



**UBS Fund Management (Ireland) Limited  
Remuneration Policy (extract)  
1 August 2022**

**Purpose**

This document is an extract of the remuneration policy of UBS Fund Management (Ireland) Limited ("UBSFMI" or the "Company").

**Background**

The Company is a wholly owned subsidiary within the UBS Group AG group ("UBS" or the "Group"). UBS has a comprehensive compensation framework in place, which includes:

- A Group-wide system to measure the performance of employees; and
- UBS's Total Reward Principles.

A sub-committee of the board of directors of UBS is charged with overseeing the Group's compensation framework (the Compensation Committee). A description of the Group's compensation practices is available on [www.ubs.com/investors](http://www.ubs.com/investors)<sup>1</sup>

**Policy<sup>2</sup>**

The Company's policy regarding remuneration is:

1. to comply with UBS compensation policies, principles and procedures, including those dealing with performance measurement and management and UBS's Total Reward Principles while also including measures to avoid any conflicts of interest or incentive;
2. to apply its remuneration policy according to its size, internal organisation and the nature, scope and the complexity of its activities; and
3. to comply with any legal or regulatory requirements to which the Company is subject (e.g. as a result of AIFMD, UCITS V or MiFID II (where applicable)) which may be incremental to UBS compensation policies and principles.

**Performance Evaluation**

Employee objectives are set annually and their performance is evaluated against these objectives on a periodic basis (at least annually). The Company considers and monitors the ongoing sustainability-related regulatory change. Pursuant to Regulation (EU) 2019/2088, this statement provides information as to how the remuneration policy is consistent with the integration of sustainability risks. 'Sustainability risk' is defined as an environmental, social or governance (ESG) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. UBS's approach to compensation globally is underpinned by the Total Reward Principles, which establish a framework with a focus on conduct and sound risk management practices. Employees are assessed and rewarded for their achievement against a range of financial and non-financial goals, including risk management. Where applicable, the risk management goal will include a consideration of sustainability risk. Where sustainability risks form part of an employee's performance objectives, they are taken into account into the qualitative performance assessment, which, in turn, is one of the factors that determines an employee's total remuneration. This approach to employee's remuneration is outlined in the remuneration policy.

**UBS Total Reward Principles**

These principles apply to all employees of UBS, including those of the Company. The key elements are as follows:

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<sup>1</sup> The 2021 UBS Compensation Report is included in the "Financial information" and "Annual reporting" section of [www.ubs.com/investors](http://www.ubs.com/investors).

<sup>2</sup> Remuneration and similar incentives shall not be solely or predominantly based on quantitative commercial criteria, and shall take fully into account appropriate qualitative criteria reflecting compliance with the applicable regulations, the fair treatment of clients and the quality of services provided to clients. A balance between fixed and variable components of remuneration shall be maintained at all times, so that the remuneration structure does not favor the interests of the Company or its relevant persons against the interests of any client.

- Attract and engage a diverse, talented workforce
- Foster effective individual performance management and communication
- Align reward with sustainable performance
- Support appropriate and controlled risk-taking in accordance with the risk profile and instruments of incorporation of the Company and the funds it manages

In addition, UBS Total Reward Principles defines Key Risk Takers ("Risk-Takers") as "... *individuals who, by the nature of their role, have been determined to materially commit or control the firm's resources and/or exert significant influence over its risk profile.*" Risk-takers are subject to an additional evaluation by the relevant control functions. Further, as in the case of other high-earning or senior employees, a significant proportion of their annual variable compensation is deferred over a longer deferral period and is subject to additional performance conditions. The population of risk-takers is identified and reviewed on a regular basis. Local regulations may require additional provisions or restrictions for the affected employees.

### **Implementation and monitoring**

Senior management of the Company shall be responsible for the day-to-day implementation of the remuneration policy and the monitoring of compliance risks related to the policy.

### **Approval of Policy**

The Remuneration Policy is reviewed on an annual basis and approved periodically by the board of directors of the Company.

## Appendix – Additional disclosures

### Background

UBS Fund Management (Ireland) Limited (the "**Manager**") has been authorised by the Central Bank of Ireland (the "**CBI**") as a UCITS Management Company under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended and as an Alternative Investment Fund Manager under the European Union (Alternative Investment Fund Managers) Regulations 2013, as amended (the UCITS and AIFMD Regulations together known as the "**Regulations**"). The Manager is subject to the relevant articles of the Regulations dealing with remuneration, as well as the Guidelines on Sound Remuneration Policies under the UCITS Directive published by the European Securities and Markets Authority (ESMA/2016/575) and the Guidelines on Sound Remuneration Policies under the AIFMD published by the European Securities and Markets Authority (ESMA/2013/232) as amended (the UCITS and AIFMD guidelines known as the "**Guidelines**").

The Manager is a wholly owned subsidiary of UBS AG and is part of the UBS group. The Manager has a remuneration policy in place which is consistent with the UBS group remuneration policy. The Manager policy was developed by senior management of the Manager, reviewed by the Human Resources function of UBS and approved by the Manager's board of directors. A summary of the key aspects of the UBS group remuneration practices is described in the following paragraphs.

### UBS Compensation Governance and Philosophy

As determined in the Articles of Association and UBS's Organization Regulations, the UBS Group Compensation Committee supports the board of directors of UBS (the "**BoD**") in its duties to set guidelines on compensation and benefits, to approve certain compensation and to scrutinize executive compensation. The BoD is ultimately responsible for approving the compensation strategy and principles proposed by the Compensation Committee. The Compensation Committee consists of independent members of the BoD and is responsible for governance and oversight of UBS compensation process and practices. This includes the alignment between pay and performance, and ensuring that the compensation framework supports appropriate risk awareness and management, as well as appropriate risk-taking. The Risk Committee, a committee of the BoD, works closely with the Compensation Committee to ensure that the compensation framework appropriately reflects risk awareness and management, and ensures appropriate risk-taking. It supervises and sets appropriate risk management and risk control principles and is regularly briefed on how risk is factored into the compensation process. It also monitors the involvement of Group Risk Control and Compliance and Operational Risk in compensation and reviews risk-related aspects of the compensation process.

All elements of pay are considered when making UBS compensation decisions. UBS regularly reviews its principles and compensation framework in order to remain competitive and aligned with stakeholders. In 2021, UBS made no material changes to its overall framework. UBS will continue to review its approach to salaries and performance awards, considering market developments, its performance and its commitment to deliver sustainable returns to shareholders.

UBS's compensation approach supports the firm's purpose and strategy, fosters engagement among employees and aligns their long-term interests with those of clients and stakeholders. The compensation structure encourages employees to have a focus on risk management and behave consistently with the firm's risk framework and appetite, thereby anticipating and managing risks effectively to protect UBS's capital and reputation. Compensation is appropriately balanced between fixed and variable elements and delivered over an appropriate period to support UBS's growth ambitions and sustainable performance. Compensation for each employee is based on individual, team, business division and Group performance, within the context of the markets in which UBS operates. At UBS, a holistic Total Reward approach is applied, generally consisting of fixed compensation (base salary and role-based allowances, if applicable), performance awards, pension contributions and benefits. UBS's Total Reward approach is structured to support sustainable results and growth ambitions. The Total Reward Principles apply to all employees globally, but may vary in certain locations due to local laws and regulations.

UBS's compensation philosophy focuses on balancing performance with appropriate risk-taking, retaining talented employees and shareholder returns. Its overall performance award pool funding percentage reduces as financial performance increases. In years of strong financial performance, this prevents excessive compensation and results in an increased proportion of profit before performance awards being available for distribution to shareholders or growing the Group's capital. In years where performance declines, the performance award pool will generally decrease; however, the funding percentage may increase. UBS's performance award pool funding framework is based on Group and business division performance, including achievements against defined performance measures. In assessing performance, UBS also considers industry peers, market competitiveness of its results and pay position, as well as progress against strategic objectives, including returns, risk-weighted assets and cost efficiency.

The Risk and Compliance functions support UBS's holistic reflection and consideration of the financial and non-financial impact (including reputation) of risk matters. UBS further considers the firm's risk profile and culture, the extent to which operational risks and audit issues have been identified and resolved, and the success of risk reduction initiatives including significant events. The funding for Group Functions is linked to overall Group performance and reflects headcount, workforce location and demographics. For each functional area quantitative and qualitative assessments evaluate service quality, risk management and financial achievements.

UBS's decisions also balance consideration of financial performance with a range of factors, including diversity, equity and inclusion ("DE&I") and other environmental, social and governance ("ESG") metrics, the impact of litigation, regulatory costs, the effect of changes in financial accounting standards, capital returns, and relative total shareholder return.

UBS generally considers market practice in its pay decisions and framework. UBS's market review reflects several factors, including the comparability of the business division, location, scope and the diversity of its businesses. For certain businesses or roles, UBS may consider practices at other major international banks, other large Swiss private banks, private equity firms, hedge funds and nonfinancial firms. UBS also internally benchmarks employee compensation for comparable roles within and across business divisions and locations.

### **UBS Material Risk Takers and Key Risk Takers**

For relevant EU- or UK-regulated entities, UBS identifies individuals who are deemed to be Material Risks Takers (MRTs) based on local regulatory requirements, including the respective EU Commission Delegated Regulation, the fifth iteration of the EU Capital Requirements Directive (CRD V) and equivalent UK requirements, as applicable. This group consists of senior management, risk takers, selected staff in control or support functions and certain highly-compensated employees. For 2021, UBS identified 683 (2020 - 672) MRTs in relation to its relevant EU or UK entities. Variable compensation awarded to MRTs is subject to additional deferral and other requirements. These include a maximum variable to fixed compensation ratio of 200% based on approval through relevant shareholder votes, a minimum deferral rate of 40% or 60% (depending on role / variable compensation level) on performance awards and delivery of at least 50% of any upfront performance award in UBS shares that are vested but blocked for 12 months after grant. Deferred awards granted to MRTs under UBS's deferred compensation plans for their performance in 2021 are subject to 6- or 12-month blocking periods post vesting and do not pay out dividends or interest during the deferral period. For up to seven years after grant, performance awards granted to MRTs are subject to clawback provisions, which allow the firm to claim repayment of both the upfront and the vested deferred element of any performance award if an individual is found to have contributed substantially to significant financial losses for the Group or corporate structure in scope, a material downward restatement of disclosed results, or engaged in misconduct and / or failed to take expected actions that contributed to significant reputational harm.

KRTs are defined as those employees who, by the nature of their roles, have been determined to materially set, commit or control significant amounts of the firm's resources and / or exert significant influence over its risk profile. This includes employees that work in front-office roles, logistics and control functions. Identifying KRTs globally is part of UBS's risk control framework and an important element in ensuring UBS incentivizes only appropriate risk-taking. For 2021, in addition to GEB members, 699 (2020 – 647) employees were classified as KRTs throughout UBS Group globally, including all employees with a total compensation exceeding USD / CHF 2.5 million (Highly Paid Employees), who may not have been identified as KRTs during the performance year. In line with regulatory requirements, the performance of employees identified as KRTs during the performance year is evaluated by the control functions. In addition, KRTs' performance awards are subject to a mandatory deferral rate of at least 50%, regardless of whether the deferral threshold has been met (excluding KRTs with de minimis performance awards below a pre-determined threshold where standard deferral rates apply). A KRT's deferred compensation award will only vest if the Group performance conditions are met. Consistent with all other employees, the deferred portion of a KRT's compensation is also subject to forfeiture or reduction if the KRT commits harmful acts.

### **UBS Fixed compensation**

Employees' fixed compensation (e.g., base salary) reflects their level of skill, role and experience, as well as local market practice. Base salaries are usually paid monthly or fortnightly, in line with local market practice. UBS offers competitive base salaries that reflect location, function and role. Salary increases generally consider promotions, skill set, performance and overall responsibility. In addition to base salary, and as part of fixed compensation, some employees may receive a role-based allowance. This allowance is a shift in the compensation mix between fixed and variable compensation, not an increase in total compensation. It reflects the market value of a specific role and is fixed, nonforfeitable compensation. Unlike salary, a role-based allowance is paid only if the employee is in a specific role. Similar to previous years, 2021 role-based allowances consisted of a cash portion and, where applicable, a blocked UBS share award.

UBS offers certain benefits for all employees, such as health insurance and retirement benefits. These vary depending on the employee's location and are reviewed periodically for competitiveness. Pension contributions

and pension plans also vary in accordance with local requirements and market practice. However, pension plan rules in any one location are generally the same for all employees, including management.

## **UBS Variable compensation**

### **A) Equity Plus Plan**

The Equity Plus Plan is UBS's employee share purchase program. It allows employees at Executive Director level and below to voluntarily invest up to 30% of their base salary and / or regular commission payments to purchase UBS shares. In addition (where offered), eligible employees can invest up to 35% of their performance award under the program. Participation in the program is capped at USD / CHF 20,000 annually. Eligible employees may purchase UBS shares at market price and receive one additional share for every three shares purchased through the program. Additional shares vest after a maximum of three years, provided the employee remains employed by UBS and has retained the purchased shares throughout the holding period.

### **B) Annual Performance Award**

Most of UBS's employees are eligible for an annual performance award. The level of this award, where applicable, generally depends on the firm's overall performance, the employee's business division, team and individual performance, and behavior, reflecting their overall contribution to the firm's results. These awards are in line with applicable local employment conditions and at the discretion of the firm.

In addition to the firm's Pillars (capital strength, simplification/efficiency and risk management) and Principles (client centricity, connectivity, sustainable impact), Behaviors related to accountability with integrity, collaboration and innovation are part of the performance management approach. Therefore, when assessing performance, we consider not only what was achieved but also how it was achieved.

To reinforce UBS's emphasis on sustainable performance and risk management, and its focus on achieving growth ambitions, UBS delivers part of employees' annual variable compensation through deferred compensation plans. UBS believes that its approach, with a single incentive decision and a mandatory deferral, is transparent and well suited to implementing its compensation philosophy and delivering sustainable performance. This aligns the interests of employees and shareholders and appropriately links compensation to longer-term sustainable performance. Deferred compensation is delivered through a combination of equity-based plans and a contingent capital plan. The equity-based plans are (i) the Long-Term Incentive Plan (LTIP) which is for the most senior leaders of UBS, and (ii) the Equity Ownership Plan (EOP), which is for all other employees and which primarily aligns employee interest with those of UBS's shareholders. The Deferred Contingent Capital Plan (DCCP) aligns employees' interests with the interests of debt holders.

The mandatory deferral approach applies to all employees with regulatory-driven deferral requirements or total compensation greater than USD / CHF 300,000. Certain regulated employees, such as Senior Management Functions (SMFs) and Material Risk Takers (MRTs), are subject to additional requirements (e.g., an additional non-financial conduct-related performance metric under the LTIP, more stringent deferral requirements, additional blocking periods). In addition, SMFs and MRTs receive 50% of their cash portion in the form of immediately vested shares, which are blocked for 12 months after grant.

The deferred amount increases at higher marginal rates in line with the value of the performance award. The effective deferral rate therefore depends on the amount of the performance award and the amount of total compensation. UBS believes its deferral regime has one of the longest vesting periods in the industry. The weighted average deferral period (for non-regulated employees) is 4.4 years for GEB members and ranges from 3.5 to 4 years for employees below GEB level. Additionally, from time to time, UBS may utilize alternative deferred compensation arrangements to remain competitive in specific business areas. To further promote sustainable performance, all of UBS's deferred compensation plans include employment conditions and malus conditions. These enable the firm to reduce or fully forfeit unvested deferred awards under certain circumstances, pursuant to performance and harmful acts provisions. In addition, forfeiture is triggered in cases where employment has been terminated for cause. UBS's share delivery obligations related to notional share awards are satisfied by delivering treasury shares, which are purchased in the market, to employees at vesting.

The Equity Ownership Plan ("EOP") is the deferred compensation plan for employees who are subject to deferral requirements but do not receive LTIP awards. For the 2021 performance year, UBS granted EOP awards to 4,228 (2020 – 3, 934) employees. Delivering sustainable performance is a key objective for UBS, and it therefore links EOP award vesting with minimum performance thresholds over a multi-year time horizon. EOP creates a direct link with shareholder returns as a notional equity award and have no upward leverage. This approach promotes growth and sustainable performance. EOP awards generally vest over three years. For certain employee populations, EOP awards can be adjusted downwards, including to zero, based on the average RoCET1 over the applicable performance period. The Compensation Committee sets the minimum future performance threshold and may adjust the award if the performance metric does not reflect a fair measure of performance. Asset Management employees receive some or all of their EOP in the form of notional funds to align their compensation more closely with industry standards. This plan is generally delivered in cash and vests over five years.

The Deferred Contingent Capital Plan (“DCCP”) is a key component of UBS’s compensation framework and supports alignment of the interests of senior employees with those of its stakeholders. All employees subject to deferral requirements receive DCCP awards. For the 2021 performance year, UBS granted DCCP awards to 4,303 (2020 – 4,013) employees. DCCP replicates many of the features of the loss-absorbing bonds that UBS issues to investors and may be paid at vesting in cash or, at the discretion of the firm, a perpetual, marketable additional tier 1 (AT1) capital instrument. Employees can elect to have their DCCP awards denominated in Swiss francs or US dollars. DCCP awards vest in full after five years (longer deferral periods may apply for regulated employees). DCCP awards bear notional interest paid annually (except as limited by regulation for MRTs), subject to review and confirmation by the Compensation Committee. The notional interest rate for grants in 2022 was 3.7% for awards denominated in Swiss francs and 5.7% for awards denominated in US dollars. These interest rates are based on the current market rates for similar AT1 capital instruments issued by UBS Group. Awards are forfeited if a viability event occurs, i.e., if FINMA notifies the firm that the DCCP awards must be written down to mitigate the risk of an insolvency, bankruptcy or failure of UBS or if the firm receives a commitment of extraordinary support from the public sector that is necessary to prevent such an event. DCCP awards are also written down for GEB members if the Group’s CET1 capital ratio falls below 10% and for all other employees if it falls below 7%.

## **UBS Control Functions**

UBS control functions must be independent in order to monitor risk effectively. Therefore, their compensation is determined separately from the revenue areas that they oversee, supervise or monitor. Their performance award pool is based not on the performance of these businesses, but on the performance of the Group as a whole. UBS also considers other factors, such as how effectively the function has performed, and UBS’s market position. Decisions on individual compensation for the senior managers of the control functions are made by the function heads and approved by the Group CEO. Decisions on individual compensation for the members of Group Internal Audit (GIA) are made by the Head GIA and approved by the Chairman. Following a proposal by the Chairman, total compensation for the Head GIA is approved by the Compensation Committee.

## **Environmental, Social and Governance (ESG)**

ESG objectives are considered in the compensation determination process in objective setting, performance award pool funding, performance evaluation and compensation decisions. ESG-related objectives have been embedded in UBS’s Pillars and Principles since they were established in 2011. In 2021, UBS revised the Group CEO and GEB scorecards and further enhanced the link between ESG and compensation by introducing explicit sustainability objectives under “Strategic & Growth” in the non-financial goal category. These sustainability objectives are linked to UBS’s priorities, and their progress is measured via robust quantitative metrics and qualitative criteria. Sustainability objectives are individually assessed for each GEB member, and consequently directly impact their performance assessments and compensation decisions. In addition, in the performance award pool funding across the Group, ESG is also reflected through an assessment of progress made toward targets linked to focus areas of Planet, People (including progress made toward UBS’s diversity ambitions) and Partnerships, alongside other key dimensions. Therefore, ESG is taken into consideration when the Compensation Committee assesses not only what results were achieved but also how they were achieved. For 2021, UBS established robust and concrete targets, and made good progress toward achieving them. UBS continues to increase its focus on this topic.

## **UBS’s commitment to pay fairness, diversity, equity and inclusion**

Ensuring fair treatment and strengthening UBS’s commitment to diversity, equity and inclusion (DE&I) are vital to UBS’s sustainable business success. UBS finds diverse teams better understand and relate to the needs of equally diverse clients. Through the diversity of employees’ backgrounds and experiences, UBS drives innovation and better decision making. Gender diversity is a key priority for the firm. UBS is particularly focused on increasing the representation of women at senior management levels. UBS take a multi-pronged approach in this respect, analyzing and adapting various factors that support the hiring, development and retention of women at all levels. Increasing the ethnic minority diversity of its workforce, and a related commitment to support underrepresented talent and communities, is also a top priority across all business divisions and regions. UBS focuses on four areas: accountability and transparency; investing in talent; improving culture; and leveraging business strengths in underrepresented communities. Compensating employees fairly and consistently is key to ensuring equal opportunities. UBS pays for performance, and takes pay equity seriously. A strong commitment to both is embedded in UBS’s compensation policies, and UBS regularly conducts both internal reviews and independent external audits as quality checks. Additionally, these reviews also allow UBS to maintain its certification status from the EQUAL-SALARY Foundation for equal pay practices in Switzerland, the US, the UK, Hong Kong SAR and Singapore.

Compensating employees fairly and consistently is key to ensuring equal opportunities. UBS pays for performance, and takes pay equity seriously. A strong commitment to both is embedded in its compensation policies, and it conducts both internal reviews and independent external audits as quality checks. If it uncovers gaps that cannot be explained by business factors or appropriate personal factors – such as experience, role, responsibility, performance or location – it explores the root causes of those gaps and address them. Additionally, regular

monitoring and review processes also allows UBS to maintain its certification status with the EQUAL-SALARY Foundation for equal pay practices in Switzerland, the US, the UK, Hong Kong SAR and Singapore. The firm also successfully completed an equal pay analysis in Switzerland in 2020, as required by the Swiss Federal Act on Gender Equality. The results of the analysis confirmed that UBS is fully compliant with Swiss equal pay standards. These holistic certifications are a testament to a well-established equal opportunity environment and the strength of UBS's human resources practices, including performance and reward. In 2021, UBS continued to monitor pay fairness and addressed any unexplained gaps to ensure that all employees are paid fairly.

### **Further information**

Further details on the UBS policy and practices can be found in the 2021 Compensation Report and the 2021 Annual Report of UBS Group AG, both of which are available on [www.ubs.com](http://www.ubs.com).

### **Proportionality – re UCITS and AIFs**

Given the small size and non-complex nature of the Manager, it has applied the proportionality provisions of the Guidelines. The below information provides the total remuneration paid by the Manager during the year to 31 December 2021. There is no allocation made by the Manager to each UCITS or AIF and as such the disclosure reflects the remuneration paid by the Manager in relation to work performed on all UCITS and AIFs, and it excludes the remuneration paid by the Manager in relation to work performed on other clients.

Of the total remuneration paid of EUR2,221,551 for the year ended 31 December 2021 to 21 beneficiaries, EUR1,724,704 (78%) has been paid as fixed remuneration. The remainder (22%) is variable remuneration. Remuneration code staff consists of those whom the Manager has determined undertake professional activities which have a material impact on the risk profiles of the Manager or of the UCITS/AIFs, namely the board of directors of the Manager, senior management, material risk takers and control function staff. There are 14 individuals who meet this definition and their total remuneration was EUR1,670,410.