when the credit analysts sit at the heart of it. Our credit analysts are responsible for:

- SSA
- Social data
- Environmental data
- Screening alone
- Integration alone
- Screening + thematic strategies
- Screening + integration strategies
- Thematic + integration strategies
- All three strategies combined
- No incorporation strategies applied
Instead, UBS AM views the benefits of integrating ESG in our investment approaches in fixed income as providing an additional level of understanding taking into account that: the other risk characteristics the same, a portfolio of high ESG bonds leads to higher performance. We are encouraged by recent research pointing to ESG improving returns, we are likely to remain cautious about suggesting this as an outcome of ESG

While UBS AM sees advantages in integrating ESG consideration in fixed income we are currently cautious on the extent to which a sustainable correlation has been clearly demonstrated. The research related to ESG and fixed income is not as abundant as for assets such as equities and hence it is harder to state an empirical correlation. The benefit of ESG in fixed income is more related to the process of due diligence and research which leads to better-informed decisions and the potential for a higher level of engagement with issuers.

UBS AM has described its view on integration of sustainability in fixed income in our white paper “The Next Frontier” which we have referred to the World Bank/GPIF paper “Incorporating ESG Factors into Fixed Income Investment”, published March 2018.

The nature of fixed income instruments:

Applying ESG in fixed income is relatively new compared to the ESG approaches which have been developing in equities for some time. Some of the challenges that arise are:

- Corporate data is incomplete especially in emerging markets and high yield
- Issues of duration and maturity of fixed income instruments
- The presence of private issuers leading to more limited ESG disclosure
- Bondholder rights compared to shareholders rights
- The other risk characteristics the same, a portfolio of high ESG bonds leads to higher performance

Cases will be escalated for a discussion on exclusion when we consider that the engagement objectives have not been met.

Collaboration is an important part of the assessment process. Credit analysts are supported in the development of their research and new ESG criteria by our inhouse sustainability team. Credit analysts are also supported in the development of their research and new sustainability criteria by our inhouse sustainability team.

Crucially though, UBS-AM credit analysts make forward looking judgements. This judgement applies as much to ESG issues as to financial and credit risk issues. Proper assessment of an issuer’s sustainability profile and performance of an issuer is an important starting point, dynamics of sustainability issues, and the ability to balance different levels of materiality or the timing of how ESG factors may impact the business.

The process of ESG integration, as described in our response to question FI 10.1 above, applies to all types of fixed income we invest in.

ESG scores at issuer level are useful but not enough. At UBS AM we are looking at the specific issues that connect to the investment case. Certain ESG topics are more material to the investment case at sector and issuer level.

Example 1: This is a European investment grade issuer in the construction materials sector. Key ESG issues are identified as the quality of management, the quality of ESG and strategy, the size of business, the reputation of the management team and the capability of the business. The issuer’s management is clean with an independent board and a strong management team in the market. The issuer is a long-term player in the market and has a positive market image on the bonds.

Example 2: Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria. Analysis is performed to ensure that issuers meet screening criteria. We ensure that data used for the screening criteria is updated at least once a year.

ESG analysis is integrated into fundamental analysis.

- Corporate (financial) Corporate (non-financial) Securitised
- ESG analysis is integrated into fundamental analysis    
Systematically To gain an understanding of ESG strategy and/or management

Not at all Additional information [OPTIONAL]

PRI 1,2

More than 0%, less than 5%

Corporate (non-financial)

Systematically

Descriptive

Not at all

Systematically

5-25%

PRI 2

To influence issuer practice (or identify the need to influence) on ESG issue

Systematically

Occasionally

Corporate (financial)

Securitised

Voluntary

Occasionally

Not at all

Occasionally

Securitised

Social

5-25%

Not at all

>50%

Describe your RI approach for passively managed fixed income assets.

Our systems are flexible and allow us to successfully implement both of the above approaches.

We offer customized solutions to meet specific client objectives and have experience with implementation of exclusion and negative screening, direct engagement, and thematic screens. UBS AM has the capability to implement exclusion lists across our entire fixed income platform. UBS AM is a leading manager of SRI strategies and incorporates ESG considerations in our process to help provide superior investment performance.

We are currently managing two strategies tracking Sustainability themed indices; UBS ETF - Barclays US Liquid Corporates Sustainable and UBS ETF - iShares US Liquid Corporates Sustainable. We are able to manage strategies versus standard and custom SRI themed indices.

Within fixed income, analyst recommendations are centrally stored and shared with portfolio managers globally, and ESG recommendations are included as part of the credit analysts' credit research and are integrated within the process to enable portfolio managers to engage issuer representatives for information and/or to discuss ESG-related topics.

At this stage we see fixed income engagement as focused on corporate issuers. As of January 2019, we are a member of a number of organizations defining and exploring approaches to analysing and engaging with sovereign issuers on relevant and material ESG topics.

An example is a meeting with the chairman of the supervisory board of a European utility where we have discussed governance and climate change considerations together with our equity and fixed income analysts.

We engage with company management as part of our normal due diligence process. We engage proactively in anticipation of specific ESG risks and/or opportunities. We engage post-investment.

Specific issues considered priorities for the investor based on input from clients and beneficiaries.

Issuers in the highest ranks of ESG benchmarks

Issuers in the lowest ranks of ESG benchmarks

Specific ESG themes

Specific markets and/or sectors

Service provider engagements

Collaborative engagements

Individual/Internal staff engagements

Type of engagement

Securitised financial (non-financial)

Corporate

Social

Governance

Environmental

TRANSPARENCY

We engage prior to ESG-related divestments.

We engage proactively in anticipation of specific ESG risks and/or opportunities.

We engage post-investment.

We engage pre-investment.

Specific ESG analysis impacts the ranking of an issuer relative to a chosen peer group.

ESG analysis is used to adjust forecasted financials and future cash flow estimates.

We engage prior to ESG-related divestments.

We engage proactively in anticipation of specific ESG risks and/or opportunities.

We engage post-investment.

We engage pre-investment.

Specific ESG themes

Specific markets and/or sectors

Service provider engagements

Collaborative engagements

Individual/Internal staff engagements

Type of engagement

Securitised financial (non-financial)

Corporate

Social

Governance

Environmental

TRANSPARENCY

We engage prior to ESG-related divestments.

We engage proactively in anticipation of specific ESG risks and/or opportunities.

We engage post-investment.

We engage pre-investment.

Specific ESG analysis impacts the ranking of an issuer relative to a chosen peer group.

ESG analysis is used to adjust forecasted financials and future cash flow estimates.
FI 15.4 Indicate what your organisation conducts engagements with issuers on.

- Corporate (financial)
- Corporate (non-financial)
- Securitised
- We engage on ESG risks and opportunities affecting a specific bond issuer or its issuer.
- We engage on ESG risks and opportunities affecting the entire industry or region that the issuer belongs to.
- We engage on specific ESG themes across issuers and industries (e.g., human rights).
- Other, describe

FI 15.5 Indicate how your organisation ensures that information and insights collected through engagement can feed into the investment decision-making process.

- Corporate (financial)
- Corporate (non-financial)
- Securitised
- Ensuring regular cross-team meetings and presentations.
- Sharing engagement data across platforms that is accessible to ESG and investment teams.
- Encouraging ESG and investment teams to join engagement meetings and roadshows.
- Delegating some engagement dialogue to portfolio managers/credit analysts.
- Involving portfolio managers when defining an engagement programme and developing engagement decisions.
- Establishing mechanisms to rebalance portfolio holdings based on levels of interaction and outcomes of engagements.
- Considering active ownership as a mechanism to assess potential future investments.
- Other, describe

We do not ensure that information and insights collected through engagement can feed into the investment decision-making process.

FI 16 Mandatory to Report, Voluntary to Disclose

FI 16.1 Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.

- Yes
- No

FI 17 Mandatory to Report, Voluntary to Disclose

FI 17.1 Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or performance.

- SSA
- Corporate (financial)
- Corporate (non-financial)
- Securitised
- We measure whether incorporating ESG impacts portfolio risk.
- We measure whether incorporating ESG impacts portfolio returns.
- We measure the ESG performance/profile of portfolios (relative to the benchmark).
- None of the above

FI 17.2 Describe how your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance. [OPTIONAL]

- We measure and manage the ESG performance/profile of portfolios for specific sustainability-focused fixed income products that we offer.

FI 18 Voluntary

FI 18.1 Provide examples of how your incorporation of ESG analysis and/or your engagement of issuers has affected your fixed income investment outcomes during the reporting year.

Example 1

Case study A: This is a European investment grade issuer in the construction materials sector. Key ESG issues are identified as... leading approaches in the most material ESG issues. The issuer's corporate governance is clean with an independent board, separate CEO & Chairman and no principal shareholder. The issuer also has a clean sheet in terms of controversies. On the basis of its recent investment performance and developments, it is viewed that the issuer will have difficulty in meeting its emissions reduction targets, but do not see the scale as having a material impact on the credit position.

Integration

Impact on investment decision or performance

Given the overall leading ESG profile of the issuer and its highlighted strengths, we consider this to have a positive impact on our credit assessment which supports our overall favourable view on the issuer.

Example 2

Example 3

Example 4

Example 5
Mandatory

Request explanation of engaging stakeholders on ESG issues

Approach to ESG issues in pre-investment processes

Describe how your organisation refers to responsible investment for property funds in fund placement documents (PPMs or similar). [Optional]

Provide a URL or attach the document

No

Provide a brief description of how this ESG information was incorporated into your investment selection process.

Indicate how your organisation includes ESG issues in your selection, appointment and/or monitoring of third party property managers.

Additional information.

Yes

Not applicable, our organisation did not select any investments in the reporting year

Indicate if your organisation typically incorporates ESG issues when selecting property investments.

We do not track this information

ESG issues impacted the investment in terms of price offered and/or paid

We do not make formal commitment to responsible investment in fund formation contracts, LPAs or side letters

Core Assessed

We always make formal commitment to responsible investment in fund formation contracts, LPAs or side letters

PRI 1-6

Indicate which E, S and/or G issues are typically considered by your organisation in the property investment selection process, and list up to three examples per issue.

ESG issues were considered but did not have an impact on the deal structuring process

PRI 4

Not applicable, our organisation did not select any investments in the reporting year

Indicate if your most recent fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

Additional information.

Information from external advisers

ESG issues led to the abandonment of potential investments

Additional Assessed

Other, explain

Appraisals/audits

PR 04

PR 01

PR 07.1

PR 06.3

PR 04.1

PR 02.1

PR 01.1

Indicate if your organisation has a Responsible Property Investment (RPI) policy, or another equivalent policy, that is in place at your organisation. If so, please provide a URL or attach the document.

PR 01.2

We will also screen all transaction counterparties to ensure appropriate compliance with AML, anti-bribery and corruption laws.

We have developed a common approach across regions when buying direct property. We evaluate the sustainability performance of all new acquisitions during the technical due diligence process prior to completion.

Incorporating environmental (including resilience and climate change) and social risks into the evaluation criteria, and thereby the later property portfolio, is a major focus for many of our clients.

The following illustrates a selection of our due diligence requirements, which are far more extensive. As part of the process, we engage third party consultants, including environmental, to screen potential acquisitions.

A particular focus is governance at Fund level, with the inclusion of investor representation bodies and committees. These are included in pre-screening and we would look to include formal processes and structures in fund documents as a matter of course.

Client interest in ESG matters has increased and there is a growing trend for investors to screen these issues on target portfolios. In some cases, specific issues around ESG are flagged and included in side letters. For example, clients have requested that ESG policies and procedures be included in formal risk management reporting mechanisms and procedures.

In the responsible ownership and operation of real estate can have a significant positive impact not only on the environment but also on the overall performance of a project. This includes the development of strategies to ensure sustainability through the planning, design, construction, operation, management, recycling, maintenance, disposal and re-use phases of the property lifecycle.

We believe that for optimal returns and responsible ownership of real estate, it is essential that investors work alongside their managers to implement environmental and social responsibilities and that this work is carried out not only through traditional paper and digital based documentation, but also through the implementation of new digital technologies.

The above represents a selection of our due diligence requirements, which are far more extensive. As part of the process, we engage third party consultants, including environmental, to screen potential acquisitions.

Our mission is to integrate sustainability and responsible investment into our overall management of property, in line with our clients’ expectations.

The responsible ownership and operation of real estate can have a significant positive impact not only on the environment but also on the overall performance of a project. This includes the development of strategies to ensure sustainability through the planning, design, construction, operation, management, recycling, maintenance, disposal and re-use phases of the property lifecycle.

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We have developed a common approach across regions when buying direct property. We evaluate the sustainability performance of all new acquisitions during the technical due diligence process prior to completion.

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Client interest in ESG matters has increased and there is a growing trend for investors to screen these issues on target portfolios. In some cases, specific issues around ESG are flagged and included in side letters. For example, clients have requested that ESG policies and procedures be included in formal risk management reporting mechanisms and procedures.
### Question 1: Types of property managers

**We consider ESG issues in post-investment activities relating to your property assets.**

<table>
<thead>
<tr>
<th>Proportion of Property Assets</th>
<th>Types of Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-50%</td>
<td>Include clear and detailed expectations for incorporating ESG measures.</td>
</tr>
<tr>
<td>&gt;90%</td>
<td>Implement recycling programs, increasing the share of renewable energy in utility contracts, green building certification and Energy Star rating after acquisition.</td>
</tr>
<tr>
<td>&lt;10%</td>
<td>Please refer to section 9.3.</td>
</tr>
</tbody>
</table>

#### Indicators (KPIs) are used to measure the following:

- Implementing recycling programs
- Increasing the share of renewable energy in utility contracts
- Green building certification and Energy Star rating after acquisition

#### Please refer to section 9.3 for detailed information on the application of ESG targets and monitoring KPIs.

### Question 2: Contractual requirements when appointing third-party property managers

**Property management firms are generally monitored in annual reviews.**

<table>
<thead>
<tr>
<th>Proportion of Property Assets</th>
<th>Types of Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-50%</td>
<td>Provide a brief description of your organisation’s selection, appointment, and monitoring of third-party property managers and how they contribute to the management of ESG issues for your property investments.</td>
</tr>
<tr>
<td>&gt;90%</td>
<td>Please refer to section 9.3 for detailed information on the application of ESG targets and monitoring KPIs.</td>
</tr>
<tr>
<td>&lt;10%</td>
<td>Please refer to section 9.3 for detailed information on the application of ESG targets and monitoring KPIs.</td>
</tr>
</tbody>
</table>

#### Please refer to section 9.3 for detailed information on the application of ESG targets and monitoring KPIs.}

### Question 3: Additional actions

**We operate coordinated ESG programmes across portfolios and regions. These include energy audits and reduction plans.**

<table>
<thead>
<tr>
<th>Proportion of Property Assets</th>
<th>Types of Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-50%</td>
<td>Implement recycling programs, increasing the share of renewable energy in utility contracts, green building certification and Energy Star rating after acquisition.</td>
</tr>
<tr>
<td>&gt;90%</td>
<td>Please refer to section 9.3 for detailed information on the application of ESG targets and monitoring KPIs.</td>
</tr>
<tr>
<td>&lt;10%</td>
<td>Please refer to section 9.3 for detailed information on the application of ESG targets and monitoring KPIs.</td>
</tr>
</tbody>
</table>

#### Please refer to section 9.3 for detailed information on the application of ESG targets and monitoring KPIs.}

### Question 4: Indicate if your organisation uses property specific reporting standards to disclose information related to your property investments’ ESG performance.

**We do not set and/or monitor against targets.**

<table>
<thead>
<tr>
<th>Proportion of Property Assets</th>
<th>Types of Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-50%</td>
<td>Add certification scheme, rating and benchmark.</td>
</tr>
<tr>
<td>&gt;90%</td>
<td>PRI 2, PRI 3.</td>
</tr>
<tr>
<td>&lt;10%</td>
<td>PRI 09, PRI 10.</td>
</tr>
</tbody>
</table>

#### Please refer to section 9.3 for detailed information on the application of ESG targets and monitoring KPIs.}

### Question 5: Monitoring of property managers covers ESG responsibilities and implementation

**We consider ESG issues in property monitoring and management.**

<table>
<thead>
<tr>
<th>Proportion of Property Assets</th>
<th>Types of Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-50%</td>
<td>Provide a brief description of your organisation’s selection, appointment, and monitoring of third-party property managers and how they contribute to the management of ESG issues for your property investments.</td>
</tr>
<tr>
<td>&gt;90%</td>
<td>Please refer to section 9.3 for detailed information on the application of ESG targets and monitoring KPIs.</td>
</tr>
<tr>
<td>&lt;10%</td>
<td>Please refer to section 9.3 for detailed information on the application of ESG targets and monitoring KPIs.</td>
</tr>
</tbody>
</table>

#### Please refer to section 9.3 for detailed information on the application of ESG targets and monitoring KPIs.}
Indicate what proportion of property assets your organisation, and/or your property managers, engaged with the community on ESG issues during the reporting year.

- 50-90% of property assets
- Other, specify

Deliver training on energy and water efficiency

Indicate if the following ESG considerations are typically implemented and monitored in your property developments and major renovations.

- Impact
- We measure whether our approach to ESG issues impacts funds’ ESG performance
- 50-90% of property assets
- Other, specify

- Deliver training on energy and water efficiency
- Negative
- We measure whether our approach to ESG issues impacts funds’ financial performance
- N/A, no leases or MoUs were signed during the reporting year

- Energy generation from on-site renewable sources
- Additional Assessed
- Waste management plans at sites
- Additional Assessed

Indicate the proportion of all leases signed during the reporting year that used green leases or the proportion of Memoranda of Understandings (MoUs) with reference to ESG issues.

- 10-50% of active developments and major renovations
- Other, specify

Prioritise areas of development for which positive outcomes can be achieved through measures such as design, location, energy efficiency, and operational performance.

Indicate if the following practises and areas are typically part of your, and/or your property managers’, occupier engagements.

- Additional Assessed
- PRI 2
- 10-50% of occupiers

- Offer green leases
- Describe the impact on:
  - Health and wellbeing of residents
  - PRI 2
  - N/A, no developments and major renovations of property assets are active

Describe the impact on the following.

- >90% of occupiers
- PRI 1,2
- Other, specify

- Organise occupier events focused on increasing sustainability awareness
- Additional Assessed
- PRI 2
- <10% of property assets

- Core Assessed
- PRI 13.1
- PRI 13.2
- PRI 13.3
- PRI 15.1
- PRI 15.2a
- PRI 15.2b

- Additional information. [Optional]

Indicate whether your organisation measures how your approach to responsible investment in property investments has affected financial and/or ESG performance.

Describe how you are able to determine these outcomes.

- Negative
- Environmental site development requirements
- Additional Assessed
- Sustainable construction materials
- Additional Assessed
- Water efficiency requirements
- Additional Assessed
- Construction contractors comply with sustainability guidelines
- Additional Assessed
- Health and wellbeing of residents
- Additional Assessed
- ESG education programmes for the community
- Additional Assessed
- Deliver training on waste minimisation
- Additional Assessed
- Organise occupier events focused on increasing sustainability awareness
- Additional Assessed

Additional information. [Optional]

Indicate whether your organisation measures how your approach to responsible investment in property investments has affected financial and/or ESG performance.

Describe how you are able to determine these outcomes.

- Negative
- Environmental site development requirements
- Additional Assessed
- Sustainable construction materials
- Additional Assessed
- Water efficiency requirements
- Additional Assessed
- Construction contractors comply with sustainability guidelines
- Additional Assessed
- Health and wellbeing of residents
- Additional Assessed
- ESG education programmes for the community
- Additional Assessed
- Deliver training on waste minimisation
- Additional Assessed
- Organise occupier events focused on increasing sustainability awareness
- Additional Assessed

Additional information. [Optional]
Approach to ESG issues in post-investment processes

Not applicable, our organisation did not select any investments in the reporting year.

In a majority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters.

We do not track this potential impact.

Additional information.

No

Indicate how ESG issues impacted your infrastructure investment deal structuring processes during the reporting year.

ESG issues led to the abandonment of potential investments.

We do not track this information.

Raw data from the target infrastructure asset/company

Specify role

Regulatory and/or legal advisors

No use of internal or external advice on ESG issues

No

Policy and commitment to responsible investment

INF 01 Voluntary Descriptive PRI 1-6

INF 01.1 Provide a brief overview of your organisation’s approach to responsible investment and explain why such approach is material to your business.

INF 02.1 Performance against established ESG targets.

INF 02.2 Performance against third-party assessment.

INF 02.3 Performance against non-financial key performance indicators.

INF 03.1 ESG data collection.

INF 03.2 Timely / accurate disclosure

INF 03.3 Transparency

INFOGRAPHIC

ESG issues

• Good governance – is consistent with the rule of law, protects and facilitates the exercise of shareholders’ rights, ensures equitable treatment of shareholders, etc.

• Social responsibility – taking responsibility for our impact on society by integrating social, environmental, ethical, human rights and consumer concerns into business operations and strategy;

We have a clear policy framework which directly addresses the core aspects of ESG – selecting investments and managing our assets in a way which reflects:

INF 04.1 ESG factors consideration.

INF 04.2 ESG factors integration.

INF 04.3 ESG factors monitoring.

INF 05.1 Environmental issues.

INF 05.2 Social issues.

INF 05.3 Governance issues.

INF 06.1 Environmental issues.

INF 06.2 Social issues.

INF 06.3 Governance issues.

INF 07.1 Environmental issues.

INF 07.2 Social issues.

INF 07.3 Governance issues.

INF 08.1 Environmental issues.

INF 08.2 Social issues.

INF 08.3 Governance issues.
### Core Assessed

- Protection / exercise of shareholders' rights
- Human capital management
- Water usage
- Energy efficiency
- Environmental performance

### Additional Assessed

- Social: - Community involvement initiatives; and
  - Review of asset manager's environmental, health and safety (EHS) program and communication to owners;
  - Review of Phase I Site Assessment (occasionally a Phase II Site Assessment is conducted, if required);

### Stakeholder Engagement

- Eco efficiency: - Emissions (cost of compliance via purchasing emission allowances);
- Environmental: - Emissions (cost of compliance via purchasing emission allowances);

### Governance

- We ensure that the corporate policies of the investee company are in accord with our fund policies or we update the policy as needed. We maintain oversight of all our investee companies to ensure that management is aligned with our ESG objectives. Notably, given the diverse nature of our existing and potential future investees, we assess the ESG credentials of our investee companies by benchmarking their policies, actions and procedures against our ESG objectives. This approach is applied consistently across our portfolio, and we are confident that our selection, appointment and partnership management practices, coupled with ongoing engagement and monitoring, enable us to manage risks and opportunities related to ESG considerations.

### Reporting Framework

- We publish an annual sustainability report for our fund, which includes performance against our ESG objectives and key stakeholders' feedback. The report is designed to provide transparency on our performance and to enable investors to assess our progress against our targets. Key stakeholders include investors, asset managers, and other relevant parties. The report covers a broad range of ESG issues, including environmental, social, and governance dimensions. We believe that this comprehensive approach to reporting is essential for ensuring that investors are informed about our performance and that we are accountable for our actions.

### Investment Policy

- We have a comprehensive investment policy that outlines our approach to ESG considerations. This policy is regularly reviewed and updated to reflect changes in market conditions and regulatory requirements. We require all our investee companies to comply with our ESG policy and to demonstrate their commitment to sustainable practices. We also engage with our investee companies to encourage them to adopt best practices and to improve their performance in areas where they may be lagging behind. We believe that this approach is effective in promoting responsible investment and in ensuring that our investments contribute to positive social and environmental outcomes.

### Monitoring and Evaluation

- We monitor our investee companies' performance against our ESG objectives on a regular basis. This includes reviewing financial statements, conducting site visits, and engaging in dialogue with management. We also ask investee companies to provide detailed reports on their performance, which we review and analyze to identify any areas for improvement. We believe that this comprehensive approach to monitoring and evaluation is essential for ensuring that our investments are aligned with our ESG objectives and that we are able to identify and address any risks or opportunities related to ESG considerations.

### Conclusion

- We are committed to responsible investment and believe that ESG considerations are integral to our investment decision-making process. We are confident that our approach to ESG integration is effective in promoting sustainable practices and in ensuring that our investments contribute to positive social and environmental outcomes. We will continue to monitor and evaluate our performance against our ESG objectives, and we will adjust our investment strategy as necessary to ensure that we are aligned with our ESG goals.
INF 16.2 Describe your approach to stakeholder engagements in relation to your infrastructure assets.

Dependent on the nature of the investment and investee company. As examples:

- Wind farm development – active stakeholder engagement throughout the development and construction phase, and post-operations. Engaged include local townspeople, farmers, regulators, Government, environmental (flora and fauna) interest groups.

- Regulated water and sewerage company – active engagement with stakeholders and the community through a formal consumer engagement process. Engaged include water regulators, environmental regulators, community forums on new works, engagement with flooded communities, etc.

INF 17 Indicate whether your organisation measures how your approach to responsible investment in Infrastructure investments has affected financial and/or ESG performance.

- We measure whether our approach to ESG issues impacts funds' financial performance
- We measure whether our approach to ESG issues impacts funds' ESG performance
- None of the above

INF 17.2 Describe how you are able to determine these outcomes.

Our funds participate in the GRESB Sustainable Infrastructure Assessment. GRESB provides a systematic assessment and ranking of our funds' environmental, social, and governance performance. Based on our results from previous years and feedback from GRESB, we have improved our ESG performance and thus our GRESB scores for our assets. In addition, we continue to focus on improving our ESG performance and GRESB scores.

We believe that our ESG framework approach will ultimately have a positive impact on the Fund's financial performance and market reputation. We do not have any internal comparator 'control' portfolio. Given the specificity of each asset's / business' operating environment, it is not reasonable to benchmark against external portfolios and businesses.

INF 18 Provide examples of ESG issues that affected your infrastructure investments during the reporting year.

- **ESG issue**: UK freeze-thaw March 2018
  - Types of infrastructure affected: Water distribution/leakage
  - Impact (or potential impact) on investment: Potential to miss 5 year leakage target. Extra investment to fix and plan for similar events
  - Activities undertaken to influence the investment and the outcomes: Regulator, Board and shareholders have looked at plans to fix past delivery and to deliver in the future

- **ESG issue**: Unemployment risk
  - Types of infrastructure affected: Power generation facilities
  - Impact (or potential impact) on investment: US power generation facility is approaching the end of its economic and useful life creating uncertainty for employees' ongoing employment. Facility lacks staff to operate around the clock; moved to idle mode. Potential lost energy revenue for three months; potential to lose capacity payments through May if plant cannot operate if / when called upon by PJM
  - Activities undertaken to influence the investment and the outcomes: Retention program implemented to incentivize employees to remain at plant and to provide them additional compensation due to separation from other facility to keep them employed. These initiatives help support the communities in which these employees work
CM1 01 Mandatory Additional Assessed General

CM1 01.1 Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:

- Third party assurance over selected responses from this year's PRI Transparency Report
- Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
- Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year)
- Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
- Whole PRI Transparency Report has been internally verified
- Selected data has been internally verified
- Other, specify
- None of the above

CM1 01.2 Additional information [OPTIONAL]

Verified by the Sustainable and Impact Investing Team.

CM1 02 Mandatory Descriptive General

CM1 02.1 We undertook third party assurance on last year's PRI Transparency Report

- Whole PRI Transparency Report was assured last year
- Selected data was assured in last year's PRI Transparency Report
- We did not assure last year's PRI Transparency report
- None of the above, we were in our preparation year and did not report last year.

CM1 03 Mandatory Descriptive General

CM1 03.1 We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

- We adhere to an RI certification or labelling scheme
- We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report
- ESG audit of holdings
- Other, specify
- None of the above

CM1 04 Mandatory Descriptive General

CM1 04.1 Do you plan to conduct third party assurance of this year's PRI Transparency report?

- Whole PRI Transparency Report will be assured
- Selected data will be assured
- We do not plan to assure this year's PRI Transparency report

CM1 07 Mandatory Descriptive General

CM1 07.1 Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report. and if this applies to selected data please specify what data was reviewed

- CEO or other Chief-Level staff
- The Board
- Investment Committee
- Compliance Function
- RI/ESG Team
- Investment Teams
- Legal Department
- Other (specify)