

# UBS Fund Management (Luxembourg) S.A.

Registered Office: 33A avenue J.F. Kennedy, B.P. 91, L-2010 Luxembourg  
Registre de commerce: Luxembourg B 154.210

## **Sustainable Investment Risk Policy**

### **Background**

UBS FML ("The Management Company") is acting as (i) Management Company according to Chapter 15 of the law of 17 December 2010 relating to Undertakings for Collective Investment, as amended and (ii) as Alternative Investment Fund Manager under Article 5 of the law of 12 July 2013 on Alternative Investment Fund managers, as amended. In addition, the scope of authorization of UBS FML also includes the provision of Discretionary Portfolio Management services in accordance with Article 101 (3) a) of the law of 17 December 2010 relating to Undertakings for Collective Investment, as amended and Article 5 (4) a) of the law of 12 July 2013 on Alternative Investment Fund Managers, as amended, the provision of investment advice services in accordance with Article 101 (3) b) of the law of 17 December 2010 relating to Undertakings for Collective Investment, as amended and the provision of reception and transmission of orders in relation to financial instruments services in accordance with Article 5 (4) b) of the law of 12 July 2013 on Alternative Investment Fund Managers, as amended.

In accordance with SFDR requirements, the management company, being financial market participant under Article 2 of said Regulation, is required to develop and publish a Sustainability Investment Risk Policy ("the Policy"). Such a Policy is subject to the requirements contained in the Articles 3 and 4 of SFDR and shall describe general principles on how the sustainability risks are integrated in the investment decision-making process for the delegated managed portfolios and how adverse sustainability impacts are considered. Under SFDR, funds have to be classified in one of the following categories:

- Funds/mandates with sustainable investment objective (article 9);
- Funds/mandates promoting environmental or social characteristics (article 8); and
- Funds/mandates which either only integrate or do not take into account environmentally sustainable economic activities (article 6)

### **Integration of sustainability risk and adverse impact during the fund design**

For the design of new funds the management company utilises UBS Asset Management's ("UBS AM") or external product manufacturing expertise. The fund's promotor is responsible for designing the investment strategy of the fund together with the Management Company. While doing that, the fund's promotor takes into consideration sustainability risks and adverse impacts and how those factors contribute to the investment objectives of the fund while designing or modifying the strategy. In both cases the management company assesses whether the proposed investment strategy, fund classification (such as Articles 6 (a), 6 (b), 8 and 9) and disclosures are in line with the provisions of SFDR.

The management company has full discretion on the governance of the product(s), hence, the approval of any fund event, such as, fund launch, change of investment policy etc., is subject to the approval of the management company before submission to the competent authorities.

### **Integration of sustainability risk and adverse impact in the portfolio management process**

The management company has delegated portfolio management to UBS AM or third party portfolio managers. However, the management company remains ultimately responsible for the portfolio management function, hence, the delegation is subject to supervision and monitoring from the management companies. In order to achieve this, the management company has implemented a robust control framework.

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For the funds promoting environmental or social characteristics and funds with sustainable investment objectives, the management company ensures (via initial due diligence and on-going monitoring) that the portfolio managers have applied and integrated ESG principles and sustainability risks.

As part of our standard process, UBS Asset Management excludes investments in controversial weapons, including cluster munitions, anti-personnel mines, and biological, chemical, and nuclear weapons. This includes company involved in development, production, storage, maintenance, or transport of these weapons, and the involvement can be direct or as a majority shareholder.

Please refer to the [UBS AM Sustainable Investment Policy](#) and [UBS Asset Management Adverse Impacts Statement](#) on Integration of sustainability risks and adverse impacts.

For information around specific investment products, please consult the prospectus . For further information on the Group Exclusions, please refer to the UBS Group Policy on anti-personnel mines and cluster munitions. For more information on UBS AM exclusions, please refer to the UBS AM Exclusions Policy.

## **Article 3(g) Shareholder Rights Directive (EU) 2017/828 Engagement Policy**

One of the primary ways for asset managers investing in public companies to engage with those companies' management is through proxy voting. The Shareholders Rights Directive (EU) 2017/828 requires institutional investors and asset managers to develop and disclose engagement policies, including how ESG factors are monitored. Please find link below to the summary of the Management Company's Engagement Policy in line with Article 3(g) of SFDR:

- Engagement Policy of UBS FML: [Link](#)

## **Discretionary mandate offerings**

For Discretionary mandates, a general statement is published on the [UBS AM level regulatory web-page](#) in a dedicated section "Discretionary mandates".

Information on the transparency of the promotion of environmental or social characteristics in pre-contractual disclosures is available in the individual Investment Management Agreements or Investment Advisory Agreements.

To obtain information on the description of the environmental or social characteristics, methodologies used to assess, measure and monitor the environmental or social characteristics or the impact of the sustainable investments selected for the financial product, including its data sources, screening criteria for underlying assets and the relevant sustainability indicators used to measure the environmental or social characteristics or the overall sustainable impact of the products, please refer to the [UBS AM Sustainable Investment Policy](#).

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## Links

For funds managed by Third Party Portfolio Managers, the information may be requested from the management company at the following e-mail addresses: [sh-ubsfml-delegation-pm@ubs.com](mailto:sh-ubsfml-delegation-pm@ubs.com).

For Discretionary Portfolio Management activity, the information may be requested from the management company at the following e-mail address: [sh-ubsfml-dpm@ubs.com](mailto:sh-ubsfml-dpm@ubs.com).

For fund level disclosures of ESG information for actively and passively managed UBS AM funds please visit [ubs.com/funds](https://ubs.com/funds) and [ubs.com/etf](https://ubs.com/etf).

## Publication history

| Review # | Date of review | Description of Review             |
|----------|----------------|-----------------------------------|
| 1.0      | March 2021     | Initial Publication of the policy |
| 2.0      | February 2023  | Review and update of the policy   |