Integration of sustainability risk considerations

In accordance with Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"), this statement provides information as to how UBS Fund Management (Ireland) Limited (the "**Company**") currently considers sustainability risk and sustainability factors. The disclosure-related requirements aim to provide more transparency on sustainability within the financial markets in a standardised way and we intend to comply as laid out below. The Company is a wholly owned subsidiary of UBS AG and is part of the UBS Asset Management division.

The Company has several policies dealing with the integration of sustainability risks, as defined in SFDR, in its investment decision-making process, including a policy covering due diligence on underlying investments, risk management framework, remuneration policy, engagement policy and voting policy. A summary of some of these policies is available on www.ubs.com/manco-fmie. Under SFDR, funds should be classified in one of the following categories:

- funds which have sustainable investment as their objective (article 9);
- funds promoting, among other characteristics, environmental or social characteristics (article 8); and
- funds which do not fall into either of the two above categories (article 6)

The Company has full discretion on the governance of the funds under management, hence, the approval of any fund event (such as fund launch, change of investment policy etc.) is subject to the approval of the Company before implementation. For the design of new funds, the fund's promotor, investment manager and the Company take into consideration sustainability risks and adverse impacts and how those factors contribute to the investment objectives of the fund. The 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 Company has delegated portfolio management to UBS Asset Management or third party portfolio managers. However, the Company remains ultimately responsible for the portfolio management function, hence, the delegation is subject to supervision and monitoring by the Company. In order to achieve this, the Company has implemented an oversight and control framework. The Company has also established procedures to measure, monitor and escalate as appropriate exposure to sustainability risk in the funds that it manages. This framework will be continuously enhanced in line with applicable laws, regulations and regulatory guidelines. For funds promoting environmental or social characteristics and/or with a sustainability focus (article 8), the Company ensures (via initial due diligence and on-going monitoring) that the portfolio managers have applied and integrated ESG principles and sustainability risks. For information around specific investment products, please consult the prospectus.

The Company considers adverse impacts at entity level in accordance with SFDR from January 2023. UBS Asset Management (UBS-AM) takes adverse impacts into account in a variety of ways across its investment processes. The extent to which adverse impacts are considered depends on the product feature or client objective. As part of its standard process, UBS-AM excludes investments in controversial weapons, including cluster munitions, anti-personnel mines, and biological, chemical, and nuclear weapons. This includes companies involved in the development, production, storage, maintenance, or transport of these weapons, and the involvement can be direct or as a majority shareholder. Adverse impacts may be considered as part of the risk integration process. Risk integration procedures differ by asset class, as do the types of adverse impacts they consider. A description of UBS-AM's risk integration process is available in its Sustainable Investment Policy.

Traditional Active Fixed Income and Equity Products with ESG Risk Integration consider adverse impacts as a source of investment risk. As part of its assessment of risks that result from ESG factors, UBS-AM screens issuers for ESG controversies. The screen is based on data from the United Nations Global Compact and United Nations Global Norms, which contain an assessment of 26 separate adverse impact indicators covering a broad selection of environmental and social topics. High levels of adverse impacts will lead to an unfavorable risk rating, which may cause the portfolio manager to exclude the investment. If potential for improvement through engagement has been highlighted, UBS-AM may seek to engage with the issuer on the identified risks. For passive products (e.g. index-tracking funds), ESG risk integration takes place if the index methodology considers ESG criteria in the construction of the index. Adverse impacts are considered in the screening methodology of the index provider and its ESG data providers. As part of its stewardship policy, UBS-AM uses third party research to identify companies that may be in breach of international standards, as outlined in the United Nations Global Compact Principles. Where appropriate, UBS-AM engages with companies to close and remedy the identified breaches and address any management failures so as to avoid repeating the mismanagement or mistake in the future. Through its stewardship research process, UBS-AM will also seek to identify companies where material ESG and sustainability risks may present a future negative impact, and will utilize engagement and proxy voting to minimize adverse impacts where appropriate. Where UBS-AM has direct ownership of a physical asset, it aligns its partners to prescribed standards and KPIs which are monitored so that remedy actions can be taken if performance and standards fall short. As signatories to both the Net Zero Asset Managers Initiative and the One Planet Asset Management Group, UBS AM is committed to reducing greenhouse gas emissions across its business. More information on the climate commitment can be found in UBS AM's Sustainable Investment Policy. For more information, please refer to UBS Asset Management Adverse Impacts Statement on https://www.ubs.com/global/en/assetmanagement/regulatory-information/global-regulatory-information.html#EU_Sustainable_Finance

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. A summary of the Company's engagement policy is available on www.ubs.com/manco-fmie. Please refer also to UBS AM Proxy Voting Policy and Procedures.

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