PRIVATE RI REPORT

2020

UBS Asset Management
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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PRI disclaimer

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## Indicate the breakdown of your organisation's AUM by market.

<table>
<thead>
<tr>
<th>Market</th>
<th>&gt;50%</th>
<th>0%</th>
<th>&lt;10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed Markets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SSA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securitised</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate (non-financial)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Mandatory to Report, Voluntary to Disclose

Provide to the nearest 5% the percentage breakdown of your Fixed Income AUM at the end of your reporting year, using the following categories.

- Developed Markets
- SSA
- Securitised
- Corporate (non-financial)
- Commodities
- Infrastructure
- Property
- Private equity
- Fixed income
- Other

## Select how you would like to disclose your asset class mix.

### Gateway/Peering

- Developed Markets
- SSA
- Securitised
- Corporate (non-financial)
- Commodities
- Infrastructure
- Property
- Private equity
- Fixed income
- Other

### General

- Developed Markets
- SSA
- Securitised
- Corporate (non-financial)
- Commodities
- Infrastructure
- Property
- Private equity
- Fixed income
- Other

Descriptive

Indicate how you would like to disclose your asset class mix.

## Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

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

## Indicate whether your organisation uses fiduciary managers.

- No, we do not use fiduciary managers.
- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.

## Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>0%</th>
<th>10-50%</th>
<th>&gt;50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hedge funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Indicate the breakdown of your organisation's assets between segregated mandates and pooled funds or investments.

- Segregated mandate(s)
- Pooled funds or investments

## Indicate the number of countries in which you have offices (including your headquarters).

- 0
- 10-50%
- >50%

## Select the location of your organisation's headquarters.

- Switzerland
- Other (1), specify
- Other (2), specify

## Sustainable Investing:

- We develop and implement sustainable and impact investment strategies.
- We have a dedicated Sustainable and Impact Investing team.
- Sustainable Investing is a strategic priority for UBS-AM.
- We offer sustainable and impact investment capabilities.
- Our investment teams at UBS-AM drive ESG integration within their investment processes.
- The Sustainable and Impact Investing team is responsible for the oversight of the execution of sustainability strategy, including alignment with client outcomes, monitoring progress and ensuring that sustainability integration is embedded in the overall investment process.
We incorporate ESG into our external manager monitoring process. We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf.

Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes that account for more than 5% of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

We address ESG incorporation.

We address ESG incorporation.

Select the active ownership activities your organisation implemented in the reporting year.

Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.

Gateway

We incorporate ESG into our external manager selection process.

We incorporate ESG into our external manager appointment process.

We incorporate ESG into our external manager selection process.

We do not engage directly and do not require external managers to engage with SSA bond issuers on ESG factors. Please explain why you do not.

We incorporate ESG into our external manager monitoring process.

We do not do ESG incorporation.

We do not do ESG incorporation.

We do not do ESG incorporation.

We do not do ESG incorporation.

We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

We do not do ESG incorporation.

We do not do ESG incorporation.

We do not do ESG incorporation.

Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.
**Breakdown of your organisation's infrastructure assets based on who manages the assets.**

<table>
<thead>
<tr>
<th>Type of Management</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managed directly by your organisation</td>
<td>&gt;50%</td>
</tr>
<tr>
<td>Managed by other investors or their property managers</td>
<td>10-50%</td>
</tr>
<tr>
<td>Managed via third-party property managers appointed by you</td>
<td>&lt;10%</td>
</tr>
<tr>
<td>Managed by tenant(s) with operational control</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Types of Infrastructure**

- **Industrial / Logistics**: 12%
- **Retail**: 32%
- **Multi-family residential**: 32%
- **Assets by sector (%):**
  - Developed markets: 11%
  - Emerging markets: 88%

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

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

<table>
<thead>
<tr>
<th>Ownership Stake</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>a majority stake (50% and above)</td>
<td>0%</td>
</tr>
<tr>
<td>a significant minority stake (10 and above, and under 50%)</td>
<td>&gt;50%</td>
</tr>
<tr>
<td>a limited minority stake (&lt;10%)</td>
<td>10-50%</td>
</tr>
</tbody>
</table>

**Indicate up to three of your largest property types by AUM.**

- **Office**: 10-50%
- **Retail**: 0%
- **Industrial / Logistics**: a mix of ownership stakes

**Provide a breakdown of your organisation's allocation to Real Estate Investment Trusts (REITs) or similar.**

<table>
<thead>
<tr>
<th>Ownership Stake</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>a minority stake (&lt;10%)</td>
<td>&lt;10%</td>
</tr>
<tr>
<td>a majority stake (50% and above)</td>
<td>0%</td>
</tr>
<tr>
<td>a significant minority stake (10 and above, and under 50%)</td>
<td>&gt;50%</td>
</tr>
</tbody>
</table>

**Provide a breakdown of your organisation's fixed income securities by active and passive strategies.**

<table>
<thead>
<tr>
<th>Ownership Stake</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>a limited minority stake (&lt;10%)</td>
<td>10-50%</td>
</tr>
<tr>
<td>a majority stake (50% and above)</td>
<td>0%</td>
</tr>
<tr>
<td>a significant minority stake (10 and above, and under 50%)</td>
<td>&gt;50%</td>
</tr>
</tbody>
</table>

**Provide a breakdown of your SSA investments, by developed markets and emerging markets.**

<table>
<thead>
<tr>
<th>Ownership Stake</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>a majority stake (50% and above)</td>
<td>0%</td>
</tr>
<tr>
<td>a significant minority stake (10 and above, and under 50%)</td>
<td>&gt;50%</td>
</tr>
<tr>
<td>a limited minority stake (&lt;10%)</td>
<td>10-50%</td>
</tr>
</tbody>
</table>

**SSA**

- **Emerging markets**: 88%
- **Developed markets**: 11%

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

<table>
<thead>
<tr>
<th>Ownership Stake</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment grade (+/- 5%)</td>
<td>Gateway</td>
</tr>
<tr>
<td>High-yield (+/- 5%)</td>
<td>10-50%</td>
</tr>
<tr>
<td>Low-yield (+/- 5%)</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Indicate the approximate (+/- 5%) breakdown of your SSA investments, by developed markets and emerging markets.**

<table>
<thead>
<tr>
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<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
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<td>11%</td>
</tr>
<tr>
<td>Emerging markets</td>
<td>88%</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Ownership Stake</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment grade (+/- 5%)</td>
<td>Gateway</td>
</tr>
<tr>
<td>High-yield (+/- 5%)</td>
<td>10-50%</td>
</tr>
<tr>
<td>Low-yield (+/- 5%)</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Other, specify**

- **Other, specify**: 1%
- **N/A, we manage properties, new constructions and/or refurbishments on behalf of our clients, but do not hold equity in property on their behalf**: 99%

** Indicate up to three of your largest property types by AUM.**

- **Office**: 10-50%
- **Retail**: 0%
- **Industrial / Logistics**: a mix of ownership stakes
### 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%

**Mandatory to Report, Voluntary to Disclose**

**Descriptive**

#### OO INF 03

Indicate up to three of your largest infrastructure sectors by AUM.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Main infrastructure sectors (by AUM)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Transportation</td>
</tr>
<tr>
<td></td>
<td>Energy infrastructure</td>
</tr>
<tr>
<td></td>
<td>Conventional energy</td>
</tr>
<tr>
<td></td>
<td>Renewable energy</td>
</tr>
<tr>
<td></td>
<td>Water management</td>
</tr>
<tr>
<td></td>
<td>Waste management</td>
</tr>
<tr>
<td></td>
<td>Communication</td>
</tr>
<tr>
<td></td>
<td>Social infrastructure</td>
</tr>
<tr>
<td></td>
<td>Other, specify</td>
</tr>
</tbody>
</table>

#### OO HF 01

Please describe your hedge fund strategies and classification.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Options presented for hedge funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Hedge</td>
<td>&gt;50%</td>
</tr>
<tr>
<td></td>
<td>10-50%</td>
</tr>
<tr>
<td></td>
<td>&lt;10%</td>
</tr>
<tr>
<td></td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Equity Market Neutral</td>
</tr>
<tr>
<td></td>
<td>Fundamental Growth</td>
</tr>
<tr>
<td></td>
<td>Fundamental Value</td>
</tr>
<tr>
<td></td>
<td>Quantitative Direction</td>
</tr>
<tr>
<td></td>
<td>Sector: Energy/Basic Materials</td>
</tr>
<tr>
<td></td>
<td>Sector: Healthcare</td>
</tr>
<tr>
<td></td>
<td>Sector: Technology</td>
</tr>
<tr>
<td></td>
<td>Short Bias</td>
</tr>
<tr>
<td></td>
<td>Multi-Strategy</td>
</tr>
<tr>
<td>Event Driven</td>
<td>&gt;50%</td>
</tr>
<tr>
<td></td>
<td>10-50%</td>
</tr>
<tr>
<td></td>
<td>&lt;10%</td>
</tr>
<tr>
<td></td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Activist</td>
</tr>
<tr>
<td></td>
<td>Credit Arbitrage</td>
</tr>
<tr>
<td></td>
<td>Distressed / Restructuring</td>
</tr>
<tr>
<td></td>
<td>Merger Arbitrage</td>
</tr>
<tr>
<td></td>
<td>Private Issue / Regulation D</td>
</tr>
<tr>
<td></td>
<td>Special Situations</td>
</tr>
<tr>
<td></td>
<td>Multi-Strategy</td>
</tr>
<tr>
<td>Global Macro</td>
<td>&gt;50%</td>
</tr>
<tr>
<td></td>
<td>10-50%</td>
</tr>
<tr>
<td></td>
<td>&lt;10%</td>
</tr>
<tr>
<td></td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Relative Value</td>
</tr>
<tr>
<td></td>
<td>Fixed Income - Asset Backed</td>
</tr>
<tr>
<td></td>
<td>Fixed Income - Convertible Arbitrage</td>
</tr>
<tr>
<td></td>
<td>Fixed Income - Corporate</td>
</tr>
<tr>
<td></td>
<td>Fixed Income - Sovereign</td>
</tr>
<tr>
<td></td>
<td>Volatility</td>
</tr>
<tr>
<td></td>
<td>Yield Alternatives: Energy Infrastructure</td>
</tr>
<tr>
<td></td>
<td>Yield Alternatives: Real Estate</td>
</tr>
<tr>
<td></td>
<td>Multi-Strategy</td>
</tr>
<tr>
<td>Risk Parity</td>
<td>&gt;50%</td>
</tr>
<tr>
<td></td>
<td>10-50%</td>
</tr>
<tr>
<td></td>
<td>&lt;10%</td>
</tr>
<tr>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Blockchain</td>
<td>&gt;50%</td>
</tr>
<tr>
<td></td>
<td>10-50%</td>
</tr>
<tr>
<td></td>
<td>&lt;10%</td>
</tr>
<tr>
<td></td>
<td>0%</td>
</tr>
</tbody>
</table>

**Options presented for fund of hedge funds**

<table>
<thead>
<tr>
<th>Sub-strategies</th>
<th>Approximate % of internally managed hedge fund AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative</td>
<td>&gt;50%</td>
</tr>
<tr>
<td></td>
<td>10-50%</td>
</tr>
<tr>
<td></td>
<td>&lt;10%</td>
</tr>
<tr>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Diversified</td>
<td>&gt;50%</td>
</tr>
<tr>
<td></td>
<td>&lt;10%</td>
</tr>
<tr>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Market Defensive</td>
<td>&gt;50%</td>
</tr>
<tr>
<td></td>
<td>10-50%</td>
</tr>
<tr>
<td></td>
<td>&lt;10%</td>
</tr>
<tr>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Strategic</td>
<td>&gt;50%</td>
</tr>
<tr>
<td></td>
<td>10-50%</td>
</tr>
<tr>
<td></td>
<td>&lt;10%</td>
</tr>
<tr>
<td></td>
<td>0%</td>
</tr>
</tbody>
</table>

**Total 100% (of internal Hedge Fund AUM)**

**Options presented for fund of hedge funds**

<table>
<thead>
<tr>
<th>Sub-strategies</th>
<th>Approximate % of internally managed hedge fund AUM</th>
</tr>
</thead>
<tbody>
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<td></td>
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<tr>
<td></td>
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<td>Diversified</td>
<td>&gt;50%</td>
</tr>
<tr>
<td></td>
<td>&lt;10%</td>
</tr>
<tr>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Market Defensive</td>
<td>&gt;50%</td>
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<tr>
<td></td>
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</tr>
<tr>
<td></td>
<td>&lt;10%</td>
</tr>
<tr>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Strategic</td>
<td>&gt;50%</td>
</tr>
<tr>
<td></td>
<td>10-50%</td>
</tr>
<tr>
<td></td>
<td>&lt;10%</td>
</tr>
<tr>
<td></td>
<td>0%</td>
</tr>
</tbody>
</table>

 وطنياً ما بين القطاعات المختلفة، يتم الإبلاغ عن القطاعات الكبرى (بأموال عائد) حتى ثلاثة من القطاعات الأكبر.

### OO Checks

- If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.
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.

Asset class-specific RI guidelines

Policy setting out your overall approach

Applicable policies cover a minority of AUM

Yes

Your organisation’s definition of ESG and/or responsible investment and its relation to investments

Indicate if you have an investment policy that covers your responsible investment approach.

Indicate the components/types and coverage of your policy.

Yes

Formalised guidelines on social factors

Annual financial filings

Descriptive

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Reporting

Descriptive

Provide a brief description of the key elements, any variations or exceptions to

Indicate whether the organisation publicly supports the TCFD?

Formalised guidelines on environmental factors

Annual financial filings

Descriptive

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Reporting

Descriptive

Provide a brief description of the key elements, any variations or exceptions to

Indicate whether the organisation publicly supports the TCFD?

Formalised guidelines on corporate governance factors

Annual financial filings

Descriptive

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Reporting

Descriptive

Provide a brief description of the key elements, any variations or exceptions to

Indicate whether the organisation publicly supports the TCFD?

UBS-AM reflects this approach by:

The climate strategy is overseen by the Board of Directors’ Corporate Culture and Responsibility Committee, and reporting is aligned with UBS’s public support of the recommendations of the TCFD.

The costs of climate change are limited in the short-term but can be expected to rise over the next ten years, and over the long-term, climate change is likely to lead to significant economic costs and losses. To address climate change, policies are required that can reduce costs and losses associated with climate change.

We focus on reducing our direct and indirect climate impact, particularly our GHG emissions, by limiting our GHG emissions, increasing our share in renewable energy, and reducing our exposure to carbon-related assets and climate-sensitive sectors. We also support the Paris Agreement and the goals of the Intergovernmental Panel on Climate Change by reducing our carbon footprint.

In 2019, we embedded climate risk into our risk taxonomy and operational risk appetite statement, further reduced our exposure to carbon-related assets and more broadly, to climate-sensitive sectors.

We believe that Sustainable and Impact Investing can protect and enhance the value of our clients’ investments by adding value through meaningful climate-related activities.

Mobilizing private and institutional capital towards investments facilitating climate change mitigation and adaptation rose to USD 108 billion from USD 87.5 billion at the end of 2018, and the deal value in equity and debt capital market services, and in financial advisory services, related to climate change mitigation and adaptation, rose to USD 87.2 billion, from USD 56.5 billion in 2018.

We support the CDP, Institutional Investors Group on Climate Change working group on climate change scenario analysis, the IIGCC Paris Aligned Investment Initiative, and have launched the Climate Aware rules-based passive strategy oriented towards companies that are better prepared for a low carbon future while reducing exposure to companies with higher carbon risk.

We have a systematic approach to ESG integration, which includes the following:

- Integrating ESG considerations into our investment process, including the identification of climate-related risks and opportunities.
- Incorporating ESG considerations into our asset allocation decisions.
- Incorporating ESG considerations into our engagement with companies, including voting and proxy issues.
- Incorporating ESG considerations into our risk management framework.
- Incorporating ESG considerations into our compliance framework.
- Incorporating ESG considerations into our marketing and communications efforts.
- Incorporating ESG considerations into our training and education programs.
- Incorporating ESG considerations into our internal processes and procedures.
- Incorporating ESG considerations into our business plans and strategic goals.
We do not publicly disclose any investment policy components. Please contact us for any additional information.

**Governance Structure of Organisational ESG Responsibilities**

At UBS-AM, ESG issues are reported to the Sustainable and Impact Investing Management Committee. This Committee is responsible for overseeing corporate and portfolio ESG strategy and for ensuring alignment across the different business lines. The Sustainable and Impact Investing Management Committee is comprised of senior representatives from all major UBS-AM business lines and regions. The chair of the REPM Sustainability Workgroup sits on the SI Management Committee as REPM's representative and reports regularly on ESG issues. The aims of the Sustainable and Impact Investing Management Committee are to:

- Ensure alignment of ESG best practices across UBS-AM
- Oversee objectives, measurement and reporting related to ESG
- Oversee internal and external communication of UBS-AM's ESG practices and progress
- Ensure awareness/communication between different areas of UBS-AM
- Ensure the materiality of ESG issues is considered in decision making

**Time Horizon of Investment**

The UBS-AM investment horizon is flexible and is determined based on the risk appetite and investment objectives of the investor. We provide investment solutions with various time horizons, ranging from short-term to long-term, depending on the investor's needs.

**Additional Information**

We promote our employees' understanding of the ambition and actions of UBS through a wide range of training and awareness-raising activities. Some specific initiatives focused on internal communications include:

- Regular internal communication of ESG activities
- ESG engagement training sessions with our investment professionals and client facing teams
- Provide training to investment teams, including analysts and portfolio managers, and client facing teams on ESG engagement
- Our training activities are captured in the UBS Sustainability Report 2019 based on GRI standards, appendix 3, page 135

**ESG Engagement**

As part of our oversight process, we assess the quality of explanations given for any deviations from relevant corporate governance codes that a company may report from a ‘comply or explain’ perspective. To identify issues of concern and to help with the monitoring of investee companies, we use both internal information and external data sources. This includes:

- Internal information such as company reports, presentations, and press releases
- External data sources such as news articles, analyst reports, and ESG rating tools

Our training activities are captured in the UBS Sustainability Report 2019 based on GRI standards, appendix 3, page 135.
<table>
<thead>
<tr>
<th>Roles</th>
<th>Other description (1)</th>
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<tbody>
<tr>
<td>General</td>
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<tr>
<td>Other role, specify (2)</td>
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<tr>
<td>Encouraging others to join a RI initiative</td>
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<td>Oversight/accountability for responsible investment</td>
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<td>Board members or trustees</td>
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<td>Other, specify (3)</td>
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<tr>
<td>Oversight/accountability for responsible investment</td>
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<tr>
<td>Other, specify (3)</td>
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<tr>
<td>Internal Roles (triggers other options)</td>
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<tr>
<td>Over or underweight companies based on ESG characteristics</td>
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<tr>
<td>Other Chief-level staff or head of department, specify</td>
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<tr>
<td>Oversight/accountability for responsible investment</td>
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<tr>
<td>None of the above</td>
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<tr>
<td>Internal SI newsletter to educate internal staff on key updates and a UBS Group-wide #TOGETHERBAND initiative, which we have developed in concert with the UBS Group going forward. The internal SI newsletter also offers a tangible, accessible way to drive awareness by offering sustainably-produced wristbands, one for each of the six UBS values.</td>
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<tr>
<td>More information on internal and external data. The inputs also lead to a UBS ESG Risk Signal which flags companies with high ESG risks.</td>
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<tr>
<td>Improved sustainability characteristics for UBS-AM Sustainable focused strategies, including the Climate Aware Strategies.</td>
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<tr>
<td>Improved internal tools for ESG integration, specifically across our Active Equities investment platform.</td>
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<tr>
<td>In 2019, we introduced an enhanced internal tracking system to assess the progress of dialogue against defined engagement objectives.</td>
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<tr>
<td>Launched our Climate Aware strategy in 2018, which is an actively managed strategy that seeks to deliver superior risk-adjusted cash flows. The UBS-AM Annual Stewardship Report provides tangible examples and case studies of our stewardship activities.</td>
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<tr>
<td>We have also documented and described our approach to engagement activities within the UBS-AM Climate Aware strategy in our recent white paper, “Collaborating for a Low Carbon World.”</td>
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<tr>
<td>Publication of best practice case studies</td>
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<tr>
<td>Joining and/or participation in Collaborative Investors initiatives</td>
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<tr>
<td>Expand activity among Collaborative Investor Networks</td>
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<tr>
<td>For both current and prospective clients, (where applicable) we have provided case studies to demonstrate engagement and voting in practice. We also provide quarterly reporting on engagement and proxy voting across strategies to all clients.</td>
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<tr>
<td>UBS-AM is currently a member of, or supporting, the following global groups and initiatives:</td>
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<td>International Financial Reporting Standards (IFRS) Foundation</td>
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<td>UNEP FI</td>
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<td>UNEP Inquiry</td>
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<td>IIRC</td>
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<td>European Venture Philanthropy Association</td>
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<td>Sustainable Finance Geneva</td>
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<td>Centre for the Study of Financial Innovation</td>
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<td>Green investment principles for the Belt and Road</td>
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<tr>
<td>Global Investors for Sustainable Development Alliance</td>
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<tr>
<td>Principles for Responsible Banking</td>
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<tr>
<td>US Green Building Council</td>
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<td>UK Governance Forum</td>
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<td>GRESB</td>
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<td>EFAMA Stewardship, Market Integrity and ESG Investment Standing Committee</td>
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<tr>
<td>DNB SDG Impact Assessment Working Group</td>
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<tr>
<td>SI professionals are responsible for sourcing and distributing ESG data in a UBS Group-wide #TOGETHERBAND initiative, which we have developed in concert with the UBS Group going forward. The internal SI newsletter also offers a tangible, accessible way to drive awareness by offering sustainably-produced wristbands, one for each of the six UBS values.</td>
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</table>
Moreover, the Sustainable Investment Research analysts and investment analyst work together to engage with companies on climate-related reporting. This includes participation in the global Climate Action 100+ collaboration.

In 2018 and 2019, UBS' climate strategy, in response to new banking climate regulation and emerging climate-related risk, evolved significantly. UBS climate strategy is now a regular agenda item for the joint meeting of Board of Director's Risk Committee and CCRC.

In addition to the 18 sustainability experts that make up our Sustainable and Impact Investing team, UBS-AM also has dedicated investment professionals managing Sustainable and Impact-Focused strategies.
Variable pay linked to responsible investment performance

Shareholder Association for Research and Education (Share)
Responsible Finance Principles in Inclusive Finance
CDP Forests
Institutional Investors Group on Climate Change (IIGCC)
AVCA: Sustainability Committee
HKVCA: ESG Committee
United Nations Environmental Program Finance Initiative (UNEP FI)
CDP Climate Change
Core Assessed
International Integrated Reporting Council (IIRC)
BVCA – Responsible Investment Advisory Board
France Invest – La Commission ESG
Climate Action 100+
Local Authority Pension Fund Forum
Australian Council of Superannuation Investors
Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
ESG Research Australia
United Nations Global Compact
Extractive Industries Transparency Initiative (EITI)
CFA Institute Centre for Financial Market Integrity
Green Bond Principles
None of the above
Principles for Responsible Investment
Global Real Estate Sustainability Benchmark (GRESB)

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Your organisation's role in the initiative during the reporting period (see definitions)

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Your organisation's role in the initiative during the reporting period (see definitions)

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Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Your organisation's role in the initiative during the reporting period (see definitions)

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Your organisation's role in the initiative during the reporting period (see definitions)
Your organisation's role in the initiative during the reporting year (see definitions)

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

- Participated in events and consultations organized by the Forum and provided funding to the Forum.
  
  We are also a member of the PRI Academic Network and the PRI Advisory Committee. Finally, we are a member of the PRI Fixed Income Engagement Working Group.

- Provided input and/or collaborated with academia on RI-related work.
- On the Board of, or officially advising, other RI organisations (e.g. local SIFs).
- Encouraged better transparency and disclosure of RI practices across the investment industry.
- Wrote and published articles on RI in the media.

Examples of our published research on sustainable and impact investing topics are available on our website at https://www.ubs.com/global/en/asset-management/about/sustainable-impact-investing.html.

We have also published a number of white papers on RI, including:

- "Taking up the Challenge: A Changing Landscape" (December 2020), which highlights the actions we have taken to promote RI independently of collaborative initiatives.
- "Handelszeitung – ESG Strategien werden wichtig" (April 2021), which discusses our climate approach and the role of ESG in the investment industry.
- "Sustainable Finance', a book published by the Italian Savings Bank Association. During the course of the year, members of the research team co-authored a chapter on "Sustainability and Investment Management in Europe".

The following month, we hosted a "Swiss Roundtable" with leading Swiss financial institutions, including Handelszeitung and L’Agefi. Separately, articles were published in the NZZ – Die Banken und der Klimawandel – and the Zurich Business Times. In addition, a chapter on "Sustainable Investments in the Listed Equity Market (Big Companies)" was co-authored by Marissa Blankenship and Piani. The chapter is included in the "Sustainable Investment - A Global Perspective" book.

Further, we have collaborated with academic institutions and other RI organisations to develop industry knowledge and best practices. We regularly attend the annual NAREIM Sustainability Conference.
Indicate if 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, publicly available

PRI 1

Changing demographics
Energy Technology Perspectives (ETP) 2 Degrees scenario

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

PRI is examining impact of global regulatory agenda on sustainable finance as coordinated through Central Bank and... the Financial System and other relevant international groups (e.g. IOSCO, Basel Committee Climate Risk Task Force)

Drafted your own written submissions to governments, regulators or public-policy markers

RPC 6

Resource scarcity
Board members, trustees, C-level roles, Investment Committee

 PRI 1

Yes, individually

Endorsed written submissions to governments, regulators or public policy-makers developed by others



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

Dedicated responsible investment staff
Mandatory to Report, Voluntary to Disclose

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

Sector weightings
 Additional Assessed
Other
 No, our organisation does not currently carry out scenario analysis and/or modelling

Analysis based on a 4°C or higher scenario
General
Yes
Beyond 2 Degrees Scenario (B2DS)

Indicate who uses this analysis.

Investment consultants/actuaries
Other



SG 13.7 CC

SG 13.8 CC

SG 13.9 CC

SG 14

SG 15

SG 12.1

SG 11.1









UBS Group manages its environmental program through an Environmental Management System (EMS), in accordance with the ISO... EMS helps to systematically reduce environmental risks, seize climate change / environment-related market opportunities

Finally, Huw van Steenis, Senior Adviser to the CEO and Chair of the Sustainable Finance Committee, UBS AG and former... on how the Bank of England can promote the smooth transition to a low-carbon economy. (https://www.bankofengland.co.uk/-

IPCC

Institute for Sustainable Development
IRENA

Provider

3.

Portfolio transition: Aligning portfolios to an investor's chosen climate glidepath.

We are at an early stage of exploring how we could use scenario analysis more widely for the purposes of risk management... working group on scenario analysis and contributed to the report "Navigating Scenario Analysis", published November 2018.

We have developed a Climate Aware strategy that enables investors to reduce a portfolio's carbon footprint, invest in new... world, or a different trajectory altogether. It was developed in conjunction with a large UK pension fund and launched in

2017. Opened to wider investments in 2018, this solution has already attracted in excess of USD 3bn in investments. It... downside risk, while increasing exposure to companies with climate-smart business models and offerings may maximize the

several years in 2018. The objective is to develop analytical tools that help banks define and disclose climate-related... tools to include a range of possible scenarios, further advancement on scenario-based stress testing methodologies, and

Working Group on Finance Market Implications of Climate Change (WGFMIC),... change

Identifying and evaluating risks:

Risk matrix

Portfolio transition also includes scenario analysis as a means to understand the overall direction of investment... a sustainable finance and climate change policy

The information is used by our Sustainable and Impact Investing team as well as by the portfolio management team executing our Climate Aware Equity strategy.

We have initiated a project to look at how scenario analysis and stress testing can best support our the risk management activities within UBS-AM.

Enhanced insight into our transaction and client onboarding processes. Based on the outcome of these reviews, we can... creating insights for our clients on their current climate profile and leading into conversations on how to improve this.

Procedures and tools for the identification, assessment and monitoring of environmental and social risks are applied and integrated into standard risk, compliance and operations processes.

Portfolio transition also includes scenario analysis as a means to understand the overall direction of investment... an area where we are continuing to explore how scenario analysis can best support the investment activities of UBS-AM.

Working group on scenario analysis and contributed to the report "Navigating Scenario Analysis", published November 2018.
Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

Processes for climate-related risks are integrated into overall risk management

None of the above

Other, specify

Other, specify

Purpose

Portfolio carbon footprint

Infrastructure

Carbon intensity

Other, specify

Fixed income - Securitised

Total carbon emissions

Used emissions data or analysis to inform investment decision making

Energy efficiency / Clean technology

Baseline year

Sought climate change integration by companies

Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Fixed income - Securitised

Listed equity

Minority

Fixed income - Corporate (non-financial)

Climate-related targets

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

No, we do not undertake active ownership activities.

Listed equity

Private equity

Fixed income - SSA

Yes
<table>
<thead>
<tr>
<th><strong>Topic</strong></th>
<th><strong>Details on overall engagement strategy</strong></th>
<th><strong>Information on your property investments’ ESG performance</strong></th>
<th><strong>Disclosure to clients/beneficiaries</strong></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>We do not proactively disclose it to the public and/or clients/beneficiaries.</td>
<td>We disclose to clients/beneficiaries only.</td>
<td>Disclosure to clients/beneficiaries.</td>
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<td></td>
<td>Details on selection of engagement cases and definition of objectives of the selections, priorities and specific goals.</td>
<td>We disclose to clients/beneficiaries only.</td>
<td>Disclosure to clients/beneficiaries.</td>
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<td>Information on your property investments’ ESG performance.</td>
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<td>Disclosure to clients/beneficiaries.</td>
<td>Detailed explanation of ESG incorporation strategy used.</td>
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<td>Broad approach to ESG incorporation.</td>
<td>Details on the overall engagement strategy.</td>
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<td>We disclose to clients/beneficiaries only.</td>
<td>Detailed explanation of RI incorporation strategy used.</td>
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Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.

- 5% or less
- 6-10%
- 11-20%
- 21-30%
- 31-40%
- 41-50%
- 51-60%
- 61-70%
- 71-80%
- 81-90%
- 91-100%
- Other, specify

Screening and integration strategies

In these strategies, the investment process is designed around sustainability considerations with direct implications on portfolio construction constraints and universe definition.

- Thematic alone (i.e., not combined with any other strategies)
- Screening alone (i.e., not combined with any other strategies)
- Screening and thematic strategies
- All three strategies combined
- In-house – analyst or portfolio manager
- In-house – specialised ESG analyst or team
- Sell-side
- Other; specify

Screening and thematic strategies

Thematic strategies focus on the wide range of environmental, social and governance concerns that may affect a company's medium to long-term prospects. They are premised on the premise that companies that stand out as leaders in these areas will outperform their peers in the medium to long term. ESG research produced by investment teams is hosted on the same platform. Our financial analysts consider ESG components and sustainability concerns when drawing conclusions about a company's prospects. For this reason, we use an external advisor to identify companies involved in the production, sale or distribution of cluster munitions and anti-personnel mines determined to fall within the Swiss Federal Act on War Materials. Equally, we will not invest in any countries and/or regions that have been identified on the UBS Group Sanctioned List.

In screening strategies, we proactively select companies based on their ESG performance and exclude those that do not meet our standards. These strategies are primarily negative/exclusionary screening, seeking to avoid companies with poor ESG performance. If a company is excluded from our investment universe, that exclusion will be maintained indefinitely or until we receive sufficient evidence to overturn it. We maintain a comprehensive database of our company interactions in order to share information internally, review and evaluate our ESG ratings and the impact of our engagement program. Changes are implemented by the responsible portfolio managers and trading and communicated to clients.

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Describe how you incentivise brokers.

- In-house – analyst or portfolio manager
- In-house – specialised ESG analyst or team
- Sell-side
- Other; specify

In-house – analyst or portfolio manager

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UBS-AM Sustainability focused strategies (where the investment process is designed around sustainability considerations with direct implications on portfolio construction constraints and universe definition)

- We maintain a comprehensive database of our company interactions in order to share information internally, review and evaluate our ESG ratings and the impact of our engagement program. Changes are implemented by the responsible portfolio managers and trading and communicated to clients.
- In-house – analyst or portfolio manager
- In-house – specialised ESG analyst or team
- Sell-side
- Other; specify

The UBS-AM Sustainability focused strategies (where the investment process is designed around sustainability considerations with direct implications on portfolio construction constraints and universe definition) are divided into two main categories:

1. UBS-AM Responsible Equity Strategy
2. UBS-AM Sustainable Equity Strategy

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

- A periodic review of the internal research is carried out
- Less frequently than annually

Mandatory to Report, Voluntary to Disclose

Mandatory

ESG risk profile of a portfolio against benchmark

- Annually

PRI 1

>90%

<10%

If breaches of fund screening criteria are identified, describe the process followed to correct those breaches.

- None of the above

Indicate the proportion of actively managed listed equity portfolios where E, S and G factors are systematically researched as part of your investment analysis.

- ESG information is held within centralised databases or tools, and it is accessible by all relevant staff
- ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff

PRI 1

>90%

51-90%

Core Assessed

Bi-Annually

Annually

Comprehensive ESG research is undertaken or sourced to determine companies' activities and products

- PRI 1

Systematic records are kept that capture how ESG information and research were incorporated into investment decisions

Analysis of the impact of ESG factors on investment risk and return performance

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

Describe your organisation’s processes relating to sustainability themed funds. [Optional]

Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies

51-90%

<10%

>90%

Combination of themes

PRI 1

Voluntary

<10%

51-90%

Annually

Voluntary

<10%

51-90%

Annually

Voluntary

<10%

51-90%

Annually

Voluntary

<10%

51-90%

Annually

Voluntary

<10%

51-90%

Annually

Voluntary

<10%

51-90%

Annually

Voluntary

<10%

51-90%

Annually

Voluntary
The strategy must offer a compelling impact thesis, investment thesis and rationale for price appreciation and must rank engagement. Our impact thesis is based upon alignment of a company’s products and services to the impact categories of ESG incorporation strategy.

We aim to achieve benchmark-like risk and return characteristics in addition to a lower carbon footprint. The carbon realignment strategy includes companies in the investable universe which have products that are addressing long-term sustainability goals.

We have been instrumental in the development of MSCI SRI Indexes and have strong relationships with the MSCI team on various ESG related topics. Consequently, the integration process underlies the potential decisions of the portfolio managers in the investment process and outcomes.

UBS-AM is one of the largest providers of sustainable ETFs in Europe. UBS was instrumental in the development of MSCI SRI Indexes and has strong relationships with the MSCI team on various ESG related topics. We refer to this refined, forward-looking measure as a company’s glide path probability.

UBS-AM Sustainability Analytics (reporting module).

As noted above, UBS-AM’s portfolio managers and analysts have in-depth knowledge of the companies they cover and the factors that influence their investment decisions. Company research notes must have a detailed income statement, balance sheet and fund flow projections, with a focus on thematic sustainability factors.

UBS has introduced a Low Carbon Commitment Score methodology that calculates the difference between the cost of capital and a company’s carbon efficiency. This score is a function of a company’s total score on these indicators as its Low Carbon Commitment Score. Essentially by incorporating these factors into our investment analysis and decision-making process, we can determine the sustainability impact of a company and its potential to achieve its target.

With respect to our Sustainability focused strategies, we typically exclude companies exposed to tobacco, adult entertainment and coal, and other controversial topics can be eliminated from the universe as directed by clients.

Climate Change rules-based solution:
- UBS (Lux) MSCI EMU SRI UCITS ETF
- UBS (Lux) MSCI World SRI UCITS ETF
- UBS (Irl) ETF S&P 500 ESG UCITS ETF
- UBS-AM MSCI Asia APEX 50 Ethical ETF
- UBS IQ MSCI Australia Ethical ETF
- UBS IQ MSCI Pacific Ethical ETF
- UBS IQ MSCI Australia Ethical ETF
- UBS IQ MSCI Pacific Ethical ETF
- UBS IQ MSCI Asia APEX 50 Ethical ETF

Climate Aware rules-based solution:
- UBS (Lux) MSCI World SRI UCITS ETF
- UBS (Lux) MSCI EMU SRI UCITS ETF
- UBS IQ MSCI Pacific Ethical ETF
- UBS IQ MSCI Australia Ethical ETF
- UBS IQ MSCI Asia APEX 50 Ethical ETF

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Impact on investment decision or performance

We decided to sell the stock.

ESG factor 2
ESG factor and explanation

Active Equity Example 2:

Our European Value Team was invested in a mining company with elevated risk. The stock was flagged for elevated absolute risk. The mining company was experiencing significant safety issues, which stemmed from increased incidents in health and safety and bribery and corruption. To assess management’s commitment to addressing these issues, engagement was broadened to include Board members, the heads of asset divisions, general counsel, and head of ESG. Discussions focused on structural problems, strengthening systems, and the change required in company culture.

The investment team recognized the materiality of the risks and participated in multiple engagement meetings with the company. The team worked with management to develop a plan to address these challenges. The company committed to implementing governance changes, improving safety procedures, and enhancing its internal controls. These efforts were expected to positively impact the investment thesis over a multi-year time frame. The company was also attractive on a price to assets basis and strong free cash flow yield. The investment team worked closely with their client to provide inputs on performance objectives for ethics, safety, board committees, and succession planning.

ESG incorporation strategy applied

Impact on investment decision or performance

We decided to maintain our position in the company on the basis that the ESG risks could be mitigated and that management’s commitment to addressing these challenges was strong. The company’s stated plans for improving safety, implementing governance changes, and strengthening systems were expected to positively impact the investment thesis over a multi-year time frame.

ESG factor 3
ESG factor and explanation

Active Equity Example 3:

Our UK Value team was invested in a transportation company that was targeted by activist investors seeking to remove the current Chair, who had been deemed insufficiently independent. The team engaged with the CEO, Chair, and Senior Independent Director of the company, as well as with the activists. The team raised concerns about the strategic plans for the company and the alignment of interests with shareholders. The team recommended that pursuing the opposite strategy (selling the cash generative business and managing down the rest of the business) would be in the best interest of shareholders. Based on the prevailing circumstances, the team used their voting rights at the annual general meeting to support these recommendations. The team abstained on the vote to increase the CEO’s compensation and recommended against all proposed activist nominees. After the annual general meeting, the current Chair agreed to stand down after 30% of investors voted against re-election.

ESG incorporation strategy applied

Impact on investment decision or performance

We decided to exit the position as we weren’t convinced management could execute the proposed strategy in the best interest of shareholders and within a reasonable time frame. The team believed that the activist investors had a valid case and that the current management team was not capable of executing the proposed strategy.

ESG factor 4

ESG factor and explanation

Active Equity Example:

The team engaged with the CEO, Chair, and Senior Independent Director of the company, as well as with the activists. The team raised concerns about the strategic plans for the company and the alignment of interests with shareholders. The team recommended that pursuing the opposite strategy (selling the cash generative business and managing down the rest of the business) would be in the best interest of shareholders. Based on the prevailing circumstances, the team used their voting rights at the annual general meeting to support these recommendations. The team abstained on the vote to increase the CEO’s compensation and recommended against all proposed activist nominees. After the annual general meeting, the current Chair agreed to stand down after 30% of investors voted against re-election.
Mandatory Core Assessed PRI 2
LEA 01.1 Indicate whether your organisation has an active ownership policy.

- Yes

- No

Mandatory

Attach or provide a URL to your active ownership policy.

URL provided:

https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability/_jcr_content/mainpar/toplevelgrid_27...b250ZW50L2RhbS91YnMvaW5zaWdodHMvZ2xvYmFsLXN0ZXdhcmRzaGlwLXN0YXRlbWVudC0yMDE5LnBkZg==/global-stewardship-statement-2019.pdf

Mandatory

Responses to divestment pressure

- Potential to enhance knowledge of ESG issues through other investors

- Other; (specify)

Core Assessed

Methods of engagement

- Other

- Yes

- No

Client request

Do you outsource any of your active ownership activities to service providers?

Consultation with clients/beneficiaries

Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)

Ability to add value to the collaboration

Securities lending processes

Responses to divestment pressure

Follow-up from a voting decision

Company dialogue pre/post-vote

Alignment with national stewardship code requirements

Filing or co-filing resolutions

We do not outline engagement criteria for our collaborative engagement providers

Geography/market of the companies

Exposure (size of holdings)

Insider information

Conflicts of interest

PRI 2

Other; (specify)

To gain an understanding of ESG strategy and/or management

To influence corporate practice (or identify the need to influence it) on ESG issues

Attachment provided:

Regional voting practice approaches

To gain an understanding of ESG strategy and/or management

We do not engage via service providers

Indicate the criteria used to identify and prioritise engagements for each type of engagement.

- Alleviate the resource burden of engagement

- Additional information. [Optional]

- Transparency of voting activities

- Other; (specify)

We do not engage via collaborative engagements

Engagement approach

To encourage improved/increased ESG disclosure

We do not engage via internal staff

Reason for interaction

PRI 1, 2, 3

To encourage improved/increased ESG disclosure

Other; (specify)

We do not engage via service providers

In addition to the oversight by our Stewardship Committee, we regularly review our approach to stewardship. In this way, we can ensure our practices were in our clients' interests. Agreed policies and procedures were found to be appropriately implemented.

We also use voting to complement and support our engagement activities. In situations when our engagement dialogue is not sufficient, voting provides a mechanism, in appropriate circumstances, to influence companies' conduct and management. In circumstances such as these, it is essential to communicate effectively with management pre- and post-vote and explain the relationship between sustainability, their business model, and financial performance.

In our view, it is this two-way dialogue which defines engagement. Simply asking companies questions without providing feedback and encouraging improvements would not be classified as an engagement.

Stewardship is relevant for both active and index (rules-based) investments. In the case of actively managed strategies, stewardship is a means by which institutional investors can express their views on and influence company performance. It offers a way of achieving the objectives of active management, and will provide a competitive edge.

A number of factors determine which companies in our invested universe would be prioritized for in-depth research and dialogue. These include:

- High financial exposure

- Exercise of shareholders rights, and

- Engagement with corporate management,

Where we believe the effectiveness of engagement and the chance of success can be increased, we are willing to work both with our clients and, where appropriate, with other international asset owners to pursue shareholder objectives. In this way, we achieve the potential benefit of scale and focus. By working with other investors, the companies are more likely to take our views more effectively and allow the companies to focus on a smaller and more coordinated number of requests from a variety of investors.

The UBS Asset Management (“UBS-AM”) Global Stewardship Policy covers both our engagement and voting approaches.
Under the heading "Mandatory," the text reads:

- Yes, in all cases
- Yes, systematically

Under the heading "Define timelines/milestones for your objectives," the text reads:

- Indicate the proportion of companies in your listed equities portfolio with which your organisation engaged during the reporting year.

- We do not track
- No
- All engagement activities

Under the heading "Indicate whether you track the number of your engagement activities," the text reads:

- Additional information. [Optional]

Under the heading "Indicate the practices used to ensure that information and insights gained through engagements are shared with investment decision-makers," the text reads:

- 11-50%  
- Additional Assessed
- Collaborating with other investors
- Voting against the board of directors or the annual financial report

- 3
- Yes

Under the heading "If your organisation has an escalation strategy when engagements are unsuccessful," the text reads:

- Additional information. [Optional]

Under the heading "Indicate whether your organisation has an escalation strategy when engagements are unsuccessful," the text reads:

- Yes, in all cases

Under the heading "Track and/or monitor the progress of action taken when original objectives are not met," the text reads:

- All engagement activities
- We did not complete any engagements in the reporting year.

Under the heading "Indicate whether your organisation has an escalation strategy when engagements are unsuccessful," the text reads:

- Yes, in all cases

Under the heading "Indicate whether you define specific objectives for your organisation’s engagement activities," the text reads:

- Yes, in a minority of cases

Under the heading "Indicate whether insights gained from your organisation’s engagements are shared with investment decision-makers," the text reads:

- Core Assessed
- Revisit and, if necessary, revise objectives on a continuous basis

Under the heading "Indicate the breakdown of engagements conducted within the reporting year by the number of interactions (including interactions made on your behalf)," the text reads:

- We do not define specific objectives for engagement activities carried out by internal staff
- Minority of engagement activities

Under the heading "Indicate whether your organisation has an escalation strategy when engagements are unsuccessful," the text reads:

- Yes, in all cases

Under the heading "Indicate whether insights gained from your organisation’s engagements are shared with investment decision-makers," the text reads:

- Core Assessed
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- Minority of engagement activities

Under the heading "Indicate whether your organisation has an escalation strategy when engagements are unsuccessful," the text reads:

- Yes, in all cases

Under the heading "Indicate whether insights gained from your organisation’s engagements are shared with investment decision-makers," the text reads:

- Core Assessed
- Revisit and, if necessary, revise objectives on a continuous basis

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- Yes, in all cases
Meetings and/or calls with board/senior management

Our own voting policy

In a majority of cases

Indicate the percentage of your collaborative engagements in which you were the leading organisation during the reporting year.

None

Labour practices and supply chain management

In a majority of cases

Add Example 2

100%

Add Example 9

In a majority of cases

Collaborative

Mandatory

To improve disclosure in relation to anti-bribery and ethics policies as well as CEO’s remuneration and tenure of Board members.

Visits to supplier(s) in supplier(s) from the company’s supply chain

In a minority of cases

Add Example 6

Indicate how you typically make your (proxy) voting decisions.

None

Executive Remuneration

Additional information.

Additional information.

[Optional]

11-50%

In a minority of cases

Other

In a minority of cases

Add Example 8

Executive Remuneration

We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions.

In a majority of cases

In all cases

51-75%



Individual / Internal

LEA 12.3

LEA 10.1

LEA 09.3

Some significant factors for effective discharge of board responsibilities include:

Board Responsibilities

To achieve these objectives, we have established a set of Principles to guide our exercise of voting rights and the corporate governance of companies. These Principles are applied globally but also permit us the discretion to reflect local laws or standards where appropriate.

In serving the interests of our clients, some investment capabilities within UBS-AM may at times pursue differing strategies. However, in all cases the interests of clients will be paramount. Underlying our voting and corporate governance process is a set of nine principles, for which specific procedures are in place. As part of our annual due diligence of our proxy partner ISS, we assess whether the voting policies and practices of ISS align with our Principles.

Our voting instructions are processed via Institutional Shareholder Services, Inc. (“ISS”) electronic voting platform. We make periodic assessments, with our voting decisions determined according to UBS principles and not based upon the policy of the share registrar. The outcomes of these assessments are reviewed by the Stewardship Committee and may lead to adjustments in the way we vote on future occasions.

Our dedicated Stewardship team is responsible for ensuring that all ballots are monitored and voted in line with our voting instructions. The team works closely with our portfolio managers and analysts to ensure that the portfolio manager, as the client representative, has taken full account of the client’s instructions. In circumstances where we decide to deviate from our policy guidelines are overseen and approved by our Stewardship Committee.

Stakeholder relations, as well as feedback from clients, are crucial to our voting decisions. Voting at shareholder meetings is a vital component of our overall approach to the effective stewardship of our clients’ capital. It is a way of encouraging boards to listen to and address investor concerns. We link proxy voting to our research and analysis to ensure that the process is not only consistent with our broader investment process. If holdings are included in more than one portfolio then we aim, as far as possible, to vote based on identical instructions.

Engagement dialogue with companies serves to provide further feedback and inform our proxy voting decisions. In the case of example 1, we engaged with an industrials company in Europe. We met with the company’s deputy CEO and head of CSR to discuss our findings and concerns. The level of disclosure on climate change was inadequate, as was the company’s approach to theParis agreement. The company needs to show a clearer plan for how it will align with the Paris Agreement and the long-term implications for shareholder value. The company’s commitment needs to be more specific and detailed, with a longer-term plan on how it will deliver on these positive ambitions and enhance information on scenario analysis. Future dialogue will focus on actions the company will take to deliver on these positive ambitions and enhance information on scenario analysis.

Process

Objectives

Conducted

Scope and
Process

Objectives

1-10%

More than 3 interactions

 >76%

 51-75%

 11-50%

 1-10%

 None

Total 100%

LEA 09.3

Indicate the percentage of your collaborative engagements in which you were the leading organisation during the reporting year.

None

Process

Objectives

Conducted

Scope and
Process

Objectives

1-10%

More than 3 interactions

 >76%

 51-75%

 11-50%

 1-10%

 None

Total 100%

LEA 09.3

Based on



Process

Objectives

Conducted

Scope and
Process

Objectives

1-10%

More than 3 interactions

 >76%

 51-75%

 11-50%

 1-10%

 None

Total 100%

LEA 09.3

Based on
Voluntary

Does your organisation have a securities lending programme?

Holdings deemed too small

Other

Additional Assessed

No

Other (specify)

Vote(s) concern certain ESG issues

Indicate the number of ESG shareholder resolutions you filed or co-filed.

No

We empower our securities-lending agent to decide when to recall securities for voting purposes

Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)

Client request

The most common reasons for voting against management were related to:

Indicate whether you track the voting instructions that you or your service provider on your behalf have issued.

Contacting the company's board

Descriptive

99-75%

49-25%

Shares were blocked

Conflicts of interest

Vote(s) concerned companies exposed to controversy on specific ESG issues

Yes

Additional information. [Optional]

Additional information. [Optional]

PRI 2

We systematically recall some securities so that we can vote on their ballot items (e.g., in line with specific criteria)

No

Vote(s) concern selected sectors

24-1%

49-25%

99-75%

Geographical restrictions (non-home market)

We do not communicate the rationale to companies

Indicate whether your organisation, directly or through a service provider, filed or co-filed any ESG shareholder resolutions during the reporting year.

Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.

In cases where your organisation voted against management recommendations, indicate the percentage of companies which you have engaged.

74-50%

In cases where your organisation does communicate the rationale for abstaining or voting against management recommendations, indicate whether this rationale is made public.

Initiating individual/collaborative engagement

prior to voting

Abstentions

17%

Voting instructions

Breakdown as percentage of votes cast

For (supporting) management recommendations

0%

Against management recommendations

50%

For (supporting) management recommendations

50%

Against management recommendations

17%
Of the ESG shareholder resolutions that you filed or co-filed and that were put to a vote (i.e., not withdrawn), indicate the percentage that received approval:

Add Example 7

Voting

Individual/Internal

Add Example 8

Climate Change

Voluntary

Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.

Describe whether your organisation reviews ESG shareholder resolutions filed by other investors.

To determine the practices of the company in regards to lobbying and memberships of industry associations whose advocacy is inconsistent with the goals of the Paris Agreement.

Individual/Internal

Individual/Internal

Add Example 1

Add Example 2

Add Example 3

Add Example 9

Add Example 10

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

Voting

Company leadership issues

To ensure that the board is comprised of experienced individuals able to deliver effectively on the company strategy and provide positive outcomes for all stakeholders.

Political spending / lobbying

Describe the ESG shareholder resolutions that you filed or co-filed, and the outcomes achieved.

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.
UBS Asset Management ("UBS-AM") believes in the importance of integrating Environmental, Social, and Governance (ESG) considerations throughout our investment process. This philosophy is embedded in our culture and reflects the long-term view that material ESG factors can impact the performance of the underlying investments we hold for our clients. We believe in a comprehensive approach to ESG integration, which considers both qualitative and quantitative factors, and includes collaboration with clients and stakeholders.

### Our Approach to ESG Integration

At UBS-AM, ESG factors are integrated into our proprietary credit research process. We believe that material ESG factors are best assessed as part of the company fundamental research process, rather than as a separate or discretionary exercise. Our credit analysts, who are experienced professionals with deep sector knowledge, evaluate a wide range of ESG-related issues as part of their credit research. This includes assessing the impact of ESG factors on the financial performance of issuers, the resilience of their business models, and the sustainability of their operations.

### Material ESG Factors

We have integrated ESG considerations throughout our credit research. This requires credit recommendations by our Credit Analysts to reflect the potential impact of ESG factors on the financial performance and creditworthiness of issuers. ESG considerations are factored into our credit analysis, and we use a range of tools and frameworks to assess the materiality of ESG issues and their potential impact on credit ratings.

### ESG Integration Framework

We have established a framework for integrating ESG considerations into our credit research process. This framework includes a systematic approach to identifying and assessing the materiality of ESG issues, as well as a process for incorporating ESG considerations into our credit recommendations.

### ESG Research and Analysis

Our Sustainable Investment Research Analysts are responsible for:

- Using internal and external ESG data and analysis resources to support our SI capabilities:
  - MSCI
  - Trucost
  - Thomson Reuters-Asset4
  - Sustainalytics
  - ISS
- Integrating ESG considerations into our debt research to help investors make informed investment decisions.
- Developing ESG credit scoring models to support our credit research process.
- Conducting ongoing support for company analysis.
- Engagement: Proactively engaging with companies on material ESG topics for 32 sectors.

### ESG Credit Scoring

UBS-AM's 25+ credit analysts provide qualitative assessments of management strength, business strategy, market position, financial ratios, and an expected future outlook. The analysts specialize in their sectors and build up a detailed understanding of the issuers they cover. We take a thorough, disciplined approach to incorporating ESG factors into our credit analysis, using a variety of tools and resources to assess the materiality of ESG issues and their potential impact on credit ratings.

### ESG Research Providers

We use data from a variety of ESG research providers, including MSCI, Trucost, and Sustainalytics, to supplement our internal research and analysis. These providers use a range of methodologies to evaluate the ESG performance of companies, and we incorporate their findings into our research and analysis to provide a more comprehensive view of the issuers we cover.

### ESG Data Sources

Our ESG data sources include:

- Financial data
- Corporate Governance
- Environmental data
- Social data
- MSCI
- Trucost
- Thomson Reuters-Asset4
- Sustainalytics
- ISS

### ESG Scores

We have developed the UBS-AM ESG Credit Score ("ESG Credit Score") to help us assess the potential impact of ESG factors on the credit risk of issuers. The ESG Credit Score is derived from a combination of internal and external ESG data and analysis, and reflects our analysis of the materiality and potential impact of ESG factors on the creditworthiness of issuers.

### Material ESG Issues

We have identified a number of material ESG issues that can impact the performance of our investments, including:

- Climate change
- Water and waste management
- Health and safety
- Human rights
- Employment practices
- Corporate governance
- Business practices
- Supply chain management
- Product liability
- Taxation
- Bribery and corruption
- Data protection
- Political contributions
- Tobacco
- Alcohol
- Gambling
- Weapons

### ESG Score Reports

We use the ESG Credit Score to report to our clients on the potential impact of ESG factors on the creditworthiness of our investments. This information is critical for investors who want to understand the potential risks and opportunities associated with their investments.

### ESG Scoring Methodology

We use a range of methodologies to score ESG issues, including:

- Quantitative models
- Qualitative assessments
- Peer comparisons
- Sector benchmarks

### ESG Score Applications

The ESG Credit Score is used in a variety of applications, including:

- Credit analysis
- Credit decision making
- Risk management
- Client reporting

### ESG Score Reporting

We report ESG scores to our clients on a regular basis, providing them with a clear understanding of the potential impact of ESG factors on the creditworthiness of our investments. This information is critical for investors who want to make informed decisions about their investments.

### Conclusion

By integrating ESG considerations into our credit research process, we are able to provide investors with a more thorough and comprehensive view of the issuers we cover. Our ESG Credit Score is an important tool that helps us assess the potential impact of ESG factors on the creditworthiness of our investments, and we continue to refine and improve our ESG analysis and research to better serve our clients.
<table>
<thead>
<tr>
<th>ESG factors</th>
<th>Example 1</th>
<th>Example 2</th>
<th>Example 3</th>
<th>Example 4</th>
<th>Example 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental</td>
<td>SSA</td>
<td>SSA</td>
<td>SSA</td>
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<td>SSA</td>
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<td>Social</td>
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<td>Corporate (financial)</td>
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</tr>
<tr>
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<td></td>
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</tr>
</tbody>
</table>

**ESG information is held within a centralised database and is accessible to all investment staff**

**Mandatory**

Describe your approach to screening for internally managed active fixed income:

**Positive/best-in-class screening**

Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria.

**Negative/exclusionary screening**

Analysis is performed to ensure that issuers meet screening criteria.

Indicate how you ensure that your ESG research process is robust:

**PRI 1**

ESG information is displayed on front office research platforms.

Audits of fund holdings are undertaken yearly by internal audit or compliance functions.

Records capture how ESG information and research was incorporated into investment decisions.

**Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.**

**Governance**

Collaboration is an important part of the assessment process. Credit analysts are supported in the development of their ESG skills, albeit from a different starting point, a different set of conditions, and with sometimes divergent conclusions. The ability to share insights, the depth and breadth of understandings, as well as the ability to hone and focus one’s knowledge, is an important and key component of the credit analysis process. Collaboration is also an important part of the ongoing development and evolution of our credit analysis process. In UBS-AM, collaboration is the framework, and then also make judgements based on sometimes incomplete and imperfect information. Analysing ESG issues can also be difficult for some analysts, but collaboration helps to ensure that all analysts are working from the same base, and that there is an expectation of a high degree of consistency in the final analysis. Credit analysts are also encouraged to discuss ESG issues with their peers, and to actively participate in ESG-related training. Collaboration is important in helping credit analysts to develop their ESG skills, and in ensuring that all analysts are working from the same base.

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**Corporate (financial)**

Example 4

**Voluntary**

**Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.**

**Social**

Example 3

**Mandatory**

**Audits of fund holdings are undertaken yearly by internal audit or compliance functions.**

**Other, specify**

**Corporate (non-financial)**

Example 5

**Voluntary**

Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies.

Analysis is performed to ensure that issuers meet screening criteria.

Records capture how ESG information and research was incorporated into investment decisions.

**Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.**

**Environmental**

Audits of fund holdings are undertaken yearly by internal audit or compliance functions.

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**Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.**

**Other, specify**

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**Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.**
Our systems are flexible and allow us to successfully implement both of the above approaches. 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 also included in the timing of how ESG issues are expected to develop. We use various data sources to gather information, including external ESG ratings providers, to inform our analysis of individual issuers and to help us with cross-sectoral and peer comparisons.

We use the Sentinel system to monitor client mandates, product restrictions, and regulatory requirements. Sentinel is a system that supports the credit analysts’ work in identifying and assessing ESG issues. This system helps us to identify potential ESG issues early in the process of credit research and to alert clients and portfolio managers to potential risks. The system also provides a way to track and monitor changes in ESG ratings and other ESG-related developments.

We believe that fundamental, material ESG factors are best assessed as part of the company research process. These factors are fundamental in nature and need to be analysed as an integral part of the due diligence process. ESG analysis is integrated into fundamental analysis and can help to identify risks and opportunities in the investment process. Moreover, our credit 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 also included in the timing of how ESG issues are expected to develop. We use various data sources to gather information, including external ESG ratings providers, to inform our analysis of individual issuers and to help us with cross-sectoral and peer comparisons.

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 analysis impacts the ranking of an issuer relative to a chosen peer group. ESG analysis is integrated into fundamental analysis and can help to identify risks and opportunities in the investment process. Moreover, our credit 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 also included in the timing of how ESG issues are expected to develop. We use various data sources to gather information, including external ESG ratings providers, to inform our analysis of individual issuers and to help us with cross-sectoral and peer comparisons.

UBS-AM’s types of engagements that are particularly relevant to fixed income investments include:

- Core Assessed
- Occasionally
- Systematically
- Mandatory to Report, Voluntary to Disclose
- More than 0%, less than 5%
- Systematically
- Occasionally

We use the Sentinel system to monitor client mandates, product restrictions, and regulatory requirements. Sentinel is a system that supports the credit analysts’ work in identifying and assessing ESG issues. This system helps us to identify potential ESG issues early in the process of credit research and to alert clients and portfolio managers to potential risks. The system also provides a way to track and monitor changes in ESG ratings and other ESG-related developments.

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- Occasionally

We use the Sentinel system to monitor client mandates, product restrictions, and regulatory requirements. Sentinel is a system that supports the credit analysts’ work in identifying and assessing ESG issues. This system helps us to identify potential ESG issues early in the process of credit research and to alert clients and portfolio managers to potential risks. The system also provides a way to track and monitor changes in ESG ratings and other ESG-related developments.

We believe that fundamental, material ESG factors are best assessed as part of the company research process. These factors are fundamental in nature and need to be analysed as an integral part of the due diligence process. ESG analysis is integrated into fundamental analysis and can help to identify risks and opportunities in the investment process. Moreover, our credit 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 also included in the timing of how ESG issues are expected to develop. We use various data sources to gather information, including external ESG ratings providers, to inform our analysis of individual issuers and to help us with cross-sectoral and peer comparisons.

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 analysis impacts the ranking of an issuer relative to a chosen peer group. ESG analysis is integrated into fundamental analysis and can help to identify risks and opportunities in the investment process. Moreover, our credit 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 also included in the timing of how ESG issues are expected to develop. We use various data sources to gather information, including external ESG ratings providers, to inform our analysis of individual issuers and to help us with cross-sectoral and peer comparisons.
Indicate how your organisation ensures that information and insights collected through engagement can feed into the investment decision-making process.

We engage proactively in anticipation of specific ESG risks and/or opportunities.
We engage post-investment.
We engage pre-investment.
We engage prior to ESG-related divestments.
Other, describe

While we see further opportunity for enhancements and continue to closely monitor the progress of cultural transformation and board refreshment, we are encouraged by the pace of progress and company's receptiveness to our feedback.

UBS-AM has engaged with an investment grade developed markets issuer in the healthcare sector. The company has strong ESG credentials and has a clear strategy to invest in quality health care providers.

UBS-AM has engaged with an investment grade developed markets issuer in the financial sector. The company has strong ESG credentials and has a clear strategy to invest in quality financial services companies.

We measure whether incorporating ESG impacts portfolio risk.

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

Establishing mechanisms to rebalance portfolio holdings based on levels of interaction and outcomes of engagements.
Shaping research, asset allocation, and investment decision-making.
Encouraging ESG and investment teams to join engagement meetings and roadshows.
Sharing engagement data across platforms that is accessible to ESG and investment teams.
Ensuring regular cross-team meetings and presentations.

We engage on ESG risks and opportunities affecting the entire industry or region that the issuer belongs to.
We engage on ESG risks and opportunities affecting a specific bond issuer or its issuer.
Specific issues considered priorities for the investor based on input from clients and beneficiaries
Issuers in the lowest ranks of ESG benchmarks
Quality of transparency on ESG
Duration of holdings
Size of holdings
Service provider engagements
Thematic and material engagements based on priority ESG themes considered material;
reactive engagements based on breaches of codes of conduct.

We are encouraged by the pace of progress and company's receptiveness to our feedback.

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UBS-AM has engaged with an investment grade developed markets issuer in the financial sector. The company has strong ESG credentials and has a clear strategy to invest in quality financial services companies with an exposure to anti-money laundering breaches through its activities in Eastern European markets. Following a change in leadership, we saw positive momentum for engagement. Since 2018, our equity and fixed income investment teams, together with the sustainable investing research have had a series of dialogues with members of the company's management team.

The company has also committed to link its climate targets in long term executive remuneration and publish the results of a global review of lobbying activities on climate change in the coming months.

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The company has also committed to link its climate targets in long term executive remuneration and publish the results of a global review of lobbying activities on climate change in the coming months.

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We are encouraged by the pace of progress and company's receptiveness to our feedback.
Describe how your organisation refers to responsible investment for property funds in fund placement documents (PPMs or similar). [Optional]

We do not track this information.

Additional information. [Optional]

No

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

Indicate what type of ESG information your organisation typically considers during your property investment selection process.

ESG issues were considered but did not have an impact on the investment selection process.

Not applicable as our organisation does not fundraise.

We do not make formal commitment to responsible investment in fund formation contracts, Limited Partnership Agreements (LPAs) or side letters.

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

We make formal commitments in fund formation contracts, Limited Partnership Agreements (LPAs) or in side letters relating to responsible investment in property when requested by clients.

Data from engagements with stakeholders (e.g. tenants and local community surveys).

Provide a URL or attach the document.
ESG issues impacted the investment in terms of price offered and/or paid.

>90% of property assets are assessed against certification schemes, ratings, and benchmarks. These include BREEAM, LEED, Fitwel, and Energy Social.

Yes, we set and monitored ESG targets (KPIs or similar) during the reporting year.

We include ESG issues in our selection, appointment, and monitoring of third-party property managers.

We set and monitor ESG targets in order to ensure these issues are considered in the deal structuring process.

Monitoring of property managers covers ESG responsibilities and implementation.

Clear ESG reporting requirements are in place.

Additional information: We assess property assets against certification schemes, ratings, and benchmarks. We include clear and detailed expectations for incorporating ESG criteria into our investment decisions.

In 2019, REPM submitted 20 funds to the annual GRESB Real Estate and Infrastructure Assessments, comprising all of our flagship vehicles and representing circa 95% of our direct pooled real estate and infrastructure vehicles globally.

We operate coordinated ESG programmes across portfolios and regions, including energy audits and reduction plans. We ensure that all investments are aligned with our ESG objectives.

The property owner hires a third-party vendor to conduct tenant surveys. ESG questions are included in the survey as standard protocol.

Property management firms are generally selected by an RFP process that includes multiple firms. Our philosophy is to ensure that we select the most appropriate provider, even if it means working with multiple providers. Standard ESG factors are included in the evaluation process and contracts with the property managers.

We recently commenced a pilot in the UK to assess the social value of investments. Standing investments – offices, retail, and hotels – may be considered for inclusion in this pilot.

We consider ESG issues in community engagements related to our properties. We strive to incorporate ESG goals into all of our projects.

We request track records and examples of how the manager implements ESG in their asset and property management.

We do not set and/or monitor against targets.

Governance:

PRI 2, PRI 3

Core Assessed:

No

<50% of property assets are assessed against certification schemes, ratings, and benchmarks. We consider ESG issues in community engagements related to our properties.

Request explanation of how ESG is effectively integrated, including inquiries about governance and processes.

<10% of property assets are assessed against certification schemes, ratings, and benchmarks. We consider ESG issues in community engagements related to our properties.

Gateway:

PR 07

PR 09.1

PR 09.3

PR 07.1

PR 06.3

In 2019, REPM submitted 20 funds to the annual GRESB Real Estate and Infrastructure Assessments, comprising all of our flagship vehicles and representing circa 95% of our direct pooled real estate and infrastructure vehicles globally.

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PRI 2, PRI 3

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PR 09.3

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We request track records and examples of how the manager implements ESG in their asset and property management.

We do not set and/or monitor against targets.

Governance:

PRI 2, PRI 3

Core Assessed:

No

<50% of property assets are assessed against certification schemes, ratings, and benchmarks. We consider ESG issues in community engagements related to our properties.

Request explanation of how ESG is effectively integrated, including inquiries about governance and processes.
10-50% of property assets
51-90% of property assets
Positive
<10% of occupiers
Other property reporting standards, specify
Organise occupier events focused on increasing sustainability awareness
Additional information. [Optional]
Mandatory
<10% of leases or MoUs
Add certification scheme, rating and benchmark 3
Describe the impact on the following.
50-90% of property assets
0% of leases or MoUs
Additional information.
Additional information. [Optional]
Indicate what proportion of property assets your organisation, and/or your property managers, engaged with the community on ESG issues during the reporting year.
10-50% of property assets
Other, specify
Positive
<10% of property assets
Mandatory
Environmental site development requirements
Health and wellbeing of residents
Provide feedback on energy and water consumption and/or waste generation
Provide feedback on waste generation
Indicate if your organisation uses property specific reporting standards to disclose information related to your property investments' ESG performance. 
No impact
Waste management plans at sites
PRI 2
Deliver training on energy and water efficiency
Additional Assessed
Water efficiency requirements
No
Indicate whether your organisation measures how your approach to responsible investment in property investments has affected financial and/or ESG performance.
Indicate if the following practises and areas are typically part of your, and/or your property managers', occupier engagements.
50-90% of occupiers
Voluntary
10-50% of leases or MoUs
Impact
PRI 2
ESG enhancement programmes for public spaces
Minergie, Deutsches Gütesiegel Nachhaltiges Bauen,
Indicate the proportion of property occupiers your organisation, and/or your property managers, engaged with on ESG issues during the reporting year.
Additional Assessed
Health and safety management systems at sites
We measure whether our approach to ESG issues impacts funds' ESG performance
10-50% of active developments and major renovations
51-90% of property assets
Resilient building design and orientation
Carry out occupier satisfaction surveys
Distribute a sustainability guide to occupiers
Indicate if the following ESG considerations are typically implemented and monitored in your property developments and major renovations.
>90% of leases or MoUs
10-50% of occupiers
Indicate if the following areas and activities are typically part of your, and/or your property managers', community engagement.
Describe how you are able to determine these outcomes.
N/A, no leases or MoUs were signed during the reporting year
Global Reporting Initiative (GRI) Construction & Real Estate Sector Supplement (CRESS)
Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.

**Other, specify type of advisors/roles**

Indicate if ESG issues impacted your infrastructure investment selection processes during the reporting year.

Core Assessed

ESG issues were considered but did not have an impact on the investment selection process.

**Environmental**

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

**Mandatory**

No use of internal or external advice on ESG issues

International initiatives, declarations or standards

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

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

**External resources**

ESG issues helped identify risks and/or opportunities for value creation.

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

**Other, specify**

Mandatory

No

Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

Benchmarks/ratings against similar infrastructure asset

**Mandatory**

PRI 1

Approach to ESG issues in post-investment processes

Advice from external sources

**Mandatory**

PRI 1,4,6

Additional Assessed

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

Raw data from the target infrastructure asset/company

Specify role

Social

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

Descriptive

Other, specify

ESG issues led to the abandonment of potential investments.

Specify role

Country level data/benchmarks

Descriptive

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

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

Yes
Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party operators.

For a minority of third-party operators

<10% of infrastructure assets

We do not set and/or monitor against targets

Yes

We measure whether our approach to ESG issues impacts funds’ ESG performance

Communities

Additional Assessed

Describe how your organisation, and/or your operators, contribute to the infrastructure investees’ management of ESG issues. [Optional]

PRI 2

Annually

We consider ESG issues in the monitoring and operation of infrastructure

Regulators

Social

PRI 2

We consider ESG issues in stakeholder engagements related to our infrastructure

10-50% of infrastructure assets

Mandatory

We consider ESG issues in infrastructure maintenance

Quarterly or more frequently

Indicate the proportion of infrastructure assets for which your organisation and/or operators included ESG performance in investment monitoring during the reporting year.

PRI 2

Core Assessed

Core Assessed

N/A, no maintenance projects of infrastructure assets are active

Governance

>90% of infrastructure investees

Indicate your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party operators.

Describe how your organisation, and/or operators, considers ESG issues in post-investment activities related to your infrastructure investments. [Optional]

Other, specify

Overarching portfolio asset/company reports or similar where management disclosure, financial and ESG data are integrated

No

For all third-party operators

Describe how your third-party operators contribute to the management of ESG issues for your infrastructure investments. [Optional]

Describe your approach to ESG considerations for infrastructure maintenance projects. [Optional]

No reporting on ESG issues requested and/or provided by infrastructure investees

<10% of active maintenance projects

Mandatory

Descriptive

Gateway

Less frequently than annually

Environmental

51-90% of active maintenance projects

Yes

Indicate the type and frequency of reports you request and/or receive from infrastructure investees covering ESG issues.

0% of infrastructure investees

Other stakeholder, specify

Indicate whether your organisation and/or operators consider ESG issues in post-investment activities relating to your infrastructure assets.

>0% and <10% of infrastructure investees

No

We have board seats (or equivalent) for all the infrastructure companies we own a stake in. We regularly review and monitor ESG issues with management.

We ensure that the corporate policies of the investee company are in accord with our Fund policies. We maintain oversight through which we are able to oversee management compliance with such policies.

Although each investment company we own is different, ESG considerations are typically reviewed and discussed during quarterly board meetings.

We have board seats (or equivalent) for all the infrastructure companies we own a stake in. Regular board meetings are held with the boards of the companies in which we have a stake. We also frequently engage with the company through other means such as investment committee meetings, board meetings and other committee meetings where we have representation.

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-investment. ESG considerations engaged include the local townspeople, farmers, regulators, Government, environmental (flora and fauna) interest groups.

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

Timely / accurate disclosure

Protection / exercise of shareholders’ rights

Responsible investment

Absecon Water Company – active engagement with shareholders to understand future investment needs and plans, in particular related to infrastructure.

Regulated water and sewerage company – active engagement with stakeholders and the community through a formal consumer engagement panel, the broader community through face to face engagement with customers, and with the community at water regulators, environmental regulators, community forums on new works, engagement with flooded communities, etc.

We maintain oversight of all our investments and investee companies through our governance structures. Where we have representation on the board of the investee company we are able to oversee the actions of management to ensure they are in line with our Fund policies and performance expectations.

Notably, given the diverse nature of our existing and potential future infrastructure investments, we regularly review and discuss the ESG performance of investee companies and investments, with a view to improving the environmental performance and governance of our investments.

We maintain oversight of all our investments and investee companies through our governance structures. Where we have representation on the board of the investee company we are able to oversee the actions of management to ensure they are in line with our Fund policies and performance expectations.

Notably, given the diverse nature of our existing and potential future infrastructure investments, we regularly review and discuss the ESG performance of investee companies and investments, with a view to improving the environmental performance and governance of our investments.
Describe the impact on:

Funds’ ESG performance

- Positive
- Negative
- No impact
- None of the above

Describe how you are able to determine these outcomes.

Our funds participate in the GRESB Sustainable Infrastructure Assessment. GRESB provides a systematic assessment and benchmarking tool for investors to evaluate the performance of their infrastructure investments. By participating in GRESB, we are able to measure and rank our ESG performance and compare it to our peers.

We use the GRESB results and feedback as a tool for initiating continuous ESG performance improvement at our assets. In the past year, we have seen significant improvements in our Environmental, Social, and Governance (ESG) performance. For example, Saubermacher received the #1 asset ranking for Environmental Services; and our asset Autovía del Camino received the #1 ranking in its peer group. We will 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 value. As we apply ESG principles, we do not have any internal comparator ‘control’ portfolio. Given the specificity of each asset’s / business’ operating environment, it is also 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.

- **Waste water compliance misreporting**
  - Types of infrastructure affected: Water and Waste water asset
  - Impact (or potential impact) on investment: Regulator imposed a material customer rebate, a fine and undertakings
  - 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

- **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 separate facility to keep them employed. These initiatives help support the communities in which these employees work.

INF 19

Describe your organisation’s approach to disclosing ESG incidents in infrastructure investments to your investor clients.

In our quarterly and annual Fund Reports to clients, we report on any impacts, positive and negative for a variety of ESG issues. We disclose ESG incidents in infrastructure investments to our investor clients as required by regulatory and industry standards. This includes incidents related to Health and Safety, Environment, and Social responsibility issues. In addition, we also provide a comprehensive overview of our ESG performance and progress in our annual report.

We believe in transparency and disclosure, and we are committed to continuously improving our ESG performance. Our approach to disclosing ESG incidents is consistent with our commitment to sustainability and responsible investment.
**CM1 01**

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 02**

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**

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**

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**

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
- Sign-off
- Review of responses
- Compliance Function
- RI/ESG Team
- Investment Teams
- Legal Department
- Other (specify)