



LEA 02	Principle: PRI 12.3
<p><b>Decision: Mandatory</b></p> <p><b>Type of engagement: Individual/ internal staff engagements</b></p>	<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decision-making in a forward-looking ESG focus</li> <li><input checked="" type="checkbox"/> To encourage improved ESG disclosure</li> <li><input type="checkbox"/> Other: identify</li> <li><input type="checkbox"/> To do risk mitigation internally</li> </ul>
<p><b>Type of engagement: Collaborative engagements</b></p>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To influence corporate practices for which the need to influence is high</li> <li><input checked="" type="checkbox"/> To influence corporate decision-making in a forward-looking ESG focus</li> <li><input checked="" type="checkbox"/> To encourage improved ESG disclosure</li> <li><input type="checkbox"/> Other: identify</li> </ul>
<p><b>Type of engagement: Service provider engagements</b></p>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decision-making in a forward-looking ESG focus</li> <li><input checked="" type="checkbox"/> To encourage improved ESG disclosure</li> <li><input type="checkbox"/> Other: identify</li> </ul>

# 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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**00 01** Mandatory Gateway/Peering General

**00 01.1** Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in range
Fund management	<input type="radio"/> 0% <input type="radio"/> <+10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input type="radio"/> 0% <input checked="" type="radio"/> <+10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Other	<input checked="" type="radio"/> 0% <input type="radio"/> <+10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

Further options (may be selected in addition to the above)

Hedge funds  
 Fund of hedge funds

**00 01.2** Additional information, [Optional]

UBS Asset Management ("UBS AM") offers a diverse range of investment capabilities and investment styles designed to meet our clients' needs. We provide equity, fixed income, currency, hedge funds, real estate, infrastructure and private equity investment capabilities that can also be combined into customised solutions and multi-asset strategies. Sustainable and Impact Investing is a strategic priority for UBS AM. We believe that using Environmental, Social and Governance ("ESG") factors, or material non-financial data, in the investment analysis process can improve the quality of investment decisions. Incorporating these factors can enable investors to take a more comprehensive view of the potential upside and downside of their investments. Most investment teams at UBS AM drive ESG integration within their investment processes. The extent of ESG integration may vary given our diverse range of investment capabilities. Portfolio managers and analysts have access to a variety of external and internal ESG data. They are supported by the Sustainable and Impact Investing team, a global team of 18 sustainability experts dedicated to research and ownership activities, sustainability reporting, product development, thought leadership sales support, and education. The Sustainable and Impact Investing team collaborates with the investment teams, collaborating with them on best practices in using material non-financial data to inform forward-looking analysis and preparing corporate engagement activities. Accordingly, a comprehensive suite of Sustainable Investing capabilities is available to our diverse client base that includes institutional, insurance, wholesale, individual/high-net-worth and other clients. As a recognized innovator and thought leader within the industry, we are committed to making sustainability a part of every client conversation.

**00 02** Mandatory Peering General

**00 02.1** Select the location of your organisation's headquarters.

Switzerland

**00 02.2** Indicate the number of countries in which you have offices (including your headquarters)

1  
 2-5  
 6-10  
 >10

**00 02.3** Indicate the approximate number of staff in your organisation in full time equivalents (FTE)

2200

**00 02.4** Additional information, [Optional]

With approximately 2,200 personnel located in 22 markets, UBS AM is a truly global asset manager. Our principal offices are in Chicago, Hong Kong, London, New York, Shanghai, Singapore, Sydney, Tokyo and Zurich.

**00 03** Mandatory Descriptive General

**00 03.1** Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

Yes  
 No

**00 03.3** Additional information, [Optional]

Mitsubishi Corp - UBS Realty Inc, our joint venture company in Japan, is a PRI signatory.

**00 04** Mandatory Gateway/Peering General

**00 04.1** Indicate the year and date for your reporting year.

31/12/2021

**00 04.2** Indicate your total AUM at the end of your reporting year.

Total AUM  
 902,844,572,366 USD  
 902,844,572,366 USD

**00 04.4** Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year.

Assets under execution and/or advisory only services  
 185,392,143,111 USD  
 185,392,143,111 USD

**00 05** Mandatory to Report, Voluntary to Disclose Gateway General

**00 05.1** Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes and investment sub-strategies.

	Internally managed (%)	Externally managed (%)
Liquid equity	10.00%	0
Fixed income	10.00%	0
Private equity	0	<+10%
Property	<+10%	<+10%
Infrastructure	<+10%	<+10%
Commodities	0	0
Hedge funds	<+10%	0
Fund of hedge funds	<+10%	0
Financing	0	0
Flaminate	0	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	10.00%	0
Other (1), specify	10.00%	0
Other (2), specify	0	0

Internally managed - Other (1) description  
Other: Multi-Asset strategies

**00 06** Mandatory Descriptive General

**00 06.1** Select how you would like to disclose your asset class mix.

as percentage breakdown  
 as broad ranges

**00 06.3** Indicate whether your organisation has any off-balance sheet assets [Optional]

Yes  
 No

**00 06.5** Indicate whether your organisation uses fiduciary managers.

Yes, we use a fiduciary manager and our response to 00 5.1 is reflective of their management of our assets  
 No, we do not use fiduciary managers.

**00 07** Mandatory to Report, Voluntary to Disclose Gateway General

**00 07.1** Provide the nearest 5% the percentage breakdown of your Fixed Income AUM at the end of your reporting year, using the following categories.

Asset class	Percentage
Government	90
Corporate (Financial)	7
Corporate (Non-Financial)	1
Securitized	2

**00 08** Mandatory to Report, Voluntary to Disclose Peering General

**00 08.1** Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds or investments.

Asset class breakdown	Segregated mandate(s)	Pooled fund(s) or pooled investment(s)	Total of the asset class (each row adds up to 100%)
(f) Private equity	<input checked="" type="radio"/> 0% <input type="radio"/> <+10% <input type="radio"/> 10-50% <input type="radio"/> >50%	<input type="radio"/> 0% <input type="radio"/> <+10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%	100%
(g) Property	<input type="radio"/> 0% <input type="radio"/> <+10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%	<input type="radio"/> 0% <input type="radio"/> <+10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%	100%
(h) Infrastructure	<input checked="" type="radio"/> 0% <input type="radio"/> <+10% <input type="radio"/> 10-50% <input type="radio"/> >50%	<input type="radio"/> 0% <input type="radio"/> <+10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%	100%

**00 09** Mandatory Peering General

**00 09.1** Indicate the breakdown of your organisation's AUM by market.

90  
 Developed Markets  
 0/0

0	Emerging Markets		
1	Frontier Markets		
2	Other Markets		
0010	Mandatory	Gateway	General
0010.1 Select the active ownership activities your organisation implemented in the reporting year			
<b>Listed equity – engagement</b>			
<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers.			
<input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors.			
<b>Listed equity – voting</b>			
<input checked="" type="checkbox"/> We cast our (proxy) votes directly or via dedicated voting processes.			
<input type="checkbox"/> We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf.			
<b>Fixed Income SSA – engagement</b>			
<input type="checkbox"/> We engage with SSA bond issuers on ESG factors via our staff, collaborations or service providers.			
<input checked="" type="checkbox"/> 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.			
Please explain why you do not engage directly and do not require external managers to engage with companies on ESG factors.			
We are in the process of developing our engagement efforts with SSA bond issuers.			
<b>Fixed Income Corporate (financial) – engagement</b>			
<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers.			
<input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.			
<b>Fixed Income Corporate (non-financial) – engagement</b>			
<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers.			
<input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.			
<b>Fixed Income Corporate (securitised) – engagement</b>			
<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers.			
<input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.			
0011	Mandatory	Gateway	General
0011.1 Select the externally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year)			
<b>Listed equity</b>			
<input checked="" type="checkbox"/> We address ESG incorporation.			
<input type="checkbox"/> We do not do ESG incorporation.			
<b>Fixed income – SSA</b>			
<input checked="" type="checkbox"/> We address ESG incorporation.			
<input type="checkbox"/> We do not do ESG incorporation.			
<b>Fixed income – corporate (financial)</b>			
<input checked="" type="checkbox"/> We address ESG incorporation.			
<input type="checkbox"/> We do not do ESG incorporation.			
<b>Fixed income – corporate (non-financial)</b>			
<input checked="" type="checkbox"/> We address ESG incorporation.			
<input type="checkbox"/> We do not do ESG incorporation.			
<b>Fixed income – securitised</b>			
<input checked="" type="checkbox"/> We address ESG incorporation.			
<input type="checkbox"/> We do not do ESG incorporation.			
<b>Property</b>			
<input checked="" type="checkbox"/> We address ESG incorporation.			
<input type="checkbox"/> We do not do ESG incorporation.			
<b>Infrastructure</b>			
<input checked="" type="checkbox"/> We address ESG incorporation.			
<input type="checkbox"/> We do not do ESG incorporation.			
<b>Hedge funds</b>			
<input type="checkbox"/> We address ESG incorporation.			
<input checked="" type="checkbox"/> We do not do ESG incorporation.			
<b>Fund of hedge funds</b>			
<input type="checkbox"/> We address ESG incorporation.			
<input checked="" type="checkbox"/> We do not do ESG incorporation.			
<b>Money market instruments</b>			
<input checked="" type="checkbox"/> We address ESG incorporation.			
<input type="checkbox"/> We do not do ESG incorporation.			
<b>Other (1)</b>			
<input checked="" type="checkbox"/> We address ESG incorporation.			
<input type="checkbox"/> We do not do ESG incorporation.			
<b>Other (1) [as defined in 0005]</b>			
Other: Multi-Asset strategies			
0011.2 Select the externally managed asset classes in which you and/or your investment consultants address ESG incorporation in your external manager selection, appointment and/or monitoring processes			
<b>Asset class</b>			
<b>ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b>			
Private equity	<b>Private equity – ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b>		
	<input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process		
	<input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process		
	<input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process		
	<input type="checkbox"/> We do not do ESG incorporation		
Property	<b>Property – ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b>		
	<input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process		
	<input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process		
	<input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process		
	<input type="checkbox"/> We do not do ESG incorporation		
Infrastructure	<b>Infrastructure – ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b>		
	<input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process		
	<input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process		
	<input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process		
	<input type="checkbox"/> We do not do ESG incorporation		
0011.4 Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.			
Real Estate and Private Markets: With respect to our externally managed assets, we see ESG factors as an important part of our overall due diligence process. Information on the target funds' ESG policies is collected as part of the due diligence questionnaire that target fund managers complete at our request. Whilst we prefer funds that have strong ESG policies, the quality of a fund's ESG policies will not form the basis of our decision alone. We will also consider how it incorporates these policies into the fund strategy, how it reports its ESG strategy to its investors, what relevant laws and regulations impact the fund, and any sustainability initiatives the fund is already participating in. This information is then incorporated into the investment decision-making process. The benefits of this process may include: limiting the risk of regulatory non-compliance, maintaining 'preferred' competitive position in the market, increasing the appeal of a property to tenants and purchasers, and in some cases, reducing expense and improving returns. The majority of our Real Estate & Private Market fund of funds have implemented ESG policies, are signatories to the PRI and participate in the ORESB Real Estate Assessment.			
0012	Mandatory	Gateway	General
0012.1 Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.			
<b>Core modules</b>			
<input checked="" type="checkbox"/> Organisational Overview			
<input checked="" type="checkbox"/> Strategy and Governance			
<b>RI implementation directly or via service providers</b>			
<input checked="" type="checkbox"/> Direct – Listed Equity incorporation			
<input checked="" type="checkbox"/> Direct – Listed Equity active ownership			
<input checked="" type="checkbox"/> (Proxy) voting			
<input checked="" type="checkbox"/> Direct – Fixed Income			
<input checked="" type="checkbox"/> Fixed Income – SSA			
<input checked="" type="checkbox"/> Fixed Income – Corporate (financial)			
<input checked="" type="checkbox"/> Fixed Income – Corporate (non-financial)			
<input checked="" type="checkbox"/> Fixed Income – Securitised			
<input checked="" type="checkbox"/> Direct – Other asset classes with dedicated modules			
<input checked="" type="checkbox"/> Property			
<input checked="" type="checkbox"/> Infrastructure			
<b>RI implementation via external managers</b>			
<input type="checkbox"/> Indirect – Selection, Appointment and Monitoring of External Managers			
<input type="checkbox"/> Private Equity			
<input type="checkbox"/> Property			
<input type="checkbox"/> Infrastructure			
<input checked="" type="checkbox"/> Closing module			
0012.2	Mandatory to Report – Voluntary to Disclose	Gateway	General
0012.2.1 Provide a breakdown of your internally managed listed equities by passive, active – quantitative (quant), active – fundamental and active – other strategies.			
73			
Passive			
2			

23		Active - quantitative (quant)	
		Active - fundamental and active - other	
00 FI 01	Mandatory to Report, Voluntary to Disclose	Gateway	General
00 FI 01.1 Provide a breakdown of your internally managed fixed income securities by active and passive strategies.			
SSA	80	Passive	
	0	Active - quantitative (quant)	
	0	Active - fundamental and active - other	
Corporate (Financial)	29	Passive	
	0	Active - quantitative (quant)	
	0	Active - fundamental and active - other	
Corporate (non-Financial)	27	Passive	
	0	Active - quantitative (quant)	
	0	Active - fundamental and active - other	
Securitized	11	Passive	
	0	Active - quantitative (quant)	
	0	Active - fundamental and active - other	
00 FI 03	Mandatory	Descriptive	General
00 FI 03.1 Indicate the approximate (40-50%) breakdown of your SSA investments by developed markets and emerging markets.			
SSA	58	Developed markets	
	0	Emerging markets	
00 FI 03.2 Indicate the approximate (40-50%) breakdown of your corporate and securitized investments by investment grade or high-yield securities.			
Type	Investment grade (40-50%)	High-yield (40-50%)	Total internally managed
Corporate (Financial)	<input checked="" type="radio"/> >10% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	<input type="radio"/> >10% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0%	100%
00 PR 01	Mandatory to Report, Voluntary to Disclose	Descriptive	General
00 PR 01.1 Indicate the level of ownership you typically hold in your property investments.			
<input checked="" type="radio"/> a majority stake (50% and above) <input type="radio"/> a significant minority stake (10 and above, and under 50%) <input type="radio"/> a limited minority stake (<10%) <input type="radio"/> a mix of ownership stakes <input type="radio"/> 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			
00 PR 01.2 Provide a breakdown of your operations allocation to Real Estate Investment Trusts (REITs) or similar			
<input type="radio"/> >10% <input checked="" type="radio"/> 10 - 50% <input type="radio"/> <10% <input type="radio"/> 0%			
00 PR 02	Mandatory to Report, Voluntary to Disclose	Gateway	General
00 PR 02.1 Provide a breakdown of your organization's property assets based on who manages the assets.			
Property assets managed by	Breakdown of your property assets (by number)		
Managed directly by your organisation	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%		
Managed via third-party property managers appointed by you	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%		
Managed by other investors or their property managers	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%		
Managed by tenant(s) with operational control	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%		
Total 100%			
00 PR 03	Mandatory to Report, Voluntary to Disclose	Descriptive	General
00 PR 03.1 Indicate up to three of your largest property types by AUM.			
Types	Main property types (By AUM)		
Largest property type	<input type="radio"/> Industrial <input type="radio"/> Retail <input type="radio"/> Office <input checked="" type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify		
Second largest property type	<input type="radio"/> Industrial <input checked="" type="radio"/> Retail <input type="radio"/> Office <input type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify		
Third largest property type	<input type="radio"/> Industrial <input checked="" type="radio"/> Retail <input type="radio"/> Office <input type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify		
00 PR 03.2 Additional information:			
<p>Our real estate business manages close to 2,200 property holdings worldwide, over 20 countries. The business actively managed direct investments in the industrial, multi-family / residential, office, retail and hotel real estate sectors as well as in farmland in the US.</p> <p>Assets by sector (%)</p> <p>Multi-family/residential: 32%</p> <p>Retail: 32%</p> <p>Office: 19%</p> <p>Industrial / Logistics: 12%</p> <p>Farmland: 2%</p> <p>Hotel: 1%</p> <p>Other: 1%</p> <p>(As at 31 December 2019)</p>			
00 INF 01	Mandatory to Report, Voluntary to Disclose	Descriptive	General
00 INF 01.1 Indicate the level of ownership you typically hold in your infrastructure investments.			
<input type="radio"/> a majority stake (>50%) <input type="radio"/> a 50% stake <input type="radio"/> a significant minority stake (between 10-50%) <input type="radio"/> a minority stake (<10%) <input checked="" type="radio"/> a mix of ownership stakes			
00 INF 02	Mandatory to Report, Voluntary to Disclose	Gateway/Partial	General
00 INF 02.1 Provide a breakdown of your organization's infrastructure assets based on who manages the assets.			
Infrastructure assets managed by	Breakdown of your infrastructure assets (by number)		
Managed directly by your organisation/companies owned by you	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%		

Managed via third party operators appointed by your organisation/companies owned by you	<input type="radio"/> <50% <input checked="" type="radio"/> 10-50% <input type="radio"/> >10% <input type="radio"/> 0%
Managed by other investors/their third party operators	<input type="radio"/> <50% <input type="radio"/> 10-50% <input checked="" type="radio"/> >10% <input type="radio"/> 0%
Total/100%	

00 NP 05 Mandatory to Report, Voluntary to Disclose Descriptive General

00 NP 01 Indicate up to three of your largest infrastructure sectors by AUM

Sector	Main infrastructure sectors (by AUM)
Largest infrastructure sector	<input type="radio"/> Transportation <input checked="" type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input type="radio"/> Social infrastructure <input type="radio"/> Other, specify
Second largest infrastructure sector	<input type="radio"/> Transportation <input type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input checked="" type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input type="radio"/> Social infrastructure <input type="radio"/> Other, specify
Third largest infrastructure sector	<input type="radio"/> Transportation <input type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input type="radio"/> Social infrastructure <input checked="" type="radio"/> Other, specify Utilities

00 NP 01 Mandatory to Report, Voluntary to Disclose Descriptive General

00 NP 01 Please describe your hedge fund strategies and classification

Main strategy	Strategy as % of hedge fund AUM	Sub-strategy
Equity Hedge	<input type="radio"/> <50% <input type="radio"/> 10-50% <input checked="" type="radio"/> >10% <input type="radio"/> 0%	<input checked="" type="checkbox"/> Equity Market Neutral <input type="checkbox"/> Fundamental Growth <input type="checkbox"/> Fundamental Value <input type="checkbox"/> Quantitative Directional <input type="checkbox"/> Sector: Energy/Basic Materials <input type="checkbox"/> Sector: Healthcare <input type="checkbox"/> Sector: Technology <input type="checkbox"/> Short Bias <input type="checkbox"/> Multi-Strategy
Event Driven	<input type="radio"/> <50% <input checked="" type="radio"/> 10-50% <input type="radio"/> >10% <input type="radio"/> 0%	<input type="checkbox"/> Activist <input type="checkbox"/> Credit Arbitrage <input type="checkbox"/> Distressed / Restructuring <input checked="" type="checkbox"/> Merger Arbitrage <input type="checkbox"/> Private Issue / Regulation D <input type="checkbox"/> Special Situations <input type="checkbox"/> Multi-Strategy
Global Macro	<input type="radio"/> <50% <input type="radio"/> 10-50% <input type="radio"/> >10% <input checked="" type="radio"/> 0%	
Relative Value	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> >10% <input type="radio"/> 0%	<input checked="" type="checkbox"/> Fixed Income - Asset Backed <input type="checkbox"/> Fixed Income - Convertible Arbitrage <input checked="" type="checkbox"/> Fixed Income - Corporate <input type="checkbox"/> Fixed Income - Sovereign <input type="checkbox"/> Volatility <input type="checkbox"/> Yield Alternatives: Energy Infrastructure <input type="checkbox"/> Yield Alternatives: Real Estate <input checked="" type="checkbox"/> Multi-Strategy
Risk Parity	<input type="radio"/> <50% <input type="radio"/> 10-50% <input type="radio"/> >10% <input checked="" type="radio"/> 0%	
Blockchain	<input type="radio"/> <50% <input type="radio"/> 10-50% <input type="radio"/> >10% <input checked="" type="radio"/> 0%	
Total 100% (of Internal Fund Fund AUM)		

Options presented for Fund of Hedge Funds

Fund of hedge fund sub-strategies	Approximate % of internally managed hedge fund AUM
Conservative	<input type="radio"/> <50% <input type="radio"/> 10-50% <input checked="" type="radio"/> >10% <input type="radio"/> 0%
Diversified	<input type="radio"/> <50% <input checked="" type="radio"/> 10-50% <input type="radio"/> >10% <input type="radio"/> 0%
Market Defensive	<input type="radio"/> <50% <input type="radio"/> 10-50% <input type="radio"/> >10% <input checked="" type="radio"/> 0%
Strategic	<input type="radio"/> <50% <input checked="" type="radio"/> 10-50% <input type="radio"/> >10% <input type="radio"/> 0%
Total 100% (of Internal Fund of Hedge Fund AUM)	

00 Checks

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

SG 01	Mandatory	Core Assessed	General				
SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.						
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							
SG 01.2	Indicate the components/types and coverage of your policy						
<table border="1"> <thead> <tr> <th>Policy components/types</th> <th>Coverage by AIM</th> </tr> </thead> <tbody> <tr> <td> <input checked="" type="checkbox"/> Policy setting out your overall approach  <input checked="" type="checkbox"/> Formalised guidelines on environmental factors  <input checked="" type="checkbox"/> Formalised guidelines on social factors  <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors  <input type="checkbox"/> Fabricatory (or equivalent) duties  <input type="checkbox"/> Asset class specific RI guidelines  <input type="checkbox"/> Sector specific RI guidelines  <input type="checkbox"/> Screening / exclusions policy  <input type="checkbox"/> Other, specify (1)  <input type="checkbox"/> Other, specify (2)                 </td> <td> <input type="radio"/> Applicable policies cover all AIM  <input checked="" type="radio"/> Applicable policies cover a majority of AIM  <input type="radio"/> Applicable policies cover a minority of AIM                 </td> </tr> </tbody> </table>				Policy components/types	Coverage by AIM	<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fabricatory (or equivalent) duties <input type="checkbox"/> Asset class specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify (2)	<input type="radio"/> Applicable policies cover all AIM <input checked="" type="radio"/> Applicable policies cover a majority of AIM <input type="radio"/> Applicable policies cover a minority of AIM
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SG 01.3	Indicate if the investment policy covers any of the following						
<input checked="" type="checkbox"/> Your organisation's definition of ESG and/or responsible investment and it's relation to investments <input checked="" type="checkbox"/> Your investment objectives that take ESG factors/real economy influence into account <input checked="" type="checkbox"/> Time horizon of your investment <input checked="" type="checkbox"/> Governance structure of organisational ESG responsibilities <input checked="" type="checkbox"/> ESG incorporation approaches <input checked="" type="checkbox"/> Active ownership approaches <input checked="" type="checkbox"/> Reporting <input checked="" type="checkbox"/> Climate change <input checked="" type="checkbox"/> Understanding and incorporating client / beneficiary sustainability preferences <input type="checkbox"/> Other RI considerations, specify (1) <input type="checkbox"/> Other RI considerations, specify (2)							
SG 01.4	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.						
<p>We believe that Sustainable and Impact Investing can protect and enhance the value of our clients' investments by adding value to portfolios within the same risk/return profile. Sustainable Investing is grounded in the broader use of material ESG information in the investment analysis process and the belief that such information will lead to better informed investment decisions. By identifying long-term investment opportunities, anticipating and managing financially material risks, engaging with corporate management, and creating products and services that take into account ESG factors, we believe companies will be more successful and our investments will positively impact society and the environment.</p> <p>UBS Asset Management (UBS AM) is a large scale asset manager, providing traditional, alternative, real estate, infrastructure and private equity investment solutions to private clients, financial intermediaries and institutional investors worldwide. With a number of investment areas and a range of strategies within each area, the approach to ESG issues necessarily varies across the firm and, to some extent, across countries/regions according to local market customs and client needs.</p>							
SG 01.5	Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]						
<p>UBS AM's Sustainable Investment policy sets the firm's common vision on the integration of ESG material factors in investment decisions and stewardship activities across asset classes globally. The policy summarises the general approach to ESG factors across each of the investment areas, subject always to any client-specific instructions or restrictions and following any local laws or standards applicable to the investment vehicles or funds. Such policy is not applicable to UBS AM's hedge fund business (i.e. D-Demon and Hedge Funds Solutions).</p> <p>The investment teams, including over 900 investment professionals, drive ESG integration within their investment processes and engagement activities linked to value drivers. The extent of ESG integration may vary given our diverse range of investment capabilities across Equities, Fixed Income, Multi-Asset and Currency, Real Estate, and Private Markets.</p> <p>Portfolio managers and analysts have access to a variety of ESG data, including proprietary internal data as well as external data. They are supported by the Sustainable and Impact Investing team, a global team of 18 sustainability experts dedicated to research, stewardship activities and product innovation. The Sustainable and Impact Investing team collaborates with the investment teams, educating them on best practices in using ESG material data to inform forward-looking analysis and ongoing corporate engagement activities. In addition, the Sustainable and Impact Investing team is responsible for proxy voting, thematic engagements, reactive engagements and Sustainable and Impact Investing reporting.</p> <p>Note that our Sustainable Investment policy includes reference to our proxy voting and stewardship policies which include specific provisions on ESG issues.</p>							
SG 01.6	Mandatory to Report, Voluntary to Disclose	Descriptive	General				
SG 01.6.C	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.						
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							
Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.							
<p><b>Climate risks</b></p> <p>The physical and transition risks of climate change contribute to a structural change affecting banks and the financial sector at large. UBS AG continues to drive the integration of climate-related risk into our standard risk management framework. This involves procedures and tools for identifying, assessing and monitoring environmental and social risks in our standard risk, compliance and operations processes. These include client onboarding, transaction due diligence, product development and investment decision processes, amongst others.</p> <p>In 2019, we embedded climate risk into our risk taxonomy and operational risk appetite statement. Further, we added our exposure to carbon-related assets and more broadly, to climate-sensitive sectors.</p> <p>We have been using global scenario-based approaches since 2017 to assess our exposure to physical and transition risks associated with climate change (T-risks). We have performed both top-down balance sheet stress testing (across the firm), as well as targeted, bottom-up analysis of specific sector exposures in short, mid- and long-term horizons.</p> <p>In our 2020 white paper for the World Economic Forum annual meeting, "Becoming climate aware: Mobilizing capital to help meet climate change goals", we have formalised a Climate Aware framework which helps investors align their portfolios towards a climate-smart future. The part of the framework "portfolio mitigation" refers to lowering investment exposures to climate risk.</p> <p>At UBS AM, we use ESG integration to embed our understanding of climate change into our investment decision. We recognise that how the investments we make could be affected by climate change depends on a combination of business models and activities, regulatory jurisdictions, asset locations, technologies and innovation, among other factors.</p> <p>We have identified climate change transition issues in a range of sectors. We have also identified sectors where there is a particular exposure to climate change physical risks either immediately or increasing over time.</p> <p>Assets we assess (at individual investment or issuer level) include:</p> <ol style="list-style-type: none"> <li>Transition risks: regulation risks, market or commercial risks, technology risks</li> <li>Physical risks: possibly acute risks but also recognising the nature of chronic risks</li> </ol> <p>These lead to a specific set of climate-related risks and opportunities which will unfold depending, in part, on the preparedness of companies and the decisions of their management teams.</p> <p><b>Climate opportunities</b></p> <p>In our 2020 white paper for the World Economic Forum annual meeting, "Becoming climate aware: Mobilizing capital to help meet climate change goals", the part of the Climate Aware framework "portfolio adaptation" refers to increasing investment exposure to climate-related innovation and solutions.</p> <p>UBS AG mobilises private and institutional capital for investments that facilitate climate change mitigation and adaptation. Investing for a low-carbon future hinges on the ability to invest in, and fund, new technologies and solutions. The key investing areas relate to GHG emissions reduction, energy transition, and energy efficiency. They include companies that manufacture and deploy these technologies as well as the infrastructure and services that make these achievable at scale. In 2019, our climate-related sustainable investments rose to USD 108 billion from USD 87.5 billion at the end of 2018.</p>							
SG 01.7.C	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?						
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							
Describe the associated timescales linked to these risks and opportunities.							
<p>We have been using global scenario-based approaches since 2014 to assess our exposure to physical and transition risks associated with climate change (T-risks). With regards to the scenario-based assessments performed since 2014 to assess UBS Group's exposure to physical and transition risks associated with climate change, we have considered short, mid- and long-term horizons.</p> <p>We believe climate change will have an increasingly negative impact on the global economy. The Stern Review ("The Economics of Climate Change: The Stern Review, 2006) estimated the present value of the future social costs of climate change to be equivalent to 5-20% of global GDP. The Economist Intelligence Unit has estimated an average expected loss to the world's current stock of manageable assets of USD 4.2 to USD 12.9 Trn (The Cost of Inaction, EIU, 2015).</p> <p>Climate impacts on aggregate macroeconomic outcomes are difficult to measure and model (Bank of England "Staff Working Paper No. 705: Climate change and the macro-economy: a critical review", January 2018). Simultaneously, there are a wide variety of scenarios relating to the scale and pace of climate transition and physical risks.</p> <p>UBS AM recognizes that the prevailing "green growth" view holds that there are trade-offs between economic growth and the environment, where appropriate policies can soften this trade-off. Optimal climate change policies prescribe a slightly lower rate of growth of consumption and GDP to deliver higher expected growth over the longer term ("Green Growth: An Assessment" Oxford Review of Economic Policy, 30(3): 407-420, Bowen and Hepburn, 2014). This helps to explain the resistance in some quarters to more accelerated climate transition policies.</p> <p>We do not see significant costs to the global economy over the next few years as we do not view government policies as sufficiently strong to limit climate change to the proportions of the Paris Agreement. Both the International Energy Agency's New Policies Scenario and the stock of Carbon Action Tracker point to a probable outcome of 2.4 degrees by the end of the century. With the data for assessing (and accounting) related commitments under the Paris Agreement set for 2023, there are limited chances for more ambitious policies to be introduced in the next few years. This may change with a co-ordinated response to meet work by the Intergovernmental Panel on Climate Change ("Global Warnings of 1.5 Degrees Celsius", IPCC, Oct 18).</p> <p>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 next 20 years there is a likely to be a bigger effect on economic growth. Stronger climate policies are likely to lead to higher economic costs of transition. This may be limited to the extent that policies are able to induce innovation in low-carbon technologies, support new industries and further technological deployment. The physical risk of climate change are likely to be more prevalent. Based on the Intergovernmental Panel on Climate Change ("Impacts, Adaptation and Vulnerability" Assessment Report Five, IPCC 2014). There is a reasonable probability that physical risk impacts will increase over the coming decade.</p>							
SG 01.8.C	Indicate whether the organisation publicly supports the TCFD						
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							
SG 01.9.C	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.						
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No							
Describe							
<p>Our climate strategy supports our clients and our firm preparing for success in an increasingly carbon-constrained world. We support this goal through our financial product offering and advisory and through embedding climate risk in our firm-wide risk management framework and in our own operations. Our Group-wide climate strategy focuses on four pillars:</p> <ul style="list-style-type: none"> <li>Protecting our own assets by limiting our risk appetite for carbon-related assets and by estimating our firm's vulnerability to climate-related risks using scenario-based stress testing approaches and other forward-looking portfolio analyses. We have reduced carbon-related assets on our balance sheet to 0.8% or USD 1.9 billion as of 31 December 2019, down from 1.6% at the end of 2018 and 2.8% at the end of 2017.</li> <li>Protecting our clients' assets by offering innovative products and services in investment, financing and research and actively engage on climate topics with companies that invest in.</li> <li>Mobilising private and institutional capital towards investments facilitating climate change mitigation and adaptation and in supporting the transition to a low-carbon economy as corporate advisor and/or with our lending capacity. In 2019, our climate-related sustainable investments rose to USD 108 billion from USD 87.5 billion at the end of 2018, and the total 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 billion in 2018.</li> <li>Reducing our direct climate impact by reducing our GHG emissions and increasing our share in renewable energy. We have committed to using 100% renewable electricity by mid-2020. This will reduce our firm's GHG footprint by 73% compared with 2004 levels. At the end of 2019, we had reduced our GHG emissions by 71% compared to baseline year 2004.</li> </ul> <p>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.</p> <p>UBS AM reflects this approach by:</p> <ul style="list-style-type: none"> <li>Providing equity portfolio managers to examine the carbon footprint of their portfolios and comparing the relative carbon footprints of their company holdings to that of the relevant benchmark. Carbon emissions data is available to all equity portfolio managers allowing portfolio managers and analysts to download carbon and carbon intensity data on over 6,000 companies.</li> <li>Launching 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.</li> <li>Engaging with companies to discuss approaches to mitigating climate change risk, as well as actively voting on shareholder resolutions to improve transparency and disclosure around climate-related reporting. This includes participation in the global Climate Action 100+ collaboration.</li> <li>Integrating climate considerations into our real estate investments to reduce energy and water consumption and reduce and recycle waste.</li> <li>Supporting the CDP, Institutional Investors Group on Climate Change working group on climate change scenario analysis, the IPCC Paris Aligned Investment Initiative.</li> </ul>							
SG 1.10.C	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.						
<input checked="" type="checkbox"/> Public PRI Climate Transparency Report <input checked="" type="checkbox"/> Annual financial filings <input type="checkbox"/> Regular client reporting <input type="checkbox"/> Member communications <input checked="" type="checkbox"/> Other							
specify							
<input checked="" type="checkbox"/> UBS Sustainability report available at <a href="https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html">https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html</a> <input type="checkbox"/> We currently do not publish TCFD disclosure							
SG 02	Mandatory	Core Assessed	PR 6				
SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL, and an attachment of the document.						
<input checked="" type="checkbox"/> Policy setting out your overall approach							
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Internal St newsletter to educate internal staff on key updates and a UBS Group-wide #TOGETHERBAND initiative, which supports the UN Sustainable Development Goals and centers around the conviction that none of the goals can be achieved without collective, multi-sector action. Created in the spirit of SDG #17, #TOGETHERBAND brings together people and organizations who share the commitment towards a more sustainable future. The initiative offers a tangible, accessible way to drive awareness by offering sustainability produced wristbands, one for each of the SDGs. The bands are a symbol to wear and act as a reminder of the role everyone can and needs to play to achieve a sustainable future.

Improved engagement to encourage change with regards to management of ESG issues

**Key performance indicator**

Improved tracking of engagement activities to assess progress.

**Progress achieved**

In 2019, we introduced an enhanced internal tracking system to assess the progress of dialogue against defined engagement objectives.

We maintain a comprehensive database of all our company interactions in order to share information internally, review progress against defined objectives over time, and follow up on any issues that have been identified. This tracking system allows us to link engagement conversations with proxy voting decisions and the investment process (including providing inputs for decisions on overweighting, underweighting, and eventually selling).

Improved ESG incorporation into investment decision making processes

**Key performance indicator**

Improved internal tools for ESG integration, specifically across our Active Equities investment platform.

**Progress achieved**

Across our fixed income and equity investment areas, we are widening the availability of ESG data through internal portfolio management tools and risk systems.

We continue to work towards all investment teams having access to the sustainability research that is produced by the Sustainable Investment Research team.

Within Active Equities, we have rolled out the UBS ESG Risk Dashboard, a proprietary risk tool which serves as a pillar for ESG integration and screening. The ESG Risk Dashboard combines scores and data points from a number of reputable external research providers together with the UBS internal ESG model to flag companies with elevated sustainability risks. In addition, absolute ESG risks, such as poor corporate governance and high ESG controversy levels are included in the ESG Risk Dashboard. Collectively, these inputs lead to a proprietary UBS ESG Controversy Score based on internal and external data. The inputs also lead to a UBS ESG Risk Signal which flags companies with high ESG risks.

Within Fixed Income, we developed a proprietary approach to assessing the sustainability performance of sovereigns. The sovereign framework provides an assessment of the sustainability profiles of government issuers across both emerging and developed markets.

Other, specify (1)

Other, specify (2)

Other, specify (3)

None of the above

**ESG characteristics of investments**

Over or underweight companies based on ESG characteristics

**Key performance indicator**

Improved sustainability characteristics for UBS AM Sustainable Focused strategies, including the Climate Aware Strategies.

**Progress achieved**

Across our Sustainable Focused strategies, ESG characteristics are measured against ESG performance based on internal and external ESG data. Portfolio managers and analysts have access to carbon related data for additional insights on climate-related risks.

Improve ESG ratings of portfolio

Setting carbon reduction targets for portfolio

Other, specify (1)

Other, specify (2)

Other, specify (3)

None of the above

**Other activities**

Joining and/or participation in RI initiatives

**Key performance indicator**

Expanded membership of specific global market initiatives and deepen level of participation.

**Progress achieved**

UBS AM is currently a member of, or supporting the following global groups and initiatives:

- Asia Corporate Governance Association
- ENB SDG Impact Assessment Working Group
- ESMA Stewardship, Market Integrity and ESG Investment Standing Committee
- Farm Animal Investment Risk & Return
- UBS
- IPS Operating Principles for Impact Management
- Impact Management Project
- Institutional Investors Group on Climate Change
- International Corporate Governance Network
- Investor Statement of the Access to Medicine Index
- National Association of Real Estate Investment Managers
- Principles for Responsible Investment
- Sustainability Accounting Standards Board
- Swiss Sustainable Finance
- Taskforce on Climate-Related Financial Disclosures
- Transition Pathway Initiative
- UK Governance Forum
- UK Investor Forum
- US Green Building Council
- Workforce Disclosure Initiative

UBS AG is currently a member of, or supporting the following global groups and initiatives:

- Principles for Responsible Banking
- Global Investors for Sustainable Development Alliance
- Green investment principles for the Net and Road
- Centre for the Study of Financial Innovation
- Sustainable Finance Geneva
- Global Impact Investing Network
- European Venture Philanthropy Association
- Association for Environmental Management and Sustainability in Financial Institutions
- UNEP FI

Encouraging others to join a RI initiative

Documentation of best practice case studies

**Key performance indicator**

Publication of best practice case studies

**Progress achieved**

The UBS AM Annual Stewardship Report provides tangible examples and case studies of our stewardship activities.

- Engagement in practice
- Voting in practice

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 Low Carbon World".

Using case studies to demonstrate engagement and ESG incorporation to clients

**Key performance indicator**

Publish case studies to demonstrate engagement and ESG incorporation to clients

**Progress achieved**

For both current and prospective clients, where applicable, we have provided case studies to demonstrate engagement and ESG incorporation of a given portfolio on request. We also provide quarterly reporting on engagement and proxy voting across strategies to all clients.

Other, specify (1)

**Other description (1)**

Joining and/or participation in Collaborative Investor Initiatives

**Key performance indicator**

Expanded activity among Collaborative Investor Networks

**Progress achieved**

We joined Climate Action 100+ in 2018. We are currently directly involved in 29 coalitions of investors and lead seven of the company dialogues across regions. UBS AM is also a member of the ICCC Climate Action 100+ European Advisory Group, and we are participating in the ICCC Paris Aligned Investment Initiative where we are helping to strengthen the clarity and the call for an investment oriented climate change transition scenario.

We are members of FARR and actively involved in Phase 4 of its sustainable protein supply chain engagement, leading and supporting on various dialogues with companies. We also use the Initiative's research in our own integration and engagement activities.

Other, specify (2)

Other, specify (3)

None of the above

**55/57** **Mandatory** **Core Assessed** **General**

**55/57.1** Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

**Roles**

Board members or trustees

Oversight/accountability for responsible investment

Implementation of responsible investment

No oversight/accountability or implementation responsibility for responsible investment

Internal Roles (Triggers other options)

**Select from the below internal roles**

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee

Oversight/accountability for responsible investment

Implementation of responsible investment

No oversight/accountability or implementation responsibility for responsible investment

Other Chief level staff or head of department, specify

Head, Sustainable and Impact Investing

Oversight/accountability for responsible investment

Implementation of responsible investment

No oversight/accountability or implementation responsibility for responsible investment

Portfolio managers

Oversight/accountability for responsible investment

Implementation of responsible investment

No oversight/accountability or implementation responsibility for responsible investment

Investment analysts

Oversight/accountability for responsible investment

Implementation of responsible investment

No oversight/accountability or implementation responsibility for responsible investment

Dedicated responsible investment staff

Oversight/accountability for responsible investment

Implementation of responsible investment

No oversight/accountability or implementation responsibility for responsible investment

Investor relations

Other role, specify (1)

**Other description (1)**

UBS in society Stewarding Committee

Oversight/accountability for responsible investment

Implementation of responsible investment

No oversight/accountability or implementation responsibility for responsible investment

Other role, specify (2)

Internal managers or service providers

**55/57.2** For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you exercise them (responsibilities):

**UBS AM**

The Sustainable and Impact Investing (SI) team, which is a dedicated team of 18 professionals, operates across all investment areas. The Head of the SI team has a direct reporting line to the Head of Investments, Barry QG, who is a member of UBS AM's Executive Committee, reporting to the President/CEO of UBS AM, Burt Harford. The SI professionals are responsible for sourcing and distributing ESG data to investment teams across UBS AM, educating and collaborating with investment teams on best practices around using material ESG data in forward-looking investment analysis, and overseeing UBS AM's engagement and proxy voting programs. Also within the team are professionals responsible for the development and expansion of SI solutions. Finally, the SI team is responsible for content, including white papers, research reports, ESG and carbon related reporting, and other educational materials.

**UBS Group**

The Corporate Culture and Responsibility Committee (CCRC) is responsible for the main undertaking for corporate culture, responsibility and sustainability. As set out in its charter, the CCRC supports the Board in its duties to safeguard and advance the Group's reputation for responsible and sustainable conduct. It monitors UBS in society's overall strategy and annual objectives, reviews that the UBS in society constitutional document is relevant and up-to-date, and oversees the program's annual management review.

The Group CEO oversees the execution of the UBS in society strategy and annual objectives. The Group CEO also informs the Group Executive Board (GEB) and Corporate Culture and Responsibility Committee (CCRC) about UBS in society updates as appropriate.

The Head of UBS in Society or UBS's senior level representative for environmental and sustainability issues. He or she is nominated by the Group CEO, chairs UBS in Society Steering Committee, is a member of the Global Environmental Social Risk Committee, and is a permanent guest to the CCRC. He or she develops the UBS in society strategy, leads its execution, and submits annual objectives to the CCRC. On behalf of the Group CEO, he or she proposes the UBS in society strategy and annual objectives to the CCRC for approval. He or she is supported by the UBS in Society Executive Committee (EC) in this effort.

The UBS in Society Steering Committee (SC) ensures firm-wide execution of the UBS in society strategy across business divisions, functions and regions. The Committee is chaired by the Head UBS in Society and is composed of divisional, regional, and Group COO/EC members as well as UBS in Society EC members. SC members are nominated by their respective GEB member and/or the Head UBS in Society, and are responsible to define and implement the sustainability strategy of their BU/Function (and to allocate resources accordingly) in line with the UBS in society strategy. SC members ensure their objectives and plans are signed off by their GEB member/CO.

The Global Environmental & Social Risk Committee, also at Group Executive Board (GEB) level, defines an Environmental & Social Risk (ESR) framework and independent controls that align UBS's environmental and social risk appetite with that of UBS in Society. It is chaired by the Group Chief Risk Officer, who is responsible for the development and implementation of principles and appropriate independent control frameworks for environmental and social risks within UBS.

The Business Divisions are responsible for developing, providing resources to, and executing the UBS in Society annual objectives in their division as they relate to client relationships, product development, investment management, distribution and risk management, predominantly in the areas of sustainable finance and client philanthropy.

The Regions are responsible for developing, providing resources to and executing objectives in their region relating to Community Affairs, within the global framework of UBS in Society. Community Affairs objectives in their region through their respective regional Community Affairs teams. The Community Affairs objectives are aligned with the global framework of UBS in Society.

**SG 07.3** Indicate the number of dedicated responsible investment staff your organisation has.

70

**SG 07.4** Additional information (Optional)

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.

The Global Sustainable Equities team, made up of 4 investment professionals, is dedicated to Sustainable and Impact Investing and has an extensive track record of managing a specialist range of sustainable active equities strategies.

Moreover, we have investment professionals within our Real Estate & Private Markets and Fixed Income investment areas that specialise in assessing sustainable investment risks and opportunities.

Lastly, within our Systematic and Indexing capability, we have investment staff dedicated to our Climate Aware Rules Based Equity strategy.

**SG 07.02** Mandatory to Report/Voluntary to Disclose

Descriptive

General

**SG 07.02.01** Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Role	Oversight/Accountability	Assessment and Management	No Responsibility
<b>Board members or trustees</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Other Chief level staff or heads of departments</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Portfolio managers</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Investment analysts</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Dedicated responsible investment staff</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Other roles, specify (1)</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**SG 07.02.02** For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

An embedded in the Organization Regulations of UBS Group AG, the Board of Director's Corporate Culture and Responsibility Committee (CCRC) oversees our climate strategy. The UBS in Society Steering Committee ensures firm-wide execution of the climate strategy while our firm's climate-related risk appetite is set by the Global ESR Committee. In joint meetings, the CCRC and the Board of Director's Risk Committee regularly and critically review the assessment and risks taken by these management bodies towards executing the climate strategy. It approves UBS's annual climate-related objectives and plans and decides on the progressive alignment of our climate action disclosure journey with the TCFD's recommendations. These annual plans and objectives are managed as part of our ISO 14001 certified environmental management system (EMS) with defined management accountabilities across the firm. The EMS helps us to systematically reduce environmental risk, seize market opportunities and continuously improve our environmental and climate performance and resource efficiency.

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

**SG 07.02.03** For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

**UBS Group**

The Group Chief Executive Officer (Group CEO) oversees the execution of the UBS in society strategy and annual objectives. The Group CEO also informs the Group Executive Board (GEB) and Corporate Culture and Responsibility Committee (CCRC) about UBS in society updates as appropriate.

UBS's management publicly supports international, collaborative action against climate change. Our Chairman is signatory to the European Financial Services Round Table's statement in support of a strong, ambitious response to climate change. Our Group CEO is a member of the Alliance of CEO Climate Leaders, an informal network of CEOs convened by the World Economic Forum and committed to climate action. Our Head Sustainable Equity Team within UBS-AM is a member of the TCFD.

**UBS-AM**

Our Sustainable and Impact Investing strategy is overseen by an Executive Management Committee comprised of senior leaders across the business. The committee addresses a range of topics including our response to climate change. Our Sustainable Investment Research Analysts work with our portfolio managers (specifically across our equity platform) to assess and manage climate-related risks. The team has developed the capability for equity portfolio managers to examine the carbon footprint of their portfolios and comparing the relative carbon footprints of their company holdings to that of the benchmark. Carbon emissions data is also made available to all equity portfolio managers and analysts to download carbon and carbon intensity data on over 6,000 companies.

Moreover, the Sustainable Investment Research analysts and investment analyst work together to engage with companies on behalf of clients to discuss approaches to mitigating climate change risk, as well as actively voting on shareholder resolutions to improve transparency and disclosure around climate-related reporting. This includes participation in the global Climate Action 100+ collaboration.

**SG 07.02.04** Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)

Request incorporation of TCFD into regular client reporting

Request that external managers complete PRI climate indicator reporting

Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide

Other

We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

**SG 08** Voluntary

Additional Assessed

General

**SG 08.1** Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.

Role	RI in objectives, appraisal and/or reward	RI in personal development and/or training plan	Variable pay linked to responsible investment performance
<b>Board members (Board of trustees)</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Other Chief level staff or head of department</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Portfolio managers</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Investment analysts</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Dedicated responsible investment staff</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Other role (1) (Item SG 07)</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

- Variable pay linked to responsible investment performance
- None of the above

SG 08.1b	RI in personal development and/or training plan		
	<input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan		
	<input type="checkbox"/> None of the above		

**SG 09.3** Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

In the interest of aligning the objectives of the portfolio managers with the objectives of our clients, there is a strong emphasis on generating long-term sustainable performance. Portfolio manager performance awards are subject to detailed Key Performance Indicators (KPIs), mainly focused on investment performance of relevant client portfolios and funds. Investment performance is assessed annually over rolling one, three and five years against the benchmark, performance target and peers. KPIs also include other factors such as risk management and client focus. In 2019, KPIs focused on sustainability integration were implemented for investment analysts and PMs throughout active equities and fixed income. These incentives were established to ensure the successful implementation of the sustainable investment integration strategy.

SG 09	Mandatory	Yes/Assessed	PR1.4.5
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**SG 09.1** Select the collaborative organisation and/or initiative of which your organisation is a member or in which it participated during the reporting year, and the role you played

Principles for Responsible Investment

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

Advanced

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

UBS AM is an active member of the following PRI coordinated groups:

- Working group on fixed income engagement
- Working group on engaging with companies on the SDGs
- SDGs advisory committee
- Academic network advisory committee

In addition, we are active members of the Climate Action 100+ coalition promoted by PRI, CERES, IIGCC, IIGCC and AIGCC.

Asian Corporate Governance Association

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

Moderate

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

We regularly participated in their quarterly calls and joined collaborative efforts on a case by case basis.

Australian Council of Superannuation Investors

AVCA: Sustainability Committee

Finance Invest - La Commission ESG

IIVCA - Responsible Investment Advisory Board

CDP Climate Change

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

Advanced

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

We support the CDP as an investor member in their aim to improve company disclosure of risks and opportunities related to natural resources. In addition, UBS was a founding member in 2002. We continue to leverage and access research and data through the CDP portal. UBS Group participates in CDP climate change questionnaires, and CDP has awarded UBS with Leadership status and an A- rating on climate change for reporting in 2019.

CDP Forests

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

Basic

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

We support the CDP as an investor member in their aim to improve company disclosure of risks and opportunities related to natural resources. In addition, UBS was a founding member in 2002. We continue to leverage and access research and data through the CDP portal.

CDP Water

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

Basic

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

We support the CDP as an investor member in their aim to improve company disclosure of risks and opportunities related to natural resources. In addition, UBS was a founding member in 2002. We continue to leverage and access research and data through the CDP portal.

CFA Institute Centre for Financial Market Integrity

Climate Action 100+

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

Advanced

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

In 2019, UBS AM was directly involved in 29 coalitions of investors within Climate Action 100+ and led seven of these coalitions across regions. UBS AM is also a member of the IIGCC Climate Action 100+ European Advisory Group.

Code for Responsible Investment in SA (CRISA)

Council of Institutional Investors (CII)

Euronext

European Industrial Transparency Initiative (EITI)

ESG Research Australia

Invest Europe Responsible Investment Roundtable

Global Investors Governance Network (GI2G)

Global Impact Investing Network (GIIN)

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

Basic

Global Real Estate Sustainability Benchmark (GRESB)

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

Advanced

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

UBS AM is part of GRESB's advisory board and benchmark committee.

Green Bond Principles

IIVCA ESG Committee

Institutional Investors Group on Climate Change (IIGCC)

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

Advanced

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

UBS AM is participating in the IIGCC Paris Aligned Investment Initiative where we're helping to strengthen the clarity and the call for an investment oriented climate change transition scenario. In addition, we are members of the IIGCC Climate Action 100+ Advisory Group for the mining sector and we are actively involved in Climate Action 100+ engagement activities in Europe with the oil & gas and utility sectors.

Inverfish Center on Corporate Responsibility (ICCR)

International Corporate Governance Network (ICGN)

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

Moderate

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

We monitored regular communications from ICGN and spoke at the 2019 ICGN conference on stewardship.

Investor Group on Climate Change, Australia/New Zealand (IGCC)

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

Moderate

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

We are actively involved in Climate Action 100+ engagement activities with the utility sector in Australia.

International Integrated Reporting Council (IIRC)

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

Basic

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

We monitored regular communications by IIRC. UBS Group AG published integrated report in 2017 and used the IIRC framework as a reference.

Investor Network on Climate Risk (INCR)/CERES

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

Moderate

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

We are actively involved in the Climate Action 100+ engagements with the oil & gas and utility sectors in the US. We have also been joining regular update calls by the Carbon Action engagement group.

Local Authority Pension Fund Forum

Principles for Financial Action in the 21st Century

Principles for Sustainable Insurance

Regional or National Social Investment Forums (e.g. UKSIF, EuroSIF, ASRIA, RIAA), specify

Italian SF/ Swiss Sustainable Finance

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

Advanced

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

Italian SF/ (Basic) We collaborated with the Italian SF to conduct a workshop on engaging with companies on climate change. Swiss Sustainable Finance (Advanced) UBS AM represents UBS Group as a Board Member to collaborate with other members to shape and inform on best practice and create supportive frameworks for the Swiss financial markets.

Responsible Finance Principles in Inclusive Finance

Shareholder Association for Research and Education (Share)

United Nations Environmental Program Finance Initiative (UNEP FI)

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

Advanced

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

UBS has been a member since 1992. UBS AM is a member of the UNEP Finance Initiative's Property Working Group. 16 banks, including UBS, the UN Environment Programme Finance Initiative (UNEP FI), the Integrated Assessment Modelling Consortium (IAMC), and risk consultancies Oliver Wyman and Acclimatise began a collaboration of several years in 2018. The objective is to develop analytical tools that help banks define and disclose climate-related risks and opportunities as envisioned by the TCFD. This includes developing and further refining scenario-based stress testing methodologies. Now in its second phase, the UNEP FI TCFD working group for banks has grown to 25 banks and has expanded the development of these analytical tools to include a range of possible scenarios, further advancement on scenario-based stress testing methodologies, and standardisation between institutions on what defines climate-sensitive activities. These advancements aim for banks to more robustly identify and disclose exposure to climate-related risks and opportunities.

United Nations Global Compact

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

Advanced

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

UBS was among the 43 companies that first signed the UN Global Compact upon its launch in 2000 and is committed to its principles on human rights, labor standards, the environment and anti-corruption. We are also a member of the UN Global Compact Network Switzerland. UBS has comprehensive set of commitments and activities in place pertaining to the principles of the UN Global Compact.

Other collaborative organisation/initiative, specify

SASB (Sustainable Accounting Standard Board)

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

	Moderate	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]		
		Our Head of Global Sustainable Equities represents UBS AM on the SASB Institutional Advisory Group.		
		Other collaborative organisation/initiative, specify		
		UK Investor Forum	Your organisation's role in the initiative during the reporting year (see definitions)	
	Advanced	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.		
		Other collaborative organisation/initiative, specify		
		US Green Building Council	Your organisation's role in the initiative during the reporting year (see definitions)	
	Moderate	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]		
		We have been members and participated in developing industry knowledge and best practices.		
		Other collaborative organisation/initiative, specify		
		NAREIM (National Association of Real Estate Investment Managers) Sustainability and Investment Management	Your organisation's role in the initiative during the reporting year (see definitions)	
	Moderate	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]		
		NAREIM (National Association of Real Estate Investment Managers) Sustainability and Investment Management (Moderate): We have been members and participated in developing industry knowledge and best practices. We regularly attend the annual NAREIM Sustainability conference.		
SS 19.2	Mandatory to Report, Voluntary to Disclose	Indicate approximately what percentage (if 5%) of your externally managed assets under management are managed by PRI signatories.	Discipline	PR 1
		70%		
SS 19	Mandatory	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.	Core Assessed	PR 4
SS 19.1		Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.		
		Yes		
SS 19.2		Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.		
		<input checked="" type="checkbox"/> Provided or co-ordinated education or training programmes (this includes (but is not limited to) your IR support team education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisors etc.)		
		Description We have organised a number of client seminars during which we have provided an overview of our various ESG initiatives and practices. In addition, in the UK we facilitated an information session for industry professionals around the new Stewardship code in conjunction with the PRI.		
		Frequency of contribution <input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input checked="" type="radio"/> Ad hoc <input type="radio"/> Other		
		<input checked="" type="checkbox"/> Provided financial support for academic or industry research on responsible investment		
		Description UBS AM is collaborating with select academic institutions on the development of science based impact measurement methodologies for listed equities. UBS AM is funding the research and is working closely together with the academics on development of the methodologies. The research was launched in February 2016.		
		Frequency of contribution <input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input checked="" type="radio"/> Ad hoc <input type="radio"/> Other		
		<input checked="" type="checkbox"/> Provided input and/or collaborated with academia on RI related work		
		Description Examples of our published research on sustainable and impact investing topics are available on our website at <a href="https://www.ubs.com/global/en/research-management/about-sustainable-impact-investing.html">https://www.ubs.com/global/en/research-management/about-sustainable-impact-investing.html</a> .		
		Frequency of contribution <input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input checked="" type="radio"/> Ad hoc <input type="radio"/> Other		
		<input checked="" type="checkbox"/> Encouraged better transparency and disclosure of responsible investment practices across the investment industry		
		Description Our Global Sustainable Equity Lead Portfolio Manager, Bousi Barboux, represents UBS on committees such as the Institutional Advisory Group for SASB (Sustainability Accounting Standards Board) as well as the Task Force on Climate-related Financial Disclosures. In this, we believe SASB's accounting standards will help inform globally accepted disclosure and reporting standards for all public companies.		
		Frequency of contribution <input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input checked="" type="radio"/> Ad hoc <input type="radio"/> Other		
		<input checked="" type="checkbox"/> Spoke publicly at events and conferences to promote responsible investment		
		Description Members of the Sustainable and Impact Investing and the Global Sustainable Equities team regularly speak at conferences and events either dedicated to responsible investment or mainstream investment conferences.		
		Frequency of contribution <input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other		
		<input checked="" type="checkbox"/> Write and publish in-house research papers on responsible investment		
		Description We have published a number of white papers on the subject of responsible investment, including "A Climate Primer: An Investors Introduction to Climate Change", "China and Climate Change: Leading with Action", "ESG: Do you or don't you?" - A global survey of institutional investors representing ~ €600 in AUM, "Collaborating for a Low-carbon World - Central Banks and Climate Change: Taking on the Challenge - A Changing Landscape: Footprint Strategy 2016 Annual Stewardship Report".		
		Frequency of contribution <input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other		
		<input type="checkbox"/> Encouraged the adoption of the PRI		
		<input checked="" type="checkbox"/> Responded to RI related consultations by non-governmental organisations (NGOs, FSB, etc.)		
		Description Please refer to the policy dialogue examples available within our Annual Stewardship Report for further detail on our RI related consultations with non-governmental organisations. The report is available via the following website: <a href="https://www.ubs.com/global/en/research-management/investment-capabilities/sustainability.html">https://www.ubs.com/global/en/research-management/investment-capabilities/sustainability.html</a>		
		Frequency of contribution <input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input checked="" type="radio"/> Ad hoc <input type="radio"/> Other		
		<input checked="" type="checkbox"/> Write and published articles on responsible investment in the media		
		Description In June 2015 in collaboration with Responsible Investor magazine, UBS AM published the results of an eighteen month global survey of attitudes toward responsible investment among institutional investors, ESG: Do you or don't you. The survey included over 400 investors representing more than €19 trillion in combined assets under management (AUM). It received extensive press coverage, including The Financial Times, The Telegraph, NZZ and Barrons. The following month UBS AM hosted a Swiss media roundtable in which Michael Balthiger and Francis Condon discussed our climate approach, generating coverage in a number of publications, including Handelszeitung and L'Espresso. Separately, articles were published in NZZ: "Die Banken und der Klimawandel" and "Handelsbanking - ESG Strategien werden reiflich" during the course of the year, highlighting our climate approach. Similarly, in April we contributed to Renaissance & Investments magazine based on our Climate Primer, published at the start of the year. In November 2015, Valeria Riani and Marissa Bonarmino co-authored a chapter, "So in the listed equity market (big companies)" in Sustainable Finance, a book published by the Italian Savings Bank Association. During the course of the year, members of the Sustainable and Impact Investing Team were extensively quoted across media outlets which included the FT, Wall Street Journal, Washington Post, Barrons, The Telegraph, Finews, PFC and Reuters.		
		Frequency of contribution <input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other		
		<input checked="" type="checkbox"/> A member of PRI advisory committees/ working groups, specify		
		Description UBS AM has been a member of the SIOA in Active Ownership working group, and provided a case study example, available on the PRI website. We are also a member of the PRI Academic Network Advisory Group. Finally, we are a member of the PRI Fixed Income Engagement Working Group.		
		Frequency of contribution <input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other		
		<input type="checkbox"/> On the Board of, or officially advising, other RI organisations (e.g. local SIFs)		
		Other, specify		
		no		
SS 11	Voluntary	Additional Assessed		PR 4.5.6

**SD 11.1** 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

**If yes**

Yes, individually

Yes, in collaboration with others

**SD 11.2** Select the methods you have used.

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

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

Participated in face-to-face meetings with government members or officials to discuss policy

Other, specify

**Specify description**

Participated in roundtable and workshop discussions organised by policymakers

**SD 11.3** Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

Yes, publicly available

No

No

**SD 11.4** Provide a brief description of the main topics your organisation has engaged with public policy makers or regulators on.

We participate in committees and working groups of various trade associations on sustainable finance and stewardship, with a particular focus currently in the UK and Europe. These committees and working groups are instrumental in participating in dialogue with policy makers and regulators and helping to shape future regulation and industry guidance.

Given the above, UBS is engaged in the following:

- **Delia Sustainable Finance** has drafted a set of positions to which UBS has contributed and which are being used for engagement with public and private sector in Switzerland and the Swiss Bankers Association is working on guidelines for integration of ESG issues into wealth management advisory processes
- **European Trade Associations** (European Banking Federation, European Financial Services Roundtable, Association for Financial Markets in Europe) are developing advocacy programs to which UBS is contributing to engage with the EU Sustainable Finance Action Plan
- **Institute of International Finance Sustainable Finance W5** is examining impact of global regulatory agenda on sustainable finance as coordinated through Central Bank and Supervisors Network for Greening the Financial System and other relevant international groups (e.g. IOSCO, Basel Committee Climate Risk Task Force)

We also participate in working groups that have been established by regulators and policy makers to advise on the development of sustainable finance and risk management policies and guidelines. This includes a group established by the Federal Department of Finance in Switzerland as by the MAS in Singapore and HMA in Hong Kong.

Finally, How van Steenberg, Senior Advisor to the CEO and Chair of the Sustainable Finance Committee, UBS AG and former senior advisor to Governor Carney on the Future of Finance, advised the Bank of England and authored the report, Future of Finance, on how the Bank of England can promote the smooth transition to a low carbon economy (<https://www.bankofengland.co.uk/media/boe/files/report/2019/future-of-finance-report-the-well-being-IPCEAFES/1717A4851E718252323264995297C>)

**SD 12** **Mandatory** **Core Assessed** **PR 4**

**SD 12.1** Indicate whether your organisation uses investment consultants.

Yes, we use investment consultants

No, we do not use investment consultants

**SD 13** **Mandatory** **Additional Information: OPTIONAL** **Describe** **PR 1**

**SD 13.1** Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

Yes, in order to assess future ESG factors

**Describe**

We are at an early stage of exploring how we conduct scenario analysis now widely for the purposes of risk management across our products and services. In this regard, we participated in the ICCC working group on scenario analysis and contributed to the report "Navigating Scenario Analysis", published November 2018.

Yes, in order to assess future climate-related risks and opportunities

**Describe**

Used scenario based approaches to assess exposure to physical transition risks. Performed top-down balance sheet stress testing and bottom-up analysis of sector exposures. Assessed vulnerability of loan portfolios secured by real estate in Switzerland and US to physical risk by mapping in 6,000+ postal codes against Swiss Fed's CatNet tool.

No, our organisation does not currently carry out scenario analysis and/or modelling

**SD 13.2** Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

**We do the following**

Allocation between asset classes

Diversifying fixed income duration

Allocation of assets between geographic markets

Sector weightings

Other, specify

We do not consider ESG issues in strategic asset allocation.

**SD 13.3** Additional information: OPTIONAL

UBS Group manages its environmental program through an Environmental Management System (EMS), in accordance with the ISO 14001 standard. The Group manages climate change risks and opportunities via this certified EMS and monitors implementation on an ongoing basis. The EMS helps to systematically reduce environmental risks, such as climate change / environment-related market opportunities and to continuously improve UBS's climate change/environmental performance and resource efficiency. UBS Group developed its first climate change strategy in 2006 and continues to update and further develop its climate disclosure annually.

**SD 13.0C** **Mandatory to Report, Voluntary to Disclose** **Describe** **General**

**SD 13.4.0C** Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

Initial assessment

Incorporation into investment analysis

Inform active ownership

**Describe**

UBS Group has identified methodological challenges ranging from the suitability of climate scenarios for banking risk modelling to data availability. To address these challenges, 14 banks, including UBS, the UK Environment Programme Finance Initiative (NEPFi), the Integrated Assessment Modelling Consortium (IAMC), and risk consultants Oliver Wyman and Actimetrics began a collaboration of several years in 2018. The objective is to develop analytical tools that help banks define and disclose climate-related risks and opportunities as envisioned by the TCFD. Now in its second phase, the UNEP FI TCFD working group for banks has expanded the development of tools to include a range of possible scenarios, further advancement on scenario based stress testing methodologies, and standardisation between institutions on what defines climate-vestible activities. These advancements are for banks to identify and disclose exposure to climate-related risks and opportunities.

In addition to the UNEP FI TCFD working group, UBS is one of the pilot banks testing the Paris Agreement Capital Transition Assessment (PACTA). Both pilots promote industry learning and provide guidance for disclosing climate-related risks and opportunities in line with TCFD recommendations.

UBS AM is at an early stage of exploring how to use scenario analysis for the purposes of risk management across our products and services. We participated in the ICCC 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 technologies, and align portfolios to a chosen climate "glidepath" or timeline to reach a specific climate scenario target. A glidepath could be a 2°C world, a 1.5°C world, or a different trajectory altogether. It was developed in conjunction with a large UK pension fund and launched in 2017. (Updated to wider investments in 2018, this solution has already attracted in excess of USD 3bn in investments). It is a pragmatic, flexible, investor-led approach. Minimising allocations to companies most negatively affected by climate change should help to mitigate the downside risk, while increasing exposure to companies with climate-smart business models and offerings may maximize the upside opportunity.

Building on the principles underpinning this strategy we have developed a broader Climate Aware framework which contains three key elements:

1. Portfolio mitigation: Lowering investment exposure to carbon risks
2. Portfolio adaptation: Increasing investment exposure to climate-related innovation and solutions
3. Portfolio transition: Aligning portfolios to an investor's chosen climate glidepath.

A program of active engagement underpins the "portfolio transition" component of the framework. It looks to provide deeper insights to the actions and progress which companies are making toward a climate-smart future. Those insights mean that investors can directly link the adjustments they make to investments in their portfolios to "real world" actions that investee companies are taking to address climate change.

Portfolio transition also includes scenario analysis as a means to understanding the overall direction of investment approach or individual strategies. It is an area where we are continuing to explore how scenario analysis can best support the investment activities of UBS AM.

Other

**Specify**

Potential use as a risk management tool.

**Describe**

As described above, UBS is working internally and through industry cooperation to further develop methodology, data availability and scenario applicability related to climate risks and opportunities.

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

Product development and investment decision processes: New financial products and services are reviewed before their launch in order to assess their compatibility and consistency with UBS's climate change strategy and against environmental and human rights standards, which also interact with our risk management approach on climate change (part of UBS Climate Strategy). Climate, environmental and social risks are also considered in investment decision processes.

Client onboarding: Potential clients are assessed for environmental and social risks associated with their business activities as part of UBS's Know Your Client compliance processes.

Portfolio review: At portfolio level, we regularly review sensitive sectors and activities prone to bearing climate, environmental, and social risks. We assess client exposure and revenue in such sectors and attempt to benchmark the portfolio quality against the Paris Agreement, and/or regional and/or sectoral averages. Such portfolio reviews give us an accurate aggregated exposure profile and an enhanced insight into our transaction and client onboarding processes. Based on the outcome of these reviews, we can explore ways to improve the future portfolio profile using a range of risk parameters. We have added climate reporting as one element of our mandate reporting, covering insights for our clients on their current climate profile and leading into conversations on how to improve this.

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

**SD 13.5.0C** Indicate who uses this analysis.

Board members, trustees, 3-level risks, Investment Committee

Portfolio managers

Dedicated responsible investment staff

External managers

Investment consultants/actuaries

Other

**Specify**

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.

**SD 13.6.0C** Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

Yes

No

**Please explain the rationale**

UBS AM is at an early stage of exploring how to use scenario analysis for the purposes of risk management across our products and services. We participated in the ICCC working group on scenario analysis and contributed to the report "Navigating Scenario Analysis", published November 2018.

**SD 13.7.0C** Indicate whether a range of climate scenarios is used.

Analysis based on a 2°C or lower scenario

Analysis based on an abrupt transition, consistent with the Inevitable Policy Response

Analysis based on a 4°C or higher scenario

No, or range is not used

**SD 13.8.0C** Indicate the climate scenarios your organisation uses.

Provider	Scenario used
EA	<input checked="" type="checkbox"/> Beyond 2 Degrees Scenario (BDS)
EA	<input checked="" type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degree scenario
EA	<input checked="" type="checkbox"/> Sustainable Development Scenario (SDS)
EA	<input checked="" type="checkbox"/> New Policy Scenario (NPS)
EA	<input checked="" type="checkbox"/> Current Policy Scenario (CPS)
IRENA	
Disambiguate	
Institute for Sustainable Development	
Scenario(s)	
IPCC	<input checked="" type="checkbox"/> Representative Concentration Pathway (RCP) 2.6
IPCC	<input checked="" type="checkbox"/> RCP 6
IPCC	<input checked="" type="checkbox"/> RCP 4.5
IPCC	<input checked="" type="checkbox"/> RCP 2.6
Other	
Other	
Other	

**SD 14** **Mandatory to Report, Voluntary to Disclose** **Additional Assessed** **PR 1**

**SD 14.1** Some investment risks and opportunities arise as a result of long-term trends. Indicate which of the following are considered.

Changing demographics

Climate change

Resource scarcity

Technological developments

Other, specify(1)

**other description (1)**

Growing populations, aging populations, and urbanization.

Other, specify(2)

None of the above

**SS 14.2** Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

Established a climate change sensitive or climate change integrated asset allocation strategy

Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, changes or asset classes.

Total AUM  
108,000,000,000 USD  
108,000,000,000 USD

Specify the framework or taxonomy used

Details in the UBS Sustainability Report 2019, page 4 ([https://www.ubs.com/global/en/ubs-society/responsible-investing/our-approach-to-sustainable-investing/1076054452/ncat1/hasseur/fininvest/risk/0818203565\\_file/5uayw/vkRbP9qz5Zw5DL2R6e9hc3ndhMvYmWV5Z2Xv6z3lcnvVXKRp25L2F4ubVbC7Y2BxwQdMjA4G9911M3z2z0FpbmFuWkqHkcmVwb3JL1TwkFTtstZVlRb2g==](https://www.ubs.com/global/en/ubs-society/responsible-investing/our-approach-to-sustainable-investing/1076054452/ncat1/hasseur/fininvest/risk/0818203565_file/5uayw/vkRbP9qz5Zw5DL2R6e9hc3ndhMvYmWV5Z2Xv6z3lcnvVXKRp25L2F4ubVbC7Y2BxwQdMjA4G9911M3z2z0FpbmFuWkqHkcmVwb3JL1TwkFTtstZVlRb2g==))

These are your investments in your fossil fuel holdings

Reduced portfolio exposure to emissions intensive or fossil fuel holdings

Used emissions data or analysis to inform investment decision making

Sought climate change integration by companies

Sought climate supportive policy from governments

Other, specify

None of the above

**SS 14.3** Indicate which of the following tools the organization uses to manage climate-related risks and opportunities.

Scenario analysis

Disclosures on emissions risks to clients/trustees/management/beneficiaries

Climate-related targets

Encouraging internal and/or external portfolio managers to monitor emissions risks

Emissions risk monitoring and reporting are formalized into contracts when appointing managers

Weighted average carbon intensity

Carbon footprint (scope 1 and 2)

Portfolio carbon footprint

Total carbon emissions

Carbon intensity

Exposure to carbon-related assets

Other emissions metrics

Other, specify

None of the above

**SS 14.0C** Voluntary General

**SS 14.6 OC** Provide further details on the key metrics used to assess climate-related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	Minority of assets	Activate range of climate related goals for our Climate Aware Rules-Based Equity Strategy	Various	Proprietary glide path probability methodology which employs a variety of inputs. Outputs are compared to a specified benchmark for funds implementing this strategy.
Carbon footprint (scope 1 and 2)	Minority of assets	Increased transparency available within custom client reporting for our equity strategies.	tons of CO2e	(i) Carbon Emissions Scope 1 (direct CO2e emissions from sources owned or controlled by the portfolio companies for which an investor is responsible. The GHG emissions are allocated to the investor based on an ownership share perspective. (ii) Carbon Emissions Scope 2 (indirect CO2e emissions from consumption of purchased utilities (including T&D losses)) by portfolio companies for which an investor is responsible. The GHG emissions are allocated to the investor based on an ownership share perspective.
Portfolio carbon footprint	Minority of assets	Increased transparency available within custom client reporting for our equity strategies.	tons of CO2e per invested million	Carbon Emissions Scope 1 and 2 normalized by the Portfolio Market Value expressed in millions. As a normalized metric, the Carbon Footprint can be used to accurately compare portfolios of any size.
Total carbon emissions	n.a.	n.a.	n.a.	
Carbon intensity	Minority of assets	Increased transparency available within custom client reporting	tons of CO2e per invested million	(i) Carbon Intensity (carbon emissions per million assets generated by portfolio companies, allocated to the investor based on an ownership share perspective. This metric adjusts for company size and is an accurate measurement of portfolio carbon efficiency. (ii) Weighted Average Intensity (Weighted Average of the Carbon Intensity of each portfolio company. This metric measures a portfolio's exposure to carbon intensive companies and can serve as a proxy for a portfolio's exposure to climate change-related risks.

**SS 14.7 OC** Describe in further detail the key targets.

Target type	Baseline year	Target year	Description	Attachments

**SS 14.8 OC** Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

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

Please describe

UBS Group manages its environmental and social, as well as climate risks, through an Environmental Management System (EMS), in accordance with the ISO 14001 standard. The EMS helps us to systematically reduce environmental risks, seize climate change / environment-related market opportunities and to continuously improve UBS's climate change / environmental performance and resource efficiency and is established according to the ISO 14001 standard and organized in the UBS ISO 14001 manual. This certificate attests that UBS's management system is an appropriate tool for evaluating compliance with the relevant environmental regulations, achieving self-defined environmental objectives, and maintaining continued improvement of environmental performance.

The EMS, structured in an annual cycle consisting of planning, implementation, controlling and review including corrective actions, applies world-wide to all transactions, services and activities involving CO2-environmental issues entered into by or on behalf of UBS, with quarterly monitoring and reporting to the Global ESR Committee. Banking activities and in-house operations must be conducted in compliance with this policy. All clients are notified of our engagement with companies, we developed a scenario analysis based on the TCFD that reveals interesting insights on the current practice on climate change by the companies and the gaps we need to address. We avoid companies on eight factors: responsiveness, governance, risk management, strategic performance, targets, lobbying and disclosures. We have aligned a number of these engagements with the Climate Action 100+ collaborative engagement, and we are currently directly involved in 29 coalitions of investors and lead seven of the company dialogues across regions.

We prioritize risks and opportunities by focusing on the impact of climate change and on our exposure to the risk, considering factors such as the product, service, client base, etc. The process to prioritize environmental (CO2) risks and opportunities is defined within our environmental management system, as well. Each business division assesses and rates the potential for risks / opportunities arising in the products and services offered according to a step-by-step procedure of evaluation and ranking, review and approval, and documentation. Items rated as having a substantive impact are further referred for management and mitigation.

For example, in order to manage our own, and our clients', risk derived from transition risks associated with climate change and better understand UBS exposure to transition risks within specific product lines (asset level) and at the company level as a whole, we have performed both top-down balance sheet stress testing, as well as targeted, bottom-up analysis of specific sector exposures. In doing so, we identified challenges arising from the stability of climate scenarios for banking risk modeling to data availability. To address these challenges, we have committed to work towards alignment and knowledge sharing within the industry.

UBS also manages physical climate risks within its in-house operations. Here, UBS responds to these risks by ensuring that our infrastructure is not only efficient but also highly resilient in order to cope with current and future demands likely to be placed upon it. UBS plans for potential disruptions to its business, from adverse weather events, with its Business Continuity Management (BCM) unit.

Processes for climate-related risks are not integrated into overall risk management

**SS 14.9 OC** Indicate whether your organization, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

Yes

Please describe

UBS AM has been actively engaging with 53 companies that pose greater risks from a climate perspective. While UBS AM has interests across a wide range of industries, we identified the energy and utilities sectors as particularly exposed to the climate change transition. Our approach was unique, understanding how the companies we invest in address climate risks and, with direct engagement, influencing real change. In order to increase our engagement with companies, we developed a scenario analysis based on the TCFD that reveals interesting insights on the current practice on climate change by the companies and the gaps we need to address. We avoid companies on eight factors: responsiveness, governance, risk management, strategic performance, targets, lobbying and disclosures. We have aligned a number of these engagements with the Climate Action 100+ collaborative engagement, and we are currently directly involved in 29 coalitions of investors and lead seven of the company dialogues across regions.

No, we do not undertake active ownership activities

No, we do not undertake active ownership activities to encourage TCFD adoption.

**SS 15** Mandatory to Report, Voluntary to Disclose PR1

**SS 15.1** Indicate if your organization allocates assets to, or manages, funds based on specific environmental and social themes areas.

Yes

**SS 15.2** Indicate the percentage of your total AUM invested in environmental and social-themed areas.

10%

**SS 15.3** Specify which thematic areas you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Areas

Energy efficiency / Clean technology

Asset class invested

Listed equity

8%Percentage of AUM (+/- 5%) per asset class invested in the area

Fixed income - ISA

Fixed income - Corporate (financial)

Fixed income - Corporate (non-financial)

Fixed income - Securitized

Private equity

Property

Infrastructure

Hedge funds

Fund of hedge funds

Other (1)

Brief description and measures of investment

With respect to our Global Sustainable Impact Equity Strategy, we aim to invest in companies that provide solutions to significant global challenges, honing in on climate change, air pollution, clean water and water scarcity, treatment of disease, alleviation of poverty and food security through the impact of their products and services.

In addition, our Long Term Themes Equity strategy seizes thematic opportunities by investing in companies whose products and services are solutions to megatrend challenges, defined as population growth, ageing and urbanization.

Renewable energy

Asset class invested

Listed equity

Fixed income - ISA

Fixed income - Corporate (financial)

Fixed income - Corporate (non-financial)

Fixed income - Securitized

Private equity

Property

8%Percentage of AUM (+/- 5%) per asset class invested in the area

Hedge funds

Fund of hedge funds

Other (1)

Brief description and measures of investment

With regards to portfolio companies, specific ESG considerations include the following:

Environmental management systems and compliance - A company which demonstrates superior commitment, capacity and track record to its peers in the management of environmental risks presents a lower risk for investors. Robust systems, practices and controls reduce the regularity and consequences of operational incidents that impact the environment and reduce the costs of managing and resolving incidences.

Environmental efficiency (waste, water, energy) - Reducing waste and minimizing the use of finite natural resources, particularly clean water and energy, will support continued growth, support the prosperity of future generations and reduce current and future costs of resources used by the company.

Green buildings

Asset class invested

Listed equity

Fixed income - ISA

Fixed income - Corporate (financial)

Fixed income - Corporate (non-financial)

Fixed income - Securitized

Private equity

Property

8%Percentage of AUM (+/- 5%) per asset class invested in the area

Infrastructure

Hedge funds

Fund of hedge funds

Other (1)

Brief description and measures of investment

Our quantitative and qualitative goals benefit our investors, but tenants and UBS and its shareholders. Our goals are a 20% reduction of greenhouse gas emissions by 2025 and a 10% reduction of the energy consumption of our properties by 2025. In conjunction with this strategy we are increasing our share of renewable energy in the energy mix of our suppliers and implementing

various property-specific improvements. Our quantitative goals include reducing residual waste, increasing the recycling rate by 20% and reducing the water consumption of our properties by monitoring consumption and developing specific water saving measures in different properties.

We measure the sustainability performance of our properties and funds with external (GRESB Performance Indicators) benchmarks and certifications (BREEAM, LEED, Energy Star, DGNB, Mirovirel). Based on these results we are able to define specific measures for each property. A holistic approach on sustainability also includes strategic and qualitative objectives. We improve the sustainability performance of our business by implementing action plans and best practice measures.

- In 2019, REPM submitted 20 funds to the 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.
- Sustainable forestry
  - Sustainable agriculture
  - Microfinance
  - SME financing
  - Social enterprise / community investing
  - Affordable housing

Asset class invested	
<input type="checkbox"/> Listed equity	
<input type="checkbox"/> Fixed income - ISA	
<input type="checkbox"/> Fixed income - Corporate (financial)	
<input type="checkbox"/> Fixed income - Corporate (non-financial)	
<input type="checkbox"/> Fixed income - Securitised	
<input type="checkbox"/> Private equity	
<input checked="" type="checkbox"/> Property	
30Percentage of AUM (n=5%) per asset class invested in the area	
<input type="checkbox"/> Infrastructure	
<input type="checkbox"/> Hedge funds	
<input type="checkbox"/> Fund of hedge funds	
<input type="checkbox"/> Other (1)	

**Brief description and measures of investment**

While this is not tracked for all funds globally due to strategy differences, the fund with the highest investment in multi-family does track the investments that are subject to rent control, affordability requirements and rent stabilization. The corresponding percent (by value) of that fund's multi-family investments is approximately 26%.

- Education
- Global health

Asset class invested	
<input checked="" type="checkbox"/> Listed equity	
5Percentage of AUM (n=5%) per asset class invested in the area	
<input type="checkbox"/> Fixed income - ISA	
<input type="checkbox"/> Fixed income - Corporate (financial)	
<input type="checkbox"/> Fixed income - Corporate (non-financial)	
<input type="checkbox"/> Fixed income - Securitised	
<input type="checkbox"/> Private equity	
<input type="checkbox"/> Property	
<input type="checkbox"/> Infrastructure	
<input type="checkbox"/> Hedge funds	
<input type="checkbox"/> Fund of hedge funds	
<input type="checkbox"/> Other (1)	

**Brief description and measures of investment**

With respect to our Global Sustainable Impact Equity strategy, we aim to invest in companies that provide solutions to significant global challenges, having in on climate change, air pollution, clean water and water scarcity, treatment of disease, alleviation of poverty and food security through the impact of their products and services.

In addition, our Long Term Themes Equity strategy seeks thematic opportunities by investing in companies whose products and services are solutions to megatrend challenges, defined as population growth, ageing and urbanisation.

- Water

Asset class invested	
<input checked="" type="checkbox"/> Listed equity	
5Percentage of AUM (n=5%) per asset class invested in the area	
<input type="checkbox"/> Fixed income - ISA	
<input type="checkbox"/> Fixed income - Corporate (financial)	
<input type="checkbox"/> Fixed income - Corporate (non-financial)	
<input type="checkbox"/> Fixed income - Securitised	
<input type="checkbox"/> Private equity	
<input type="checkbox"/> Property	
<input checked="" type="checkbox"/> Infrastructure	
4Percentage of AUM (n=5%) per asset class invested in the area	
<input type="checkbox"/> Hedge funds	
<input type="checkbox"/> Fund of hedge funds	
<input type="checkbox"/> Other (1)	

**Brief description and measures of investment**

With respect to our Global Sustainable Impact Equity Strategy, we aim to invest in companies that provide solutions to significant global challenges, having in on climate change, air pollution, clean water and water scarcity, treatment of disease, alleviation of poverty and food security through the impact of their products and services.

Our Infrastructure Funds hold investments in a water utility firm. Since acquisition, we have implemented several long term incentive plans focusing on areas of operation and asset improvement and customer service.

- Other area, specify

Climate Change

Asset class invested	
<input checked="" type="checkbox"/> Listed equity	
5Percentage of AUM (n=5%) per asset class invested in the area	
<input type="checkbox"/> Fixed income - ISA	
<input type="checkbox"/> Fixed income - Corporate (financial)	
<input type="checkbox"/> Fixed income - Corporate (non-financial)	
<input type="checkbox"/> Fixed income - Securitised	
<input type="checkbox"/> Private equity	
<input type="checkbox"/> Property	
<input type="checkbox"/> Infrastructure	
<input type="checkbox"/> Hedge funds	
<input type="checkbox"/> Fund of hedge funds	
<input type="checkbox"/> Other (1)	

**Brief description and measures of investment**

Our Climate Aware Ruro Based Equity investment portfolio seeks to provide maximum current income as consistent with liquidity and preservation of capital while giving consideration to select environmental, social, and governance criteria into the investment process. The sustainable analysis is integrated into the credit research process and performed at the issuer level where the credit analysts evaluate 1) the credit profile of an issuer and 2) the sustainable profile of the issuer. Our sustainable investing analysis is a proprietary methodology that uses both internal and external data to evaluate the quality of sustainable practices employed by issuers. Credit analysts assign an ESG score of 1-5 to each issuer, based on the quality and commitment to SI practices by the company (1 to best, 5 to worst).

The combination of the credit and SI analysis forms the basis of portfolio construction, focusing on issuers that contribute to meeting the credit profile and ESG profile for the portfolio.

Our equity, fixed income, real estate, infrastructure and private equity investment capabilities can be combined into customised multi-asset solutions. In this case, they incorporate the ESG processes of the underlying asset classes as described in each of the specific PRI modules.

0 No

55.16	Mandatory	Descriptive	General
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55.16.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.		
<b>Asset Class</b>	Describe what processes are in place and the outputs or outcomes achieved		
<b>Market</b>	The US\$-AM ESG money market portfolio seeks to provide maximum current income as consistent with liquidity and preservation of capital while giving consideration to select environmental, social, and governance criteria into the investment process. The sustainable analysis is integrated into the credit research process and performed at the issuer level where the credit analysts evaluate 1) the credit profile of an issuer and 2) the sustainable profile of the issuer. Our sustainable investing analysis is a proprietary methodology that uses both internal and external data to evaluate the quality of sustainable practices employed by issuers. Credit analysts assign an ESG score of 1-5 to each issuer, based on the quality and commitment to SI practices by the company (1 to best, 5 to worst).		
<b>Other (1) (as defined in Organisational Overview module)</b>	The combination of the credit and SI analysis forms the basis of portfolio construction, focusing on issuers that contribute to meeting the credit profile and ESG profile for the portfolio.		
	Our equity, fixed income, real estate, infrastructure and private equity investment capabilities can be combined into customised multi-asset solutions. In this case, they incorporate the ESG processes of the underlying asset classes as described in each of the specific PRI modules.		

55.17	Mandatory	Descriptive	General
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55.17.1	Describe how you address ESG issues for externally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.		
<b>Asset Class</b>	Describe what processes are in place and the outputs or outcomes achieved		
<b>Private equity</b>	ESG is an important part of our overall due diligence process and information on the target fund's ESG policies are collected as part of the due diligence questionnaire the target fund managers complete. In addition to reviewing a fund's ESG policies, we will also consider how it incorporates these policies into the fund strategy, how it reports its ESG strategy to its investors, what relevant laws and regulations impact the fund, and any sustainability initiatives the fund is already participating in. This information is then incorporated into the investment decision making process.		
<b>Property</b>	ESG is an important part of our overall due diligence process and information on the target fund's ESG policies are collected as part of the due diligence questionnaire the target fund managers complete. In addition to reviewing a fund's ESG policies, we will also consider how it incorporates these policies into the fund strategy, how it reports its ESG strategy to its investors, what relevant laws and regulations impact the fund, and any sustainability initiatives the fund is already participating in. This information is then incorporated into the investment decision making process. We ensure ESG forms part of our due diligence process because we recognise the value of proactive and positive ESG policies. The benefits of these may include: limiting the risk of regulatory non-compliance, maintaining properties' competitive positions in the market, increasing the appeal of a property to tenants and purchasers, and in some cases, reducing expenses and improving returns. Among the underlying funds, the majority have implemented ESG policies, as signatories to the PRI and participate in the GRESB assessments.		
<b>Infrastructure</b>	We thoroughly consider how a manager incorporates ESG policies into firm and fund strategy. Now it reports on ESG topics and issues to investors, on the relevant laws and regulations impacting the fund, any sustainability initiatives embraced by the manager, etc. This information is then incorporated into the investment decision-making process. For example, we will not consider fund managers with investment strategies which include certain sub-sectors that are deemed environmentally unsuitable, or operating business in countries that are not able to demonstrate their commitments to human rights, etc.		

55.18	Voluntary	Descriptive	General
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55.18.1 Indicate whether any specific features of your approach to responsible investment are particularly innovative.

Yes

55.18.2 Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

We use the following features of our approach to be particularly innovative:

- Truly integrated sustainable research platform that enables our Equity and Fixed Income investment teams to collaborate and systematically integrate material ESG risks and opportunities into fundamental research.
- Dedicated team of 18 SI professionals, with an average of 17 years' experience and extensive sector knowledge to support our bottom-up approach.
- Ability to leverage the breadth and depth of US\$-AM's business divisions to ensure cross-divisional knowledge sharing of SI know-how and best practices.
- A focus to go beyond the simple use of third party ESG scores. Our integrated investment assessments incorporate a forward-looking view of material sustainability risks and opportunities from external data, company publications, company meetings, qualitative assessments, and top-down and bottom-up research from our SI Research Analysts and Financial Analysts.
- A structured, forward-looking approach that connects SI research, engagement and proxy voting to drive outcomes for our clients.
- Active involvement in thought leadership, shareholder groups and industry working groups including Climate Action 100 and TCFD.

**Thematic engagement program:**

Our firm-wide investing strategy includes a thematic engagement program on climate change based on the recommendations of the TCFD. Through dialogue with investee companies, we encourage companies to demonstrate:

- Governance ensuring climate change considerations are overseen by the Board.
- Risk management addressing the uncertainties arising from climate change.
- Strategic considerations taking into account the outcomes of scenario analysis, the understanding of the climate resilience of the business, and the specific actions that the company commits to in aligning with a low carbon economy.
- Targets and metrics providing meaningful and ambitious measures of performance.
- Responsible advocacy on climate change policy.

**Consistent approach to climate-related voting**

We expect companies to have a strategy for reducing carbon emissions, to be clear about goals, and to report on progress. We will generally support proposals that require companies to report to shareholders, at a reasonable cost and excluding proprietary data, information concerning their potential liability from operations that contribute to global warming, their policy on climate risks and opportunities and specific targets to reduce emissions. In tandem with engagement, we believe that our voting activities allow us to reinforce the messages communicated to management during our various dialogues and, ultimately, express our dissent if the objectives set out at the start of our engagement with a given company are not met.

**Climate Aware Strategy**

UBS-AM has a 3+ year track record of a dedicated climate methodology that has been applied to several underlying equity index products. The strategy was developed in conjunction with a UK pension fund. It aims to meet current investment goals while taking into account climate change objectives such as lower-carbon footprint, reduced exposure to fossil fuel reserves, and greater exposure to renewable energy opportunities. By including engagement, it has also been designed to be forward-looking. Modelling climate change, especially in the context of equity and fixed income portfolios, means using sophisticated assumptions around the uncertainties of climate change, given we don't yet know its full implications. To add clarity to our own modelling UBS has been working in several innovative areas. For example, we look at factors like supply chain partners, and improvements to qualitative data, such as greater levels of disclosure by companies around target emissions. As data availability improves we expect the opportunities for integrating these types of metrics into portfolios to increase. More recently, this methodology has also been transported to fixed income indices, and we expect to offer climate aware fixed income solutions in the near future.

**Dedicated engagement program for the Climate Aware Strategy**

In 2019, we have reported on our dedicated engagement program that supports that strategy through a focus list of 50 companies that pose the greatest risk from a climate perspective.

While UBS-AM has initiated across a wide range of industries, we identified the energy and utilities sectors as particularly exposed to climate change transition. Our approach was unique, understanding how the companies we invest in address climate risks and with direct engagement, influencing real change. In order to ensure a systematic approach to our engagement with companies, we developed a scorecard analysis based on the TCFD that reveals interesting insights on the current practice on climate change by the and the gaps we need to address. We scored companies on eight factors: responsiveness, governance, risk management, strategy, performance, targets, lobbying and disclosure.

55.19	Mandatory	Core Assessed	PR 2.6
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55.19.1 Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Listed equity - Incorporation	
<p>Do you disclose?</p> <p><input type="radio"/> We do not proactively disclose it to the public and/or clients/beneficiaries</p> <p><input type="radio"/> We disclose to clients/beneficiaries only</p> <p><input checked="" type="radio"/> We disclose to the public</p>	
<p>The information disclosed to clients/beneficiaries is the same</p> <p><input type="radio"/> Yes</p> <p><input checked="" type="radio"/> No</p>	
<p>Disclosure to public and URL</p> <p><input checked="" type="checkbox"/> Broad approach to ESG incorporation</p> <p><input type="checkbox"/> Detailed explanation of ESG incorporation strategy used</p> <p>All too often requested</p> <p><a href="https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html">https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html</a></p>	<p>Disclosure to clients/beneficiaries</p> <p><input type="checkbox"/> Broad approach to ESG incorporation</p> <p><input checked="" type="checkbox"/> Detailed explanation of ESG incorporation strategy used</p> <p>Quarterly or more frequently</p>

Listed equity - Engagement	
<p>Do you disclose?</p> <p><input type="radio"/> We do not disclose to either clients/beneficiaries or the public</p> <p><input type="radio"/> We disclose to clients/beneficiaries only</p> <p><input checked="" type="radio"/> We disclose to the public</p>	
<p>The information disclosed to clients/beneficiaries is the same</p> <p><input type="radio"/> Yes</p> <p><input checked="" type="radio"/> No</p>	
<p>Disclosure to public and URL</p> <p><input checked="" type="checkbox"/> Details on the overall engagement strategy</p> <p><input checked="" type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals</p> <p><input checked="" type="checkbox"/> Number of engagements undertaken</p> <p><input checked="" type="checkbox"/> Breakdown of engagements by type/class</p> <p><input checked="" type="checkbox"/> Breakdown of engagements by region</p> <p><input checked="" type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives</p> <p><input checked="" type="checkbox"/> Examples of engagement cases</p> <p><input checked="" type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.)</p> <p><input type="checkbox"/> Details on whether the provided information has been externally assured</p> <p><input type="checkbox"/> Outcomes that have been achieved from the engagement</p> <p><input type="checkbox"/> Other information</p> <p>Annually</p> <p><a href="https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html">https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html</a></p>	<p>Disclosure to clients/beneficiaries</p> <p><input checked="" type="checkbox"/> Details on the overall engagement strategy</p> <p><input checked="" type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals</p> <p><input checked="" type="checkbox"/> Number of engagements undertaken</p> <p><input type="checkbox"/> Breakdown of engagements by type/class</p> <p><input type="checkbox"/> Breakdown of engagements by region</p> <p><input checked="" type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives</p> <p><input checked="" type="checkbox"/> Examples of engagement cases</p> <p><input checked="" type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.)</p> <p><input type="checkbox"/> Details on whether the provided information has been externally assured</p> <p><input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement</p> <p><input type="checkbox"/> Other information</p> <p>Quarterly or more frequently</p>

Listed equity - (Proxy) Voting	
<p>Do you disclose?</p> <p><input type="radio"/> We do not disclose to either clients/beneficiaries or the public</p> <p><input type="radio"/> We disclose to clients/beneficiaries only</p> <p><input checked="" type="radio"/> We disclose to the public</p>	
<p>The information disclosed to clients/beneficiaries is the same</p> <p><input type="radio"/> Yes</p> <p><input checked="" type="radio"/> No</p>	
<p>Disclosure to public and URL</p> <p><input checked="" type="checkbox"/> Disclose all voting decisions</p> <p><input type="checkbox"/> Disclose some voting decisions</p> <p><input type="checkbox"/> Only disclose abstentions and votes against management</p> <p>Quarterly or more frequently</p> <p><a href="https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html">https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html</a></p>	<p>Disclosure to clients/beneficiaries</p> <p><input checked="" type="checkbox"/> Disclose all voting decisions</p> <p><input type="checkbox"/> Disclose some voting decisions</p> <p><input type="checkbox"/> Only disclose abstentions and votes against management</p> <p>Quarterly or more frequently</p>

Fixed income	
<p>Do you disclose?</p> <p><input type="radio"/> We do not disclose to either clients/beneficiaries or the public</p> <p><input type="radio"/> We disclose to clients/beneficiaries only</p> <p><input checked="" type="radio"/> We disclose to the public</p>	
<p>The information disclosed to clients/beneficiaries is the same</p> <p><input type="radio"/> Yes</p> <p><input checked="" type="radio"/> No</p>	
<p>Disclosure to public and URL</p> <p><input checked="" type="checkbox"/> Broad approach to RI incorporation</p> <p><input type="checkbox"/> Detailed explanation of RI incorporation strategy used</p> <p>Annually</p> <p><a href="https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html">https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html</a></p>	<p>Disclosure to clients/beneficiaries</p> <p><input checked="" type="checkbox"/> Broad approach to RI incorporation</p> <p><input type="checkbox"/> Detailed explanation of RI incorporation strategy used</p> <p>All too often requested</p>

Property	
<p>Do you disclose?</p> <p><input type="radio"/> We do not disclose to either clients/beneficiaries or the public</p> <p><input type="radio"/> We disclose to clients/beneficiaries only</p> <p><input checked="" type="radio"/> We disclose to the public</p>	
<p>The information disclosed to clients/beneficiaries is the same</p> <p><input type="radio"/> Yes</p> <p><input checked="" type="radio"/> No</p>	
<p>Disclosure to public and URL</p> <p><input checked="" type="checkbox"/> ESG information on how you select property investments</p> <p><input checked="" type="checkbox"/> ESG information on how you monitor and manage property investments</p> <p><input checked="" type="checkbox"/> Information on your property investments' ESG performance</p> <p><input type="checkbox"/> Other</p> <p>All too often requested</p> <p><a href="https://www.ubs.com/global/en/asset-management/investment-capabilities/real-estate.html#responsibleinvesting">https://www.ubs.com/global/en/asset-management/investment-capabilities/real-estate.html#responsibleinvesting</a></p> <p><a href="https://www.ubs.com/global/en/asset-management/investment-capabilities/real-estate.html#responsibleinvesting">https://www.ubs.com/global/en/asset-management/investment-capabilities/real-estate.html#responsibleinvesting</a></p>	<p>Disclosure to clients/beneficiaries</p> <p><input checked="" type="checkbox"/> ESG information on how you select property investments</p> <p><input checked="" type="checkbox"/> ESG information on how you monitor and manage property investments</p> <p><input checked="" type="checkbox"/> Information on your property investments' ESG performance</p> <p><input type="checkbox"/> Other</p> <p>Annually</p>

Infrastructure	
<p>Do you disclose?</p> <p><input type="radio"/> We do not disclose to either clients/beneficiaries or the public</p> <p><input type="radio"/> We disclose to clients/beneficiaries only</p> <p><input checked="" type="radio"/> We disclose to the public</p>	
<p>The information disclosed to clients/beneficiaries is the same</p> <p><input type="radio"/> Yes</p> <p><input checked="" type="radio"/> No</p>	
<p>Disclosure to public and URL</p> <p><input checked="" type="checkbox"/> ESG information on how you select infrastructure investments</p> <p><input checked="" type="checkbox"/> ESG information on how you monitor and manage infrastructure investments</p> <p><input type="checkbox"/> Information on your infrastructure investments' ESG performance</p> <p>Annually</p> <p><a href="https://www.ubs.com/global/en/asset-management/investment-capabilities/real-estate.html#responsibleinvesting">https://www.ubs.com/global/en/asset-management/investment-capabilities/real-estate.html#responsibleinvesting</a></p> <p><a href="https://www.ubs.com/global/en/asset-management/investment-capabilities/real-estate.html#responsibleinvesting">https://www.ubs.com/global/en/asset-management/investment-capabilities/real-estate.html#responsibleinvesting</a></p> <p><a href="https://www.ubs.com/global/en/asset-management/investment-capabilities/real-estate.html#responsibleinvesting">https://www.ubs.com/global/en/asset-management/investment-capabilities/real-estate.html#responsibleinvesting</a></p>	<p>Disclosure to clients/beneficiaries</p> <p><input checked="" type="checkbox"/> ESG information on how you select infrastructure investments</p> <p><input checked="" type="checkbox"/> ESG information on how you monitor and manage infrastructure investments</p> <p><input checked="" type="checkbox"/> Information on your infrastructure investments' ESG performance</p> <p>Annually</p>

Hedge Funds	
<p>Do you disclose?</p> <p><input type="radio"/> We do not disclose to either clients/beneficiaries or the public</p> <p><input checked="" type="radio"/> We disclose to clients/beneficiaries only</p> <p><input type="radio"/> We disclose to the public</p>	
<p>Disclosure to clients/beneficiaries</p>	



Please save to client's name/number	
<input checked="" type="checkbox"/> Brief approach to RI incorporation for all strategies	
<input type="checkbox"/> Detailed explanation of RI incorporation for each strategy used	
All Incubator requested	
55 Checks	Checks
<input checked="" type="checkbox"/> If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.	

LEI 01	Mandatory	Gateway	PR 1
<b>LEI 01.1</b> Indicate which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities, and the breakdown of your actively managed listed equities by strategy or combination of strategies.			
<input type="checkbox"/> Screening alone (i.e., not combined with any other strategies) <input type="checkbox"/> Thematic alone (i.e., not combined with any other strategies) <input type="checkbox"/> Integration alone (i.e., not combined with any other strategies) <input checked="" type="checkbox"/> Screening and integration strategies <input type="checkbox"/> Percentage of active listed equity to which the strategy is applied – you may estimate +/- 5% <input type="text"/> % <input type="checkbox"/> Thematic and integration strategies <input checked="" type="checkbox"/> Screening and thematic strategies <input checked="" type="checkbox"/> All three strategies combined <input type="checkbox"/> Percentage of active listed equity to which the strategy is applied – you may estimate +/- 5% <input type="text"/> % <input type="checkbox"/> We do not apply incorporation strategies			
<b>LEI 01.3</b> If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used [Optional]			
<p>The ESG Risk Dashboard is used across all active equity teams at UBS AG. We have a range of distinct investment processes, and the Sustainable Investment Research team works across the investment teams, supporting them to ensure best practice.</p> <p>We divide assets into two main categories where the application of our ESG incorporation strategy differs:</p> <ol style="list-style-type: none"> <li><b>ESG Integrated strategies</b> are strategies where the portfolio manager uses material ESG factors into the financial analysis.</li> <li><b>Sustainability focused strategies</b>, where the investment process is designed around sustainability considerations with direct implications on portfolio construction constraints and universe definition.</li> </ol> <p>In both categories, the ESG Material Issues Framework, the ESG Risk Dashboard, the ESG Risk Signal, and the ESG Consensus Score are leveraged throughout the investment process by portfolio managers and financial analysts as described in LE 01.2. For Sustainability focused strategies, these tools are used to fix boundaries for investment universe definition and portfolio construction constraints in terms of single stock ESG profile (based on the ESG Consensus Score and the ESG Risk Signal) and the portfolio's average ESG profile (based on the ESG Consensus Score and CO2 footprint)</p>			
LEI 02		Voluntary	Additional Assessed
<b>LEI 02.1</b> Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.			
<input checked="" type="checkbox"/> Raw ESG company data <input checked="" type="checkbox"/> ESG research provider <input type="checkbox"/> Self-side <input checked="" type="checkbox"/> In-house – specialised ESG analyst or team <input checked="" type="checkbox"/> In-house – analyst or portfolio manager <input checked="" type="checkbox"/> Company-related analysis or ratings <input checked="" type="checkbox"/> ESG research provider <input type="checkbox"/> Self-side <input checked="" type="checkbox"/> In-house – specialised ESG analyst or team <input checked="" type="checkbox"/> In-house – analyst or portfolio manager <input checked="" type="checkbox"/> Sector related analysis or ratings <input checked="" type="checkbox"/> ESG research provider <input type="checkbox"/> Self-side <input checked="" type="checkbox"/> In-house – specialised ESG analyst or team <input type="checkbox"/> In-house – analyst or portfolio manager <input checked="" type="checkbox"/> Country-related analysis or ratings <input checked="" type="checkbox"/> ESG research provider <input type="checkbox"/> Self-side <input checked="" type="checkbox"/> In-house – specialised ESG analyst or team <input type="checkbox"/> In-house – analyst or portfolio manager <input checked="" type="checkbox"/> Screened stock list <input checked="" type="checkbox"/> ESG research provider <input type="checkbox"/> Self-side <input type="checkbox"/> In-house – specialised ESG analyst or team <input type="checkbox"/> In-house – analyst or portfolio manager <input checked="" type="checkbox"/> ESG issue-specific analysis or ratings <input checked="" type="checkbox"/> ESG research provider <input type="checkbox"/> Self-side <input checked="" type="checkbox"/> In-house – specialised ESG analyst or team <input checked="" type="checkbox"/> In-house – analyst or portfolio manager <input type="checkbox"/> Other, specify:			
<b>LEI 02.2</b> Indicate whether you incentivise brokers to provide ESG research.			
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <b>LEI 02.3</b> Describe how you incentivise brokers. <input type="checkbox"/> We incentivise brokers to provide ESG research through internal broker vote. <input type="checkbox"/> No			
LEI 03		Voluntary	Additional Assessed
<b>LEI 03.1</b> Indicate whether your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.			
<input checked="" type="checkbox"/> Engagement <input checked="" type="checkbox"/> We have a systematic process to ensure the information is made available. <input type="checkbox"/> We occasionally make this information available. <input type="checkbox"/> We do not make this information available. <input checked="" type="checkbox"/> (Proxy) voting <input checked="" type="checkbox"/> We have a systematic process to ensure the information is made available. <input type="checkbox"/> We occasionally make this information available. <input type="checkbox"/> We do not make this information available.			
<b>LEI 03.2</b> Additional information: [Optional]			
<p>We maintain a comprehensive database of our company interactions in order to share information internally, review progress against defined objectives over time, and follow up on any issues that have been identified. This tracking system allows us to link engagement conversations with proxy voting decisions and the investment process (including providing inputs for decisions on overweighting, underweighting, and eventually selling).</p> <p>Research produced by investment teams is hosted on the same platform. Our financial analysts consider ESG components and complete ESG specific questions in their company research notes and discuss their analysis with portfolio managers. If an ESG risk is identified from the ESG Risk Signal, the financial analysts must explain whether, and to what extent, they agree with the risk signal and if there is potential to engage with company management to mitigate that risk.</p>			
LEI 04		Mandatory	Core Assessed
<b>LEI 04.1</b> Indicate and describe the type of screening you apply to your internally managed active listed equities.			
<input checked="" type="checkbox"/> Negative/exclusionary screening <input checked="" type="checkbox"/> Product <input checked="" type="checkbox"/> Activity <input checked="" type="checkbox"/> Sector <input checked="" type="checkbox"/> Country/geographic region <input type="checkbox"/> Environmental and social practices and performance <input type="checkbox"/> Corporate governance <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">Description</div> <p>UBS Group has set standards in product development, investments, financing and supply chain management decisions, which include the exclusion of controversial activities and other areas of concern UBS will not engage in, or will only engage in under stringent criteria. As such, UBS AM will not invest in companies involved in the development, production or purchase 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.</p> <p>In addition, for Sustainability focused strategies, exclusions on alcohol, adult entertainment and coal are applied.</p> <p>Finally, we can exclude any documented controversial activity, including alcohol, gaming, or GMOs based on client preferences. These exclusions are either based on particular sector classifications or based on the percentage of company revenues derived from particular activities.</p> <input checked="" type="checkbox"/> Positive/best-in-class screening <input checked="" type="checkbox"/> Product <input checked="" type="checkbox"/> Activity <input type="checkbox"/> Sector <input type="checkbox"/> Country/geographic region <input type="checkbox"/> Environmental and social practices and performance <input checked="" type="checkbox"/> Corporate governance <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">Description</div> <p>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) utilize a portfolio construction process that leads to a better sustainability profile than the benchmark. These strategies are primarily positive screening, seeking to invest in companies with strong sustainability profiles. By way of example, the UBS AM Global Sustainable Equities Team's investment philosophy combines fundamental security analysis with ESG integration to identify companies that they think are attractively valued and that also rank well on sustainability metrics as they believe these characteristics are the hallmarks of businesses that generate shareholder value.</p> <input checked="" type="checkbox"/> Norms-based screening <input checked="" type="checkbox"/> UN Global Compact Principles <input type="checkbox"/> The UN Guiding Principles on Business and Human Rights <input type="checkbox"/> International Labour Organization Conventions <input type="checkbox"/> United Nations Convention Against Corruption <input type="checkbox"/> OECD Guidelines for Multinational Enterprises <input type="checkbox"/> Other, specify: <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">Description</div> <p>In the UBS AM ESG integrated strategies (where the portfolio manager uses material ESG factors in the financial analysis), we implement a norms-based screening approach such that investments are screened based on whether or not they align with international standards and norms such as UN Global Compact. For this we use a selected service provider to develop a list of companies that we screen against one or more of the principles. Cases are assessed by our Sustainable Investment Research and Stewardship teams and, where necessary, we initiate engagement to ensure that companies effectively close and remedy identified breaches and both communicate with stakeholders and ensure that they have addressed any management failures. Cases are escalated for a discussion on ending the position when we consider that the engagement objectives have not been met.</p>			
<b>LEI 04.2</b> Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.			
<input type="checkbox"/> We use an external advisor to identify companies involved in the production, sale or distribution of cluster munitions and anti-personnel mines. The firm's Sanctions Compliance Committee issues a list of affected companies based on information provided by the external advisor. The list is updated periodically. Changes are implemented by the responsible portfolio managers and trading and communicated to clients. <input type="checkbox"/> Other, specify:			
LEI 05		Mandatory	Core Assessed
<b>LEI 05.1</b> Indicate which processes your organisation uses to ensure ESG screening is based on robust analysis.			
<input checked="" type="checkbox"/> Comprehensive ESG research is undertaken or sourced to determine companies' activities and products. <input checked="" type="checkbox"/> Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies. <input checked="" type="checkbox"/> External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/Ri staff, the internal audit function or similar. <input checked="" type="checkbox"/> Third party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies. <input type="checkbox"/> Trading platforms (locking / restricting / tagged securities on the block list) <input checked="" type="checkbox"/> A committee, body or similar with representatives independent of the individuals who conduct company research reviews some or all screening decisions. <input checked="" type="checkbox"/> A periodic review of internal research is carried out. <input checked="" type="checkbox"/> Review and evaluation of external research providers. <input type="checkbox"/> Other, specify: <input type="checkbox"/> None of the above			
<b>LEI 05.2</b> Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.			
<input type="checkbox"/> <10% <input type="checkbox"/> 10-50% <input type="checkbox"/> 51-90% <input checked="" type="checkbox"/> >90%			
<b>LEI 05.3</b> Indicate how frequently third party ESG ratings are updated for screening purposes.			
<input checked="" type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Annually <input type="checkbox"/> Biannually <input type="checkbox"/> Less frequently than annually			

**LEI 06.4** Indicate how frequently you review internal research that builds your ESG screens.

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

**LEI 06.5** Additional information. [Optional]

We examine and assess financially material ESG risks and opportunities through the following means:

1. Through our Inhouse ESG Research. Our Sustainable Investment Research team works closely with the equity investment teams to systematically integrate financially material ESG factors into fundamental research. Our Sustainable Investment Research analysts are responsible for:

- The ESG Material Issues Framework which identifies 1 to 5 of the most financially material ESG factors per sector to consider in bottom-up and top-down research.
- Top-down Research on sustainable and impact investing issues and trends
- Bottom-up ongoing support for company analysis
- Engagement. Proactively engaging with companies on material ESG issues

2. Through Data and Research. We use the following external sustainability data and analysis resources to support our SI capabilities:

- MSCI
- Truist
- Thomson Reuters Asset4
- Sustainalytics
- ISS
- RepRisk

In addition to these sources, we further support our equity platform with insights from the UBS AM internal ESG Model which includes fundamental sustainability data at the company and sector level. The data from this model is used alongside valuation data from our analysts to rank the investment universe on both fundamental, including sustainability attractiveness. The model follows the approach taken by the Sustainability Accounting Standards Board in building its Materiality Map.

The external and internal scores, data points and insights above are housed within the ESG Risk Dashboard. In addition, absolute ESG risks such as poor corporate governance and high ESG controversy levels are included in the ESG Risk Dashboard. Collectively, these inputs lead to a proprietary ESG Controversy Score.

**LEI 06** Voluntary Additional Assessed Pg 1

**LEI 06.1** Indicate which processes your organisation uses to ensure fund criteria are met/breached.

Systematic checks are performed to ensure that funds meet the fund's screening criteria  
 Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria  
 Audits of fund holdings are undertaken regularly by internal audit function  
 Periodic auditing/checking of the organisations RI funds by external party  
 Other, specify  
 None of the above

**LEI 06.2** If breaches of fund screening criteria are identified, describe the process followed to correct those breaches.

We use the Sentinel system to monitor client mandates, product restrictions, and regulatory requirements. Sentinel is a third party application used to automate guideline monitoring and is used for pre- and post-trade monitoring. Accounts are monitored on a daily basis by a dedicated team who escalate any potential incidents to the portfolio manager, client servicing and compliance teams. It is not possible to override restrictions in Sentinel. The Sentinel Team sits within COO of UBS AM but there is a segregation of duties between Sentinel and the investment team. Any restriction changes are subject to sign-off by a Transactions Resolving the Approval (TRPA) process and in some cases the Client Relationship Manager and Legal.

**LEI 07** Mandatory Core Assessed Pg 1

**LEI 07.1** Indicate the type of sustainable thematic funds or mandates your organisation manages.

Environmentally themed funds  
 Socially themed funds  
 Combination of themes

**LEI 07.2** Describe your organisation's processes relating to sustainable thematic funds. [Optional]

We offer several Sustainability focused thematic strategies. Sustainability focused strategies are defined as having an investment process designed around sustainability considerations with direct implications on portfolio construction constraints and universe definition. In the case of thematic strategies, portfolio construction is further developed to include specific secular themes or identification of companies with high sustainability profiles as determined by the ESG Risk Dashboard.

Our dedicated Global Sustainable Equities team manages a range of strategies that integrate material sustainability factors with a rigorous fundamental investment process. This team actively looks for companies that appear attractively valued and can benefit from secular themes, such as energy and water conservation, health care, demographics, and other long-term trends.

The Global Sustainable Equities team manages the Long Term Themes strategy which was launched in 2016. Population growth, ageing, and urbanization are three inexorable trends that are reshaping our societies. These changes represent huge adaptation challenges that the Chief Investment Officer (CIO) of UBS Wealth Management (UBS WM) defines into 20+ investment themes, such as the need to improve energy efficiency, waste management and healthcare in Emerging Markets. The UBS Long Term Themes strategy focuses these thematic opportunities by investing in companies whose products and services are solutions to the mega trend challenges. In addition to this thematic positioning, the strategy also has a strong sustainability profile.

Our Global Sustainable Equities team concentrates on selecting companies and portfolio construction. Our investment process combines our bottom-up fundamental research on companies with rigorous sustainability analysis to arrive at a portfolio of 40-50 best ideas that we believe are attractively valued and have a strong sustainability profile.

In the indexing space, UBS AM's Systematic and Index Investments team manages a rules-based equity investment strategy focused on climate-related risks and opportunities. The Climate Aware strategy is an innovative equity solution designed for investors looking to mitigate the risk of climate change, including the transition to a low-carbon economy by:

- Aiming to deliver returns broadly in line with the respective benchmark index (FTSE Developed Index in case of the fund with the longest track record) and increase or decrease exposure to constituents of the index based on their expected contribution towards limiting climate change. The fund has a maximum ex-ante tracking error versus the benchmark of 0.50%, and relatively tight deviation constraints versus the benchmark on industry, sector and country level (amongst other constraints).
- Applying tilts to increase or decrease exposure to the index constituents based on their expected contribution to climate change. For example, the strategy will invest in more companies well placed to take advantage of the transition to a low carbon economy, including those working on renewable energy
- Not including stocks, but pursuing an active voting and engagement policy with companies that most need to adapt their business models in order to meet globally agreed climate change goals.

**Investment approach and process**

Many investing solutions take the straightforward approach of offering strategies that overweight the stocks of companies that are less dependent on fossil fuels relative to higher carbon-emitting peers. We believe this approach has two important limitations:

- It fails to incorporate past or very recent information about the carbon footprint of each company. This approach does not take into account a company's forward-looking commitment to carbon reduction.
- A second problem with this backward-looking approach is that carbon emission data is subject to estimator errors as a component of carbon emission data per company is estimated by data providers.

Our proprietary and low cost solution aims at providing investors with an innovative, rules-based fund, designed to capitalise on the long-term transition to a low GHG emissions economy and invest more in companies at the heart of this transition, as well as those adapting their operating models. To achieve these increased or decreased exposures, the fund applies a number of tilts.

Negative tilts are applied to reduce the size of the investment in companies that:

- have worse than average GHG emissions when converted to tonnes of CO2 equivalent
- produce energy from coal
- have reserves of coal, oil and gas

Positive tilts are applied to increase the size of the investment in companies that:

- provide renewable energy or supporting technology
- perform in line with the globally agreed climate change goals (2C cap on temperature increase). This positive tilt also constitutes a differentiator with respect to products that rely only on reducing a portfolio's carbon emission.

Furthermore, we believe an active voting policy is crucial. Our fund pursues a Climate Aware voting and engagement policy with companies that most need to adapt their business models in order to meet globally agreed climate change goals.

**LEI 08** Mandatory Core Assessed Pg 1

**LEI 08.1** 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 Issues	Proportion impacted by analysis
Environmental	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%
	Environmental
	Social
Social	
Corporate Governance	
	Corporate Governance

**LEI 08.2** Additional information. [Optional]

We ensure the integration of sustainability around our ESG Material Issues Framework which was developed by the Sustainable Investment Research team to facilitate the integration process. As sustainability covers many topics, financial analysts and portfolio managers need to focus their attention on a limited set of factors that have the potential to impact a company's financial performance. The ESG Material Issues Framework identifies the 3 to 5 most financially relevant factors per sector that can impact the investment thesis across 22 different industry sectors. The orientation toward financial materiality ensures analysts focus on sustainability factors that can impact the bottom line and therefore investment returns.

All company research produced by investment teams includes a series of questions, or a section, that directly addresses ESG issues. Specifically, financial analysts must explain whether, and to what extent, they agree with the risk signal from the ESG Risk Dashboard, and if there is a potential to engage with company management to mitigate that risk. The assessment also questions if, and to what extent, the ESG risks may have impacted conviction levels of the fundamental recommendation.

**LEI 09** Mandatory Core Assessed Pg 1

**LEI 09.1** Indicate which processes your organisation uses to ensure ESG integration is based on robust analysis.

Comprehensive ESG research is undertaken or sourced to determine companies' activities and products  
 Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies  
 Third party ESG ratings are updated regularly  
 A periodic review of the internal research is carried out  
 Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team  
 ESG risk profile of a portfolio against benchmark  
 Analysis of the impact of ESG factors on investment risk and return performance  
 Other, specify  
 None of the above

**LEI 09.2** Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part of your integration strategy.

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

**LEI 09.3** Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.

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

**LEI 09.4** Indicate how frequently you review internal research that builds your ESG integration strategy.

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

**LEI 09.5** Describe how ESG information is held and used by your portfolio managers.

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/factor analysis generated by investment staff  
 Systematic records are kept that capture how ESG information and research were incorporated into investment decisions  
 Other, specify  
 None of the above

**LEI 09.6** Additional information. [Optional]

The Sustainable Investment Research team works closely with the investment teams to systematically integrate ESG factors into fundamental research. The collaboration includes working with equity analysts on identifying the most material sustainability factors per sector and providing research on individual company cases. Sustainable Investment Research Analysts have regular dialogue with their counterparts in equity research, and they participate in meetings with portfolio managers and equity committee meetings. They also collaborate on corporate engagement activities.

**LEI 10** Mandatory to Report, Voluntary to Disclose Core Assessed Pg 1

**LEI 10.1** Indicate which aspects of investment analysis you integrate material ESG information into.

Economic analysis

Proportion of actively managed listed equity exposed to investment analysis

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

Industry analysis

Proportion of actively managed listed equity exposed to investment analysis

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

Quality of management

Proportion of actively managed listed equity exposed to investment analysis

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

Analysis of company strategy

Proportion of actively managed listed equity exposed to investment analysis

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

Portfolio weighting

Proportion of actively managed listed equity exposed to investment analysis

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

Security sensitivity and/or scenario analysis  
 Fair value/fundamental analysis

Proportion of actively managed listed equity exposed to investment analysis

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

Other, specify

**LB 10.3** Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis.

Adjustments to forecasted company financials (sales, operating costs, earnings, cash flows)  
 Adjustments to valuation-model variables (discount rates, terminal value, perpetuity growth rates)  
 Valuation multiples  
 Other adjustments, specify

Risk assessments using the ESG Risk Dashboard and feedback process from PMs.

**LB 10.3.1** Describe how you integrate ESG information into portfolio weighting

Our portfolio managers leverage the analytical platform of UBS AM including the Global Intensity Value Equity Research platform of approximately 30 analysts or their dedicated analysts' ESG information is part of the analysts' qualitative research and reflected in company valuation. The ESG Risk Dashboard is used to flag higher risk companies from an ESG perspective. This can have implications on the weighting of the stock in the portfolio as well as the decision to keep or sell the stock depending on the nature of the risks identified.

For the Climate Aware strategy, the investment process includes environmental data. Importantly, we measure the companies' glide path probabilities. We calculate the probability that a given company will achieve its associated industry target. We consider the qualitative, forward-looking indicators of a company's overall commitment to reducing its CO2 footprint and score them on a simple 0 or 1 scale. We refer to a company's total score on these indicators as its Low Carbon Commitment Score. Essentially by incorporating this forward-looking evidence we improve our confidence in our assessment of whether a given company will achieve its target. We refer to this refined, forward-looking measure as a company's glide path probability.

**LB 10.3.2** Describe the methods you have used to adjust the income forecast/valuation tool

As noted above, UBS AM's portfolio managers and analysts have in-depth knowledge of the companies they cover and the qualitative assessment of companies and subsequent valuation model take into consideration ESG information. The valuation reflects the assumptions used by the analysts. Company research notes must have a detailed income statement, balance sheet and fund flow projections, along with details of the investment thesis and signals for monitoring the thesis as it unfolds. Across our active global equity platform, analysts also are required to answer several ESG questions when completing company research notes which require them to address sustainability risks and to determine the impact that it may have on their fundamental equity analysis.

LB 11.1	Mandatory to Report, Voluntary to Disclose	Descriptive	PR1
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**LB 11.1** Indicate if you manage passive listed equity funds that incorporate ESG factors in the index construction methodology.

Yes  
 No

**LB 11.2** Indicate the percentage of your total passive listed equity funds for which ESG factors are incorporated in the index construction methodology.

ESG incorporation in index construction methodology (% of total passive listed equity funds)

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

**LB 11.3** Specify index fund name, provide a brief description of ESG methodology and indicate which of the following ESG incorporation strategies you apply

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
<p><b>Index/fund 1</b></p> <p>UBS AM is one of the largest providers of sustainable ETFs in Europe. UBS was instrumental in the development of MSCI SRI Indices and has strong relationships with the MSCI team on various ESG related topics.</p> <p>UBS AM manages and markets the following equity ETFs with ESG considerations:</p> <ul style="list-style-type: none"> <li>UBS (Lux) MSCI World SRI UCITS ETF</li> <li>UBS (Lux) MSCI EMU SRI UCITS ETF</li> <li>UBS (Lux) MSCI USA SRI UCITS ETF</li> <li>UBS (Lux) MSCI Pacific SRI UCITS ETF</li> <li>UBS (Lux) MSCI EM SRI UCITS ETF</li> <li>UBS (Lux) MSCI Japan SRI UCITS ETF</li> <li>UBS (Lux) MSCI International Small SRI UCITS ETF</li> <li>UBS (Lux) MSCI A2W SRI UCITS ETF</li> <li>UBS (Lux) MSCI ACWI ESG Universal UCITS ETF</li> <li>UBS (Lux) MSCI EAFE ESG UCITS ETF</li> <li>UBS (Lux) MSCI China ESG UCITS ETF</li> <li>UBS (Lux) MSCI Australia Ethical ETF</li> <li>UBS (Lux) MSCI World ex-Australia Ethical ETF</li> <li>UBS (Lux) MSCI Europe Ethical ETF</li> <li>UBS (Lux) MSCI USA Ethical ETF</li> <li>UBS (Lux) MSCI Japan Ethical ETF</li> <li>UBS (Lux) MSCI Asia APEX S2 Ethical ETF</li> </ul>	<input checked="" type="checkbox"/> Screening <input type="checkbox"/> Thematic <input type="checkbox"/> Integration of ESG factors <input type="checkbox"/> Other

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
<p><b>Climate Aware rules-based solution:</b></p> <p>In February 2017 we launched the rules-based UBS Life Climate Aware World Equity Fund. The Fund aims to deliver returns broadly in line with the FTSE Developed Index and will increase or decrease exposure to constituents of the index based on their expected contributions towards climate change.</p> <p>We subsequently launched a Swiss-domiciled Climate Aware fund and an Irish-domiciled Climate Aware Tax Transparent Fund. As at 31 December 2019, we managed more than USD 1.1 billion AUM in our Climate Aware rules-based strategy.</p> <p>The Climate Aware strategy specifically focuses on climate-related risks and opportunities while at the same time providing index-like risks and returns. The strategy applies positive and negative 'tilts' related to climate change aspects, while aiming to deliver returns broadly in line with the underlying market cap weighted global equity index.</p> <p>A program of active engagement underpins the methodology which looks to provide deeper insights to the actions and progress which companies are making toward a climate smart future. It is this combination of portfolio adjustment and active engagement which defines the 'Climate Aware' framework.</p> <p>This methodology has been applied to fixed income indices, allowing us to offer climate aware fixed income solutions as well.</p>	<input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Thematic <input type="checkbox"/> Integration of ESG factors <input type="checkbox"/> Other

Index/fund name and brief description of ESG methodology	ESG incorporation strategy
<p><b>UBS ETF Global Gender Equality UCITS ETF.</b></p> <p>The UBS Global Gender Equality ETF is a joint collaboration between UBS AM and UBS Wealth Management.</p> <p>The ETF tracks the Sustainable Equity Global Gender Equality 100 Leaders Index, an index of 100 global companies with a strong record in gender diversity and sustainability. The companies were selected based on 10 diversity criteria, including equal compensation and work-life balance, transparency and accountability, gender balance, and sustainability policies. With its broad criteria, the index provides a higher overall gender equality score than other Global Gender Equality indices, whilst providing stable risk-adjusted performance.</p>	<input checked="" type="checkbox"/> Screening <input checked="" type="checkbox"/> Thematic <input type="checkbox"/> Integration of ESG factors <input type="checkbox"/> Other

**LB 11.4** Additional information (Optional)

Within Systematic 4 index investments, we have extensive experience and expertise in incorporating sustainability factors in rules-based and index strategies. We have been managing index portfolios with ESG/PR stock exclusion lists for more than ten years, and as at 31 December 2019, 49% of our total index AUM was managed in segregated mandates, many of which with custom stock exclusion lists. Across our total index book of business, more than USD 275 billion AUM with ESG components, including more than USD 21 billion AUM in index portfolios tracking dedicated ESG/PR standard and custom indices. We apply customisation not only on segregated mandates, but also construct new indices capturing specific thematic factors to be used as benchmarks for our pooled funds and ETFs. As a result of our in-depth research in the sustainable investing space, we have been instrumental in the development of MSCI SRI indices and have strong relationships and maintain dialogue with index providers and ESG database providers on ESG-related topics. In 2017, we broadened our offering of sustainable ETFs with the launch of funds tracking MSCI ESG Universal indices as well as Solactive Equilibri Global Gender Equality 100 Leaders Index, which we developed in collaboration with the index provider. In 2018, we published a book together with MSCI on the developments we saw in the ESG/PR market based space across asset classes. In fixed income indexing, UBS was the first provider to launch an ETF on the MSCI Barclays corporate bond index. In addition to the ETF vehicle, UBS AM has developed various ESG related index and rules-based strategies integrating client-specific requirements.

LB 12	Voluntary	Descriptive	PR1
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**LB 12.1** Indicate how your ESG incorporation strategies have influenced the composition of your portfolio or investment universe.

Screening

Describe any reduction in your starting investment universe or other effects.

ESG integration requires a mitigation of sustainability risks, and this risk mitigation entails a prudent consideration of material risk factors that could have a negative impact on the company's performance. Avoiding significant material sustainability risks in the portfolio can, in turn, help strategies avoid companies with elevated potential for event risk, which in turn can lead to significant headwinds in portfolio performance. Importantly, this process is not driven by ethical principles or norms. The ESG Risk Dashboard is an efficient means of identifying companies with severe ESG risks. Companies identified in this way that require more in-depth work to assess the material impact of those risks which have been highlighted.

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.

Specify the percentage reduction (if): %

Thematic

Describe any alteration to your investment universe or other effects.

**Our Long Term Themes** strategy includes companies in the investable universe which have products that are addressing long-term sustainability themes. We then combine this process with a screening on the ESG performance of the company in order to ensure a combination of strong sustainability management practices in the thematic stocks that qualify for the investment universe.

Each holding in the **Global Sustainable Impact Equity** strategy must offer a compelling impact thesis, investment thesis and rationale for price appreciation and must rank highly using our sustainability scoring methodology or must have the potential for improvement via engagement. Our impact thesis is based upon alignment of a company's products and services to the impact categories of concern and the potential magnitude of the impact generated by impact aligned revenues.

The goal of the **Climate Aware** strategy is to achieve benchmark-like risk and return characteristics in addition to a lower carbon footprint. The primary means to achieve this is not altering the investment universe, but overweighting companies that create a positive change to the carbon intensity of the global economy and underweighting those that appear detrimental to this goal.

Integration of ESG factors

Select which of these effects followed your ESG integration.

Reduce or prioritise the investment universe  
 Overweight/underweight at sector level  
 Overweight/underweight at stock level  
 Buy/sell decisions  
 Engagement / voting  
 Other, specify  
 None of the above

Index incorporating ESG factors (for passively managed funds)

Describe the influence on composition or other effects.

The integration process utilizing the ESG Risk Dashboard and investment analysis company research leads portfolio managers either to engage with companies to mitigate significant ESG risks and therefore work toward improvements, reduce their position or sell the security, or to maintain and justify their holding when the upside potential compensates for the ESG risks identified. Consequently, the integration process underlies the potential decisions of the portfolio managers in the investment process and outcomes.

Our investment process for passively managed equity portfolios does not incorporate ESG considerations unless the used benchmark itself applies ESG considerations or a ESG tilt is applied. One example for this would be the MSCI SRI ETF series of strategies. Quantifying the sustainability profile of such portfolios with ESG benchmarks can be done, e.g. using the index provider information or the UBS AM Sustainability Analytics Investing module.

Outside of the investment process, we vote on behalf of our range of index and rules-based portfolios and may engage with companies ahead of the shareholder meeting. We further review significant positions held only with our index mandates and may engage with companies where we identify areas of concern related to ESG factors.

LB 13	Voluntary	Descriptive	PR1
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**LB 13.1** Provide examples of ESG factors that affected your investment view and/or performance during the reporting year.

ESG factor 1

ESG factor and explanation	ESG incorporation strategy applied
<p><b>Active Equity Example 1</b> The UBS-AM Concentric Alpha Team was a shareholder in a media and communications company that had a low ESG rating, identified in the ESG Risk Dashboard. The Sustainable Investment Research team verified the severe sustainability risks that contributed to the low ESG rating, stemming from the company's culture and corporate governance oversight mechanism that raised red flags based on the number of controversies involving its customers and employees. The company had consistently been involved in high profile legal action and appeared to be reactive in simply settling court cases, rather than proactively building a mitigation mechanism to address the underlying issues. To limit the downside, the investment team decided to sell the stock, given the materiality of the risks flagged and the lack of measures taken by the company to address these risks despite increasing concerns.</p>	

ESG incorporation strategy applied

	Impact on investment decision or performance
	We decided to sell the stock.
<input checked="" type="checkbox"/> ESG factor 2	
	ESG factor and explanation
	<b>Active Equity Example 2:</b> Our European Value Team was invested in a mining company with elevated risk. The stock was flagged for elevated absolute risk in the ESG risk assessment process. The Sustainable Investment Research team confirmed that the ESG risk 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 over two years. They maintained their position in the company on the basis that the ESG risks could be mitigated and that investments in compliance and conduct as well as accelerated management succession would 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 company proactively continued the dialogue, enabling the investment team 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 investments in compliance and conduct as well as accelerated management succession would positively impact the investment thesis over a multi-year time frame.
<input checked="" type="checkbox"/> ESG factor 3	
	ESG factor and explanation
	<b>Active Equity Example 3:</b> Our UK Value team was invested in a transportation company that was targeted by activist investors looking to remove six current Directors and replace them with nominees recommended by the activists. We conducted due diligence with the CEO, Chair and Senior Independent Director of the company, and separately with the activists. Our initial research showed that strategic plans for the company were at odds with creating the best shareholder value due to the focus on retaining the most cash generative part of the business. Hence we decided to engage with the firm. We recommended to management 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, we used our voting rights at the EGM and AGM to send a signal to management that we did not support the proposed strategy or the strategy proposed by the activists. We voted to remove the current Chair, abstain on the entire Board and voted against all proposed activist nominees. After the AGM, the Chair agreed to stand down after 90% 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 turn-around time.
<input type="checkbox"/> ESG factor 4	
<input type="checkbox"/> ESG factor 5	
<b>LB Checks</b>	<b>Checks</b>
<input checked="" type="checkbox"/> If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.	

**LEA 01.1** Indicate whether your organisation has an active ownership policy (includes engagement and/or voting).

Yes

**LEA 01.2** Attach or provide a URL to your active ownership policy

Attachment provided  
 URL provided: [https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability/\\_jcr\\_content/mainpar/node/eqid/37709068/col\\_hab/assetmanager/node/eqid/123019254/col2/rel/col/eqid/05225415/16/td/eqid/PwYRbP9921522W35/296551918A/col/eqid/col/MaZ2w/vf/eqid/VN2Zxhcnr@2d3wXN0Y9R6W/vu/Cy/eqid/ul8Z2y=global-stewardship-statement-2019.pdf](https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability/_jcr_content/mainpar/node/eqid/37709068/col_hab/assetmanager/node/eqid/123019254/col2/rel/col/eqid/05225415/16/td/eqid/PwYRbP9921522W35/296551918A/col/eqid/col/MaZ2w/vf/eqid/VN2Zxhcnr@2d3wXN0Y9R6W/vu/Cy/eqid/ul8Z2y=global-stewardship-statement-2019.pdf)

**LEA 01.3** Indicate what your active engagement policy covers

**General approach to Active Ownership**

Conflicts of interest  
 Alignment with national stewardship code requirements  
 Assets/funds covered by active ownership policy  
 Expectations and objectives  
 Engagement approach

**Engagement**

ESG issues  
 Prioritisation of engagement  
 Methods of engagement  
 Transparency of engagement activities  
 Due diligence and monitoring process  
 Insider information  
 Escalation strategies  
 Service Provider specific criteria  
 Other, (specify)

(Proxy) voting approach

**Voting**

ESG issues  
 Prioritisation and scope of voting activities  
 Methods of voting  
 Transparency of voting activities  
 Regional voting practice approaches  
 Filing or co-filing resolutions  
 Company dialogue pre/post-vote  
 Decision-making processes  
 Securities lending processes  
 Other, (specify)

Other  
 None of the above

No

**LEA 01.4** Do you outsource any of your active ownership activities to service providers?

Yes  
 No

**LEA 01.5** Additional information (Optional)

The UBS Asset Management (UBS AM) Global Stewardship Policy covers both our engagement and voting approaches. More detailed information on our voting process and underlying governance and sustainability expectations for companies from a voting perspective is included in our Proxy Voting Policy available at <https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability/html#under-the-hood-policies-reports-and-voting-information> section. More detailed information on our engagement strategy is available in our white paper "Adding value through active engagement" available at <https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability/html#our-approach-stewardship> section. Information can also be found in our annual stewardship report available at <https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability/html>

**LEA 02.1** Indicate the method of engagement, giving reasons for the interaction

Type of engagement	Reason for interaction
Individual / Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> We do not engage via service providers

**LEA 02.2** Additional information (Optional)

UBS AM's stewardship policy is our commitment to act in good faith and on behalf of our clients. We regard stewardship as an integral part of our fiduciary duty and investment process. We are committed to taking an active approach through a clear and structured program which encompasses the integration of ESG factors into four strongly reinforced activities:

- Investment decision making
- Engagement with corporate management
- Exercise of shareholders rights and
- Advocacy with policy makers and standard setters

Corporate engagement implies a two-way dialogue between investors and companies. Its objective is to enhance information and improve business performance, both in terms of ESG issues and strategy, risk management, and capital allocation. Investors can share their expectations of corporate management and encourage practices which could enhance long-term value. Companies, meanwhile, can 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, it facilitates enhanced investment decisions for long-term value creation. In index strategies, stewardship activities often represent one of the most significant means by which institutional investors can express their views on and influence company performance. It offers a way of addressing broader negative externalities to the economy which in turn could cause instability and inefficiencies within the financial markets and global portfolios. In the case of passive strategies, tracking sustainability indexes or applying a rules-based approach, stewardship activities can also have further impacts. In some instances, dialogue can incentivise companies to improve in order to be included in selected ESG indexes. It can also provide meaningful insights to enhance the methodologies applied in these approaches considering ESG factors to inform underweights and overweights.

UBS AM offers investment strategies across both passive and active. Active strategies benefit from the increased exposure to companies by passive strategies which allows for even stronger corporate access and ability to influence. Passive strategies benefit from the in-depth knowledge and relationship with management by expert financial analysts with sector expertise.

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
- Presence of high ESG risks and opportunities
- History of votes against management
- Performance on topics selected for thematic programs
- Presence of strong controversies

Our approach involves the following:

- Use of internal information shared upon our proprietary comprehensive database, external specialist sell-side broker research and ESG rating tools, and review of proxy voting material ahead of the annual shareholder vote.
- Meetings with company executives (CEO, CFO, and other C-suite representatives), board members (chair and non-executive board members), investor relations, ESG experts, and others such as corporate secretaries.
- Assessment of the quality of explanations given.
- Monitoring of corporate developments through market news sources and company announcements on an ongoing basis.

We have an integrated approach across the entire investment platform. Many of our engagements continue for several years as part of our on-going review process. We maintain a comprehensive database of our meetings with companies, review progress over time, and follow up on issues identified.

Voting at shareholder meetings is a vital component of our overall approach to the effective stewardship of our clients' assets. We tie proxy voting to our research and investment process. Holdings are included in more than one portfolio than we aim, as far as possible, to vote consistently so that we send one strong, unified message to our investee companies.

We also use voting to complement and support our engagement activities. In situations where our engagement dialogue is not bringing the results we had expected, we will escalate and use voting as an additional means by which to express our opinion and seek influence with management. In circumstances such as these, it is essential to communicate effectively with management pre- and post-vote to explain the reasons for our dissent or to open the doors for further dialogue.

UBS AM's proxy voting and engagement activities are overseen by the Stewardship Committee. The Stewardship Committee is chaired by the Head of Investments and includes the Head of Sustainable and Impact Investing, the Head of Active Equities, the Head of Systematic and Index Investing, the Head of Sustainable and Impact Investing Research and Stewardship, and the Head of Global Institutional Client Dialogue.

In addition to the oversight by our Stewardship Committee, we regularly review our approach to stewardship. In this regard, a detailed internal audit was performed in 2019 to ensure our practices were in our clients' interests. Agreed policies and procedures were found to be appropriately implemented.

**LEA 03.1** Indicate whether your organisation has a formal process for identifying and prioritising engagements.

Yes

**LEA 03.2** Indicate the criteria used to identify and prioritise engagements for each type of engagement

Type of engagement	Criteria used to identify/prioritise engagements
Individual / Internal staff engagements	<input type="checkbox"/> Geography/market of the companies <input checked="" type="checkbox"/> Materiality of the ESG factors <input checked="" type="checkbox"/> Exposure (size of holdings) <input checked="" type="checkbox"/> Responses to ESG impacts that have already occurred <input checked="" type="checkbox"/> Responses to divestment pressure <input checked="" type="checkbox"/> Consultation with clients/beneficiaries <input checked="" type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input checked="" type="checkbox"/> Follow-up from a voting decision <input checked="" type="checkbox"/> Client request <input checked="" type="checkbox"/> Breaches of international norms <input type="checkbox"/> Other, (specify) <input type="checkbox"/> We do not outline engagement criteria for our individual engagements.
Collaborative engagements	<input checked="" type="checkbox"/> Potential to enhance knowledge of ESG issues through other investors <input checked="" type="checkbox"/> Ability to have greater impact on ESG issues <input checked="" type="checkbox"/> Ability to add value to the collaboration <input type="checkbox"/> Geography/market of the companies targeted by the collaboration <input checked="" type="checkbox"/> Materiality of the ESG factors addressed by the collaboration <input checked="" type="checkbox"/> Exposure (size of holdings) to companies targeted by the collaboration <input checked="" type="checkbox"/> Responses to ESG impacts addressed by the collaboration that have already occurred <input checked="" type="checkbox"/> Responses to divestment pressure <input checked="" type="checkbox"/> Follow-up from a voting decision <input type="checkbox"/> Alleviate the resource burden of engagement <input checked="" type="checkbox"/> Consultation with clients/beneficiaries <input checked="" type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input type="checkbox"/> Other, (specify) <input type="checkbox"/> We do not outline engagement criteria for our collaborative engagement providers.

No

**LEA 03.3** Additional information (Optional)

Where we believe the effectiveness of engagement and the chance of success can be increased, we are willing to work both formally and informally with collective bodies or to collaborate with other shareholders. By speaking to companies with a unified voice, investors can communicate their views more effectively and allow the companies to focus on a smaller and more coordinated number of requests from the financial community.

Collaboration with peers can bring clear benefits such as building knowledge and skills, sharing resources, and increasing attention from corporate management. However, there is a chance that negotiation and coordination costs might hamper the advantages of collaborating. Therefore, at the outset, we must endeavour to confirm that:

- Working with other investors is permitted by law and/or regulation.
- A general agreement of views and agreement on issues of concern and potential solutions exists.
- Dialogue will be undertaken promptly and
- We, as an investment firm, have the resources to effectively contribute to the research of, and dialogue with, selected companies.

Collaborative engagements are not the only channel for us to work with our peers and raise awareness on sustainable investing. We are also active members of industry working groups and advisory committees. Examples of collaborative initiatives we have recently supported include:

- Climate Action 100+ We are currently directly involved in 29 coalitions of investors within Climate Action 100+ and lead seven of the company dialogues across regions. We are also a member of the IIGCC Climate Action 100+ European Advisory Group.

- We are members of FAIRR and are actively involved in Phase 4 of its sustainable protein supply chain engagement, leading and supporting on various dialogues with companies. We also use the initiative's research in our own integration and engagement activities.
- We have been members of the PRI ESG in Action Oversight working group and provided a case study example which is available on the PRI website. We are also members of the PRI Fixed Income Engagement working group.

LEA 04	Mandatory	Core Assessed	PRI 2
<b>LEA 04.1</b> Indicate whether you define specific objectives for your organisation's engagement activities.			
Individual / Internal staff engagements	<input type="radio"/> All engagement activities <input checked="" type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out by internal staff		
Collaborative engagements	<input checked="" type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out through collaboration		
LEA 05	Mandatory	Core Assessed	PRI 2
<b>LEA 05.1</b> Indicate whether you monitor and/or review engagement outcomes.			
Individual / Internal staff engagements	<input type="radio"/> Yes, in all cases <input checked="" type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out by our internal staff		
Collaborative engagements	<input checked="" type="radio"/> Yes, in all cases <input type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out through collaboration		
<b>LEA 05.2</b> Indicate whether you do any of the following to monitor and/or review the progress of engagement activities.			
Individual / Internal staff engagements	<input type="checkbox"/> Define times/intervals for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other, specify		
Collaborative engagements	<input checked="" type="checkbox"/> Define times/intervals for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other, specify		
<b>LEA 05.3</b> Additional information: [Optional]			
<p>Successful engagement is often not a one-time discussion and can come in various forms from performance monitoring to change in company practices, and the effectiveness can often only be judged over a period of time. We believe it is important to track and monitor progress against our defined engagement objectives.</p> <p>In 2019, we introduced an enhanced internal tracking system to assess the progress of dialogues against defined engagement objectives. Twenty-three percent of our engagements with companies during the year showed progress against identified areas for improvements to manage risks and take advantage of new opportunities.</p> <p>We maintain a comprehensive database of our company interactions in order to share information internally, review progress against defined objectives over time, and follow up on any issues that have been identified. This tracking system allows us to link engagement conversations with proxy voting decisions and the investment process (including providing inputs for decisions on overweighting, underweighting, and eventually selling).</p>			
LEA 06	Mandatory	Additional Assessed	PRI 2-4
<b>LEA 06.1</b> Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.			
<input checked="" type="checkbox"/> Yes			
<b>LEA 06.2</b> Indicate the escalation strategies used at your organisation following unsuccessful engagements.			
<input type="checkbox"/> Collaborating with other investors <input type="checkbox"/> Issuing a public statement <input checked="" type="checkbox"/> Filing/submitting a shareholder resolution <input checked="" type="checkbox"/> Voting against the re-election of the relevant directors <input checked="" type="checkbox"/> Voting against the board of directors or the annual financial report <input type="checkbox"/> Submitting nominations for election to the board <input type="checkbox"/> Seeking legal remedy / litigation <input checked="" type="checkbox"/> Reducing exposure (size of holdings) <input checked="" type="checkbox"/> Divestment <input type="checkbox"/> Other, specify			
<input type="checkbox"/> No			
<b>LEA 06.3</b> Additional information: [Optional]			
<p>There may be occasions when, despite discussions with companies, our concerns have not been sufficiently addressed, and shareholder value is at risk. If a company fails to meet our expectations, and we are not satisfied through our regular engagement process with the explanations provided, we will seek to escalate our approach. In the first instance, this is likely to be through further discussions with the chairman or other senior non-executives.</p> <p>In making decisions as to whether to escalate our engagement we will consider the following:</p> <ul style="list-style-type: none"> <li>• the circumstances which have led to our concern,</li> <li>• the materiality of the potential negative impact,</li> <li>• best practice standards, including national guidelines,</li> <li>• any explanation provided by the company,</li> <li>• the significance of the issue for our clients,</li> <li>• any patterns of concerns over a period of time, and</li> <li>• the likelihood of success.</li> </ul> <p>If a company consistently fails to meet our expectations or if a company's ESG disclosures are insufficient to allow for investors to gain an appropriate understanding of a company's sustainability-related risks, we may decide to vote against management proposals at the shareholder meeting, including the election of board candidates. Should no progress be made over a period of time we may choose to direct all or some of the shares held on behalf of our clients to active portfolio.</p>			
LEA 07	Voluntary	Additional Assessed	PRI 1,2
<b>LEA 07.1</b> Indicate whether insights gained from your organisation's engagements are shared with investment decision-makers.			
Type of engagement	Insights shared		
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No		
Collaborative engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No		
<b>LEA 07.2</b> Indicate the processes used to ensure that information and insights gained through engagements are shared with investment decision-makers.			
<input checked="" type="checkbox"/> Holding investment decision-makers when developing an engagement programme <input checked="" type="checkbox"/> Holding investment team meetings and/or presentations <input checked="" type="checkbox"/> Using IT platforms/systems that enable data sharing <input checked="" type="checkbox"/> Internal process that requires portfolio managers to re-balance holdings based on interaction and outcome levels <input type="checkbox"/> Other, specify <input type="checkbox"/> None			
<b>LEA 07.3</b> Indicate whether insights gained from your organisation's engagements are shared with your clients/beneficiaries.			
Type of engagement	Insights shared		
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No		
Collaborative engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No		
<b>LEA 07.4</b> Additional information: [Optional]			
<p>We maintain a comprehensive database of our company interactions in order to share information internally, review progress against defined objectives over time and follow up on any issues that have been identified. This tracking system allows us to link engagement conversations with proxy voting decisions and the investment process (including providing inputs for decisions on overweighting, underweighting, and eventually selling).</p> <p>We aim to make our stewardship activities transparent through regular reporting to our clients and via other information reported publicly online. Client reporting is conducted quarterly. It includes details of voting and corporate engagement activities undertaken during the quarter. Our stewardship report is published annually. Where practical, our reports include both qualitative and quantitative information. We are always mindful that our engagement activity, especially current activity, may be confidential or sensitive. We may choose not to fully disclose all information, particularly if we feel this could hinder the outcome of our discussions with companies.</p> <p>Our approach to implementing the Principles for Responsible Investment (PRI), including Principle 2 on stewardship across asset classes, is published on our website together with the relevant assessment report.</p> <p>Our voting record is disclosed publicly online on a quarterly basis with details on abeyances or votes against the board. For our regulated funds in the USA, Canada and Australia, we disclose our annual voting record on a fund-by-fund basis.</p>			
LEA 08	Mandatory	Gateway	PRI 2
<b>LEA 08.1</b> Indicate whether you track the number of your engagement activities.			
Type of engagement	Tracking engagements		
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track		
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of collaborative engagements in full <input type="radio"/> Yes, we partially track the number of our collaborative engagements <input type="radio"/> We do not track		
LEA 09	Mandatory to Report, Voluntary to Disclose	Core Assessed	PRI 2
<b>LEA 09.1</b> Indicate the proportion of companies in your listed equities portfolio with which your organisation engaged during the reporting year.			
	We did not complete any engagements in the reporting year.	Number of companies engaged (avoid double counting, see explanatory notes)	Proportion of companies engaged with, out of total listed equities portfolio
Individual / Internal staff engagements	<input type="checkbox"/> We did not complete any engagements in the reporting year.	224	32
Collaborative engagements	<input type="checkbox"/> We did not complete any engagements in the reporting year.	57	8
<b>LEA 09.2</b> Indicate the breakdown of engagements conducted within the reporting year by the number of interactions (including interactions made on your behalf).			
No. of interactions with a company	% of engagements		
One interaction	<input type="radio"/> 0-1%		
	<input checked="" type="radio"/> 51-75%		
	<input type="radio"/> 11-50%		
	<input type="radio"/> 1-10%		
	<input type="radio"/> None		
2 to 3 interactions	<input type="radio"/> 0-1%		
	<input type="radio"/> 51-75%		
	<input checked="" type="radio"/> 11-50%		
	<input type="radio"/> 1-10%		
	<input type="radio"/> None		

More than 3 interactions	<input type="radio"/> >75%
	<input type="radio"/> 51-75%
	<input type="radio"/> 11-50%
	<input checked="" type="radio"/> 1-10%
	<input type="radio"/> None
Total	100%

**LEA 03** Indicate the percentage of your collaborative engagements in which you were the leading organisation during the reporting year

Type of engagement	% leading role
	<input type="radio"/> >75%
	<input checked="" type="radio"/> 10-50%
	<input type="radio"/> <10%
	<input type="radio"/> None
Collaborative engagements	

**LEA 04** Additional information (Optional)  
 Typically, our investment teams have several meetings each year with senior management of the companies. During 2019, we held over 1400 meetings with prospective or investee companies. Of these, 255 met our definition of engagement: a two-way dialogue where we, as a shareholder, provide feedback with a view to influencing corporate behaviour in order to unlock financial performance. They covered 231 companies across regions and sectors.  
 When responding to this reporting framework, we have calculated the number of engagements based on the PRI guidelines to avoid double counting on multiple interactions with the same company on the same topic. Note: The percentages calculated in LEA 03 are based on total listed equities in active portfolios.

**LEA 10** Voluntary Additional Assessed PRI 2

**LEA 10.1** Indicate which of the following your engagement involved

- Letters and emails to companies
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Meetings and/or calls with board/senior management
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Meetings and/or calls with the CSR, IR or other management
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Visits to operations
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Visits to supplier(s) (in supplier(s) from the company's supply chain)
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Participation in roadshows
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Other

**LEA 10.2** Additional information (Optional)  
 On average, our meetings with companies will include company executives and non-executive board members (CEO, CFO, and other C-suite representatives), board members (Chair and non-executive board members), investor relations, ESG experts, and others, such as corporate secretaries. Initial conversations might happen with ESG experts or operational staff in order to complete our analysis of company performance, but we will always aim for a senior management/board members level discussion in order to influence corporate practices.  
 These meetings enable us to have discussions about a wide range of topics and help us make an assessment of management structure, strategy, and performance. They also give us an opportunity to outline what our expectations are and to explain our views on material issues.

**LEA 11** Voluntary Descriptive PRI 2

**LEA 11.1** Provide examples of the engagements that your organisation or your service provider carried out during the reporting year

<input checked="" type="checkbox"/> Add Example 1	<table border="1"> <tr> <td>ESG Topic</td> <td><input checked="" type="checkbox"/> Executive Remuneration</td> </tr> <tr> <td>Conducted by</td> <td><input checked="" type="checkbox"/> Climate Change</td> </tr> <tr> <td>Conducted by</td> <td>Collaborative</td> </tr> <tr> <td>Objectives</td> <td>To ensure that the company has an appropriate strategy to transition to a low carbon economy, including reducing targets for scope 1, 2 and 3 emissions and increase of climate change targets linked to executive pay.</td> </tr> <tr> <td>Scope and Process</td> <td>We engaged with a European oil &amp; gas company as lead investors within Climate Action 100+. In the course of the dialogue, the company has taken significant steps to meet requests of shareholders on climate change, including the development of an intensity reduction target including scope 1, 2 and 3 emissions and the increase of climate change targets linked to executive pay. Management is expanding activities to low carbon energy and intends to increase its market share in gas and electricity distribution in the local market. At the end of 2019, the company committed to undertake a global review of lobbying activities by Q3 2020 and pursue positive lobbying dialogue on climate change. Management has also committed to net zero emissions by 2050 in alignment with the Paris Agreement, becoming the first oil &amp; gas company to do so. Future dialogue will focus on actions the company will take to deliver on these positive ambitions and enhance information on scenario analysis.</td> </tr> <tr> <td>Outcome</td> <td>Company changed practice</td> </tr> </table>	ESG Topic	<input checked="" type="checkbox"/> Executive Remuneration	Conducted by	<input checked="" type="checkbox"/> Climate Change	Conducted by	Collaborative	Objectives	To ensure that the company has an appropriate strategy to transition to a low carbon economy, including reducing targets for scope 1, 2 and 3 emissions and increase of climate change targets linked to executive pay.	Scope and Process	We engaged with a European oil & gas company as lead investors within Climate Action 100+. In the course of the dialogue, the company has taken significant steps to meet requests of shareholders on climate change, including the development of an intensity reduction target including scope 1, 2 and 3 emissions and the increase of climate change targets linked to executive pay. Management is expanding activities to low carbon energy and intends to increase its market share in gas and electricity distribution in the local market. At the end of 2019, the company committed to undertake a global review of lobbying activities by Q3 2020 and pursue positive lobbying dialogue on climate change. Management has also committed to net zero emissions by 2050 in alignment with the Paris Agreement, becoming the first oil & gas company to do so. Future dialogue will focus on actions the company will take to deliver on these positive ambitions and enhance information on scenario analysis.	Outcome	Company changed practice		
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Outcome	Company changed practice														
<input checked="" type="checkbox"/> Add Example 2	<table border="1"> <tr> <td>ESG Topic</td> <td><input checked="" type="checkbox"/> Anti-bribery and corruption</td> </tr> <tr> <td>Conducted by</td> <td>Individual / Internal</td> </tr> <tr> <td>Objectives</td> <td>To improve disclosure in relation to anti-bribery and ethics policies as well as CEO's remuneration and tenure of Board members.</td> </tr> <tr> <td>Scope and Process</td> <td>We engaged with a healthcare company in Europe. Our initial research highlighted the lack of using best practice frameworks for disclosure, limited information on anti-bribery and ethics policies and their implementation, risks related to not having adequate board independence and CEO remuneration. Good practice is being made on the dialogue. We held three engagements in the last year, including with the CEO, investor relations team and legal counsel. The company welcomed our input to enhance its disclosure to shareholders, including:           <ul style="list-style-type: none"> <li>• sharing of information on the various frameworks it could use for future reports going forward and</li> <li>• sharing best practice examples from their peers.</li> </ul>           The company committed to enhancing the quality of the next reports in line with best practice. We discussed the importance of anti-bribery and ethics policies, including implementation practices and disclosure. We noted such policies as important given the company works with large pharma partners to bring products to market (and often relies upon equivalent policies from those partners). The company acknowledged the significance of the issue. We encouraged the company to refresh the board and encouraged the company to enhance disclosure on CEO pay. It was receptive on both issues.         </td> </tr> <tr> <td>Outcome</td> <td>Company committed to change</td> </tr> </table>	ESG Topic	<input checked="" type="checkbox"/> Anti-bribery and corruption	Conducted by	Individual / Internal	Objectives	To improve disclosure in relation to anti-bribery and ethics policies as well as CEO's remuneration and tenure of Board members.	Scope and Process	We engaged with a healthcare company in Europe. Our initial research highlighted the lack of using best practice frameworks for disclosure, limited information on anti-bribery and ethics policies and their implementation, risks related to not having adequate board independence and CEO remuneration. Good practice is being made on the dialogue. We held three engagements in the last year, including with the CEO, investor relations team and legal counsel. The company welcomed our input to enhance its disclosure to shareholders, including: <ul style="list-style-type: none"> <li>• sharing of information on the various frameworks it could use for future reports going forward and</li> <li>• sharing best practice examples from their peers.</li> </ul> The company committed to enhancing the quality of the next reports in line with best practice. We discussed the importance of anti-bribery and ethics policies, including implementation practices and disclosure. We noted such policies as important given the company works with large pharma partners to bring products to market (and often relies upon equivalent policies from those partners). The company acknowledged the significance of the issue. We encouraged the company to refresh the board and encouraged the company to enhance disclosure on CEO pay. It was receptive on both issues.	Outcome	Company committed to change				
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Outcome	Company committed to change														
<input checked="" type="checkbox"/> Add Example 3	<table border="1"> <tr> <td>ESG Topic</td> <td><input checked="" type="checkbox"/> Executive Remuneration</td> </tr> <tr> <td>Conducted by</td> <td><input checked="" type="checkbox"/> Diversity</td> </tr> <tr> <td>Conducted by</td> <td>Labour practices and supply chain management</td> </tr> <tr> <td>Conducted by</td> <td>Individual / Internal</td> </tr> <tr> <td>Objectives</td> <td>To improve working conditions in developing countries, address compensation concerns for CEO and deputy CEO, and discuss improvements in gender diversity at the senior management level.</td> </tr> <tr> <td>Scope and Process</td> <td>We engaged with an industrial company in Europe. We met with the company's deputy CEO and head of CSR to discuss our analysis. While the company's financial performance has been strong, we believe that the level of quantum and vesting shares for the CEO and the deputy CEO are too high compared to peers. The relationship with some trade unions is tense, based on allegations of poor practices across international operations. The company's disclosure on human rights has improved in the last two years. However, there is still limited evidence of a comprehensive human rights assessment and inclusion of a full range of stakeholders in the exercise. The overall gender performance of the company is positive, although female representation at senior management could be improved to better reflect the current workforce composition. During our dialogue with the company, we made reference to the detailed scorecard analysis provided by EquiLabs within our gender engagement program. In the future, we will continue dialogue with management on these topics and we will meet company representatives before the next AGM to provide further feedback and inform our proxy voting decisions.</td> </tr> <tr> <td>Outcome</td> <td>Increased understanding / information</td> </tr> </table>	ESG Topic	<input checked="" type="checkbox"/> Executive Remuneration	Conducted by	<input checked="" type="checkbox"/> Diversity	Conducted by	Labour practices and supply chain management	Conducted by	Individual / Internal	Objectives	To improve working conditions in developing countries, address compensation concerns for CEO and deputy CEO, and discuss improvements in gender diversity at the senior management level.	Scope and Process	We engaged with an industrial company in Europe. We met with the company's deputy CEO and head of CSR to discuss our analysis. While the company's financial performance has been strong, we believe that the level of quantum and vesting shares for the CEO and the deputy CEO are too high compared to peers. The relationship with some trade unions is tense, based on allegations of poor practices across international operations. The company's disclosure on human rights has improved in the last two years. However, there is still limited evidence of a comprehensive human rights assessment and inclusion of a full range of stakeholders in the exercise. The overall gender performance of the company is positive, although female representation at senior management could be improved to better reflect the current workforce composition. During our dialogue with the company, we made reference to the detailed scorecard analysis provided by EquiLabs within our gender engagement program. In the future, we will continue dialogue with management on these topics and we will meet company representatives before the next AGM to provide further feedback and inform our proxy voting decisions.	Outcome	Increased understanding / information
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Outcome	Increased understanding / information														
<input type="checkbox"/> Add Example 4															
<input type="checkbox"/> Add Example 5															
<input type="checkbox"/> Add Example 6															
<input type="checkbox"/> Add Example 7															
<input type="checkbox"/> Add Example 8															
<input type="checkbox"/> Add Example 9															
<input type="checkbox"/> Add Example 10															

**LEA 12** Mandatory Descriptive PRI 2

**LEA 12.1** Indicate how you typically make your (proxy) voting decisions.

<b>Approach</b>
<input type="radio"/> We use our own research or voting team and make voting decisions without the use of service providers. <input checked="" type="radio"/> We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions. <ul style="list-style-type: none"> <li><b>Based on</b> <ul style="list-style-type: none"> <li><input type="radio"/> The service provider voting policy we sign off on</li> <li><input checked="" type="radio"/> Our own voting policy</li> <li><input type="radio"/> Our clients' requests or policies</li> <li><input type="radio"/> Other (specify)</li> </ul> </li> <li><input type="radio"/> We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions.</li> <li><input type="radio"/> We hire service providers who make voting decisions on our behalf.</li> </ul>

**LEA 12.2** Provide an overview of how you ensure that your engagement voting policy is adhered to, giving details of your approach (what exceptions to the policy are made).  
 Voting at shareholder meetings is a vital component of our overall approach to the effective stewardship of our clients' assets. Voting is not an end in itself but rather a crucial element of our oversight role. It allows us to voice our opinion to a company on a broad range of topics and is a way of encouraging boards to listen to and address investor concerns. We link proxy voting to our research and investment process. If findings are included in more than one portfolio then we aim, as far as possible, to vote consistently so that we send one strong, unified message to our investee companies. We also use voting to complement and support our engagement activities. In situations where our engagement dialogue is not bringing the results we had expected, we will escalate and use voting as an additional means by which to express our opinion and seek influence on boards and management. In circumstances such as these, it is essential to communicate effectively with management pre- and post-vote to explain the reasons for our dissent and to open the doors for further dialogue.  
 We have been voting on behalf of our clients for over 25 years and do so globally in over 57 countries, so long as there is no conflict with the effective management of client portfolios. Where we have been given the discretion to vote on behalf of our clients, we exercise our delegated/fiduciary responsibility by voting in a manner we believe will most favourably impact the economic value of their investments. Such voting decisions are based upon our Proxy Voting Policy.  
 Our voting process is managed by our Stewardship team, who work closely with our portfolio managers and analysts to determine the most appropriate way in which to vote based upon UBS-AM guidelines and our knowledge of the investee company. In exceptional circumstances we may choose to vote differently for a fund or portfolio if we regard the issue being voted upon to warrant this. All circumstances where we decide to deviate from our proxy guidelines are overseen and approved by our Stewardship Committee.  
 Our voting instructions are processed via Institutional Shareholder Services, Inc. (ISS) electronic voting platform. We do not outsource any voting decisions to a third party and retain full discretion when determining how to vote our clients' shares. We use the services of ISS to supplement our own assessments, with our voting decisions determined according to UBS principles and not based upon the policy recommendations of any of the proxy advisory services. We meet with ISS on a regular basis to discuss the requirements of the UBS policy.  
 Our dedicated Stewardship team is responsible for ensuring that all ballots are monitored and voted in line with our policies, including those where an automated voting process may be in place. In cases where it is necessary for a vote to be amended then this will be managed by our Stewardship team, for which specific procedures are in place. As part of our annual due diligence of our proxy partner ISS, we conductly select service client ballots and contact each affected stakeholder to ensure that the instructions we provided were best as expected. In addition, we use a reconciliation application within the ISS voting platform (ProxyChange) to reconcile ballots expected versus those received. Any discrepancies are managed by our Stewardship team with the relevant custodian bank.

**LEA 12.3** Additional information (Optional)

We believe voting rights have economic value and should be treated accordingly. Good corporate governance is, in the long term, best towards both better corporate performance and improved shareholder value. Thus, we expect board members of companies in which we have invested to act in the interests of the shareholders, view themselves as stewards of the company, exercise good judgment and practice diligent oversight of the management of the company. A commitment to good governance.  
 In serving the interests of our clients, some investment capabilities within UBS-AM may at times pursue differing approaches towards particular corporate governance, environmental and social issues, including how to vote or abstain on proposals. This reflects the diverse nature of our capabilities. However, in all cases the interests of clients will be paramount. Underlying our voting and corporate governance principles we have had fundamental objectives:  
 • We seek to act in the best financial interests of our clients to enhance the long-term value of their investments.  
 • As an active investor, we have a strong commercial interest that companies in which we invest on behalf of our clients are successful. We promote best practice in the boardroom.  
 To achieve these objectives, we have established a set of Principles to guide our exercise of voting rights and the taking of other appropriate actions, and to support and encourage sound governance practices. These Principles are applied globally but also permit us the discretion to reflect local laws or standards where appropriate.  
 While there is no absolute set of standards that determine appropriate governance under all circumstances and no set of values will guarantee ethical board behaviour, there are certain principles, which provide evidence of good corporate governance. We will, therefore, generally exercise voting rights on behalf of clients in accordance with the following principles:  
**Board Structure**  
 Some significant factors for an effective board structure include:  
 • an effective Chairman is key;  
 • the roles of Chairman and Chief Executive generally should be separated;  
 • the Board should be comprised of individuals with appropriate and diverse experience capable of providing good judgment and diligent oversight of the management of the company and  
 • the non-executive directors should provide a challenging, but generally supportive environment for the executive directors.  
**Board Responsibilities**  
 Some significant factors for effective discharge of board responsibilities include:  
 • the entire board should fully, actively and in good faith, be involved in endorsing strategy and in all major strategic decisions (e.g., mergers and acquisitions) and  
 • the board should ensure the following at all times:



1. appropriate management succession plans are in place;
2. the interests of executives and shareholders are aligned;
3. the financial audit is independent and accurate;
4. the brand and reputation of the company is protected and enhanced;
5. a constructive dialogue with shareholders is encouraged and;
6. they receive all the information necessary to hold management to account.

**Areas of focus**

Some examples of areas of concern related to our corporate governance focus include the following:

- economic value resulting from acquisitions or disposals;
- operational performance;
- quality of management;
- independent non-executive directors not holding executive management to account;
- quality of internal controls;
- lack of transparency;
- inadequate succession planning;
- poor approach to corporate social responsibility;
- inefficient management structure and
- corporate activity designed to frustrate the ability of shareholders to hold the board to account or realise the maximum value of their investment.

Our voting record is disclosed publicly online on a quarterly basis with details on abstentions or votes against the board. For our regulated funds in the USA, Canada and Australia, we disclose our annual voting record on a fund-by-fund basis. For more information, our detailed voting policy is available via our website: <https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html>.

LEA 14	Voluntary	Additional Assessed	PrB 2
LEA 14.1 Does your organisation have a securities lending programme?			
<input checked="" type="radio"/> Yes <input type="radio"/> No			
LEA 14.3 Indicate how the issue of voting is addressed in your securities lending programme.			
<input type="radio"/> We recall all securities for voting on all ballot items <input type="radio"/> We maintain some holdings, so that we can vote at any time <input type="radio"/> We systematically recall some securities so that we can vote on their ballot items (e.g. in line with specific criteria) <input checked="" type="radio"/> We recall some securities so that we can vote on their ballot items on an ad-hoc basis <input type="radio"/> We empower our securities-lending agent to decide when to recall securities for voting purposes <input type="radio"/> We do not recall our securities for voting purposes <input type="radio"/> Other (specify)			
<input type="radio"/> No			
LEA 15	Mandatory	Descriptive	PrB 2
LEA 15.1 Indicate the proportion of votes participated in within the reporting year in which where you or the service providers acting on your behalf raised concerns with companies ahead of voting.			
<input type="radio"/> 100% <input type="radio"/> 75-100% <input type="radio"/> 74-50% <input type="radio"/> 49-25% <input checked="" type="radio"/> 24-1% <input type="radio"/> Neither we nor our service provider(s) raise concerns with companies ahead of voting			
LEA 15.3 Indicate the reasons for raising your concerns with these companies ahead of voting.			
<input type="checkbox"/> Vote(s) concerned selected markets <input type="checkbox"/> Vote(s) concerned selected sectors <input checked="" type="checkbox"/> Vote(s) concerned certain ESG issues <input checked="" type="checkbox"/> Vote(s) concerned companies exposed to controversy on specific ESG issues <input checked="" type="checkbox"/> Vote(s) concerned significant shareholdings <input type="checkbox"/> Client request <input type="checkbox"/> Other			
LEA 16	Mandatory	Core Assessed	PrB 2
LEA 16.1 Indicate the proportion of votes where you and/or the service provider(s) acting on your behalf communicated the rationale to companies for obtaining or voting against management recommendations. Indicate this as a percentage out of all eligible votes.			
<input type="radio"/> 100% <input type="radio"/> 75-100% <input type="radio"/> 74-50% <input type="radio"/> 49-25% <input checked="" type="radio"/> 24-1% <input type="radio"/> We do not communicate the rationale to companies <input type="radio"/> Not applicable because we and/or our service providers did not obtain or vote against management recommendations			
LEA 16.3 In cases where your organisation does communicate the rationale for obtaining or voting against management recommendations, indicate whether this rationale is made public.			
<input type="radio"/> Yes <input checked="" type="radio"/> No			
LEA 16.4 Additional information, [Optional]			
We will inform a company of our voting decision (before/after the vote) upon request and may pro-actively do so on a limited basis for our key positions.			
LEA 17	Mandatory	Core Assessed	PrB 2
LEA 17.1 For listed equities in which you or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.			
<input checked="" type="radio"/> We do track or collect this information <input type="radio"/> We do not track or collect this information			
Values cast (to the nearest 1%) 95%			
Specify the basis on which this percentage is calculated			
<input type="radio"/> Of the total number of ballot items on which you could have issued instructions <input checked="" type="radio"/> Of the total number of company meetings at which you could have voted <input type="radio"/> Of the total value of your listed equity holdings on which you could have voted			
<input type="radio"/> We do not track or collect this information.			
LEA 17.2 Explain your reason(s) for not voting on certain holdings			
<input checked="" type="checkbox"/> Shares were blocked <input type="checkbox"/> Notices, ballots or materials not received on time <input type="checkbox"/> Issued deadline <input type="checkbox"/> Geographical restrictions (non-home market) <input type="checkbox"/> Cost <input type="checkbox"/> Conflicts of interest <input type="checkbox"/> Holdings deemed too small <input checked="" type="checkbox"/> Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement) <input type="checkbox"/> Client request <input type="checkbox"/> Other (specify)			
LEA 17.3 Additional information, [Optional]			
Common issues which prevent us from exercising our voting rights include sharelocking periods, restrictive or onerous requirements for power of attorney documents through the investment chain and personal representation at the meeting.			
LEA 18	Voluntary	Additional Assessed	PrB 2
LEA 18.1 Indicate whether you track the voting instructions that you or your service provider on your behalf have issued.			
<input checked="" type="radio"/> Yes, we track this information <input type="radio"/> No, we do not track this information			
LEA 18.2 Of the voting instructions that you and/or third parties on your behalf have issued, indicate the proportion of ballot items that were:			
Voting instructions/resolutions as percentage of votes cast* for (supporting) management recommendations 83% Against (opposing) management recommendations 17% Abstentions 0%			
LEA 18.3 In cases where your organisation voted against management recommendations, indicate the percentage of companies which you have engaged.			
2%			
LEA 18.4 Additional information, [Optional]			
We have holdings in over 10,000 listed companies and voted against management on one or more resolutions at 6,300 companies, representing 63% of companies voted upon. We have engaged with 2.5% of companies where we have voted against a management recommendation. The most common reasons for voting against management were related to:			
<ul style="list-style-type: none"> <li>• the level of board independence falling below our policy's threshold;</li> <li>• inadequate link between remuneration structure and financial performance;</li> <li>• election of board's directors, including independence considerations;</li> <li>• share issuance without pre-emptive rights;</li> <li>• audit company tenure in excess of 20 years;</li> <li>• independence of audit committee and</li> <li>• lack of sufficient disclosure to allow for informed voting decisions.</li> </ul>			
We will engage with companies on voting related items in various circumstances. These include where we have a significant position, where we have previously engaged with a company outside of the AGM period, if we have previously voted against a proposal, or if additional information is required to enable us to make an informed voting decision.			
LEA 19	Mandatory	Core Assessed	PrB 2
LEA 19.1 Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.			
<input checked="" type="radio"/> Yes <input type="radio"/> No			
LEA 19.2 Indicate the escalation strategies used at your organisation following abstentions and/or votes against management.			
<input checked="" type="checkbox"/> Contacting the company's board <input checked="" type="checkbox"/> Contacting the company's senior management <input type="checkbox"/> Issuing a public statement explaining the rationale <input type="checkbox"/> Initiating individual/collaborative engagement <input type="checkbox"/> Directing service providers to engage <input type="checkbox"/> Reducing exposure (holdings) / divestment <input type="checkbox"/> Other			
LEA 20	Voluntary	Descriptive	PrB 2
LEA 20.1 Indicate whether your organisation, directly or through a service provider, filed or certified any ESG shareholder resolutions during the reporting year.			
<input checked="" type="radio"/> Yes <input type="radio"/> No			
LEA 20.2 Indicate the number of ESG shareholder resolutions you filed or co-filed.			
1			
LEA 20.3 Indicate what percentage of these ESG shareholder resolutions resulted in the following:			
Went to vote 100% Were withdrawn due to changes at the company and/or negotiations with the company			

- Were withdrawn for other reasons
- Were rejected/not acknowledged by the company
- 

**LEA 20.4** 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

100

**LEA 20.5** Describe the ESG shareholder resolutions that you filed or co-filed, and the outcomes achieved.

We co-filed a shareholder resolution, supported by corporate management, which received 99% of votes in favour in the 2019 AGM. The resolution requested the company to align its business strategy with the Paris goals with respect to new material capital expenditure and targets on climate change. It also asked the company to disclose:

- anticipated levels of investment in oil & gas resources and reserves and other energy sources;
- the estimated carbon intensity of the company's energy products and
- any linkage between climate change targets and executive remuneration.

During dialogue with management, we encouraged the company to conduct a global review on direct and indirect lobbying activities on climate change. Deliverables are expected by the next AGM and throughout 2020. As a result of this engagement dialogue, our investment teams have adjusted their valuation models.

**LEA 20.6** Describe whether your organisation reviews ESG shareholder resolutions filed by other investors.

We review other shareholder proposals on a case-by-case basis and may choose to support a resolution raised if we believe it to be in shareholders' interests.

**LEA 21** Voluntary FR 2

**LEA 21.1** Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.

Add Example 1

ESG Topic:	<input checked="" type="checkbox"/> Executive Remuneration
Conducted by:	Individual/Internal
Objectives:	To review and approve the intended changes to the company's executive remuneration policy.
Scope and Process:	The company convened an EGM to seek approval for a new remuneration policy and a new long-term incentive plan. We engaged with the company ahead of the meeting, however while some positive amendments were included under the new policy, we considered that as a whole it did not provide us with a clear direction and was not particularly ambitious, being in consideration the company's performance. We therefore decided to not to support the proposal.
Outcome:	Voting

Add Example 2

ESG Topic:	<input checked="" type="checkbox"/> Company leadership issues
Conducted by:	Individual/Internal
Objectives:	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.
Scope and Process:	A large shareholder requested a Special Meeting of shareholders seeking the removal of 6 incumbent board members, including the chair, and the election of 7 new nominees. The shareholder argued decisions made by the board had led to loss of value and expressed concerns about strategy, corporate governance standards, and corporate structure. They provided a turnaround plan focused on: 1) appointment of new board members; 2) separation of the UK and US businesses; 3) person plan restructuring; 4) initiation of a dividend payment; and 5) share buyback program and asset value release. We engaged with the company management and the shareholder ahead of the EGM. We decided it was not in the best interests of our clients to support a wholesale change to the board. We shared some of the concerns raised by the shareholder and informed the company. At the EGM we decided to support removing the current chair and replacing him with the shareholder nominees. The shareholder nominees were not elected to the board, but the company subsequently announced that the chair will be stepping down.
Outcome:	Company committed to change

Add Example 3

ESG Topic:	<input checked="" type="checkbox"/> Climate Change
Conducted by:	<input checked="" type="checkbox"/> Probal spending / lobbying
Conducted by:	Individual/Internal
Objectives:	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.
Scope and Process:	All AGM shareholders were asked to vote on a shareholder proposal seeking the board to review, and eventually resign, memberships with industry associations whose record of climate change and energy related advocacy is inconsistent with the goals of the Paris Agreement. Our approach on this item went beyond the standard question of whether the proposal was overly prescriptive or micro-managing. While we acknowledged that the company has actually been a leader in reviewing industry associations, our key concern was that industry associations are seemingly inconsistent in their policy implementation, especially in their home market. We voted in favour of the proposal as we felt that our support would indicate to the company that such industry association reviews are also intended to be consequential. Ultimately we are not simply asking companies to conduct a global review of their policies but also to take relevant actions based on these reviews. Engaging from written trade associations is a perfectly legitimate action but this does not seem to have brought significant results. The proposal received the support of 27% of the votes cast.
Outcome:	Voting

Add Example 4

Add Example 5

Add Example 6

Add Example 7

Add Example 8

Add Example 9

Add Example 10

**LEA 21.2** Additional information (optional)

For more practical voting examples, please view our Annual Stewardship Report, available via the following link:

<https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html>

**LEA Checks** Checks

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

ESG	Mandatory	Gateway	FR 1
<p><b>FR 1.1</b> Indicate (1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and (2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to</p>			
SSA	0	Screening alone	
	0	Thematic alone	
	0	Integration alone	
	0	Screening + integration strategies	
	100	Thematic + integration strategies	
	0	Screening + thematic strategies	
	0	All three strategies combined	
	0	No incorporation strategies applied	
	0		
	0		
Corporate (financial)	0	Screening alone	
	0	Thematic alone	
	0	Integration alone	
	0	Screening + integration strategies	
	100	Thematic + integration strategies	
	0	Screening + thematic strategies	
	0	All three strategies combined	
	0	No incorporation strategies applied	
	0		
	0		
Corporate (non-financial)	0	Screening alone	
	0	Thematic alone	
	0	Integration alone	
	0	Screening + integration strategies	
	100	Thematic + integration strategies	
	0	Screening + thematic strategies	
	0	All three strategies combined	
	0	No incorporation strategies applied	
	0		
	0		
Securitized	0	Screening alone	
	0	Thematic alone	
	0	Integration alone	
	0	Screening + integration strategies	
	100	Thematic + integration strategies	
	0	Screening + thematic strategies	
	0	All three strategies combined	
	0	No incorporation strategies applied	
	0		
	0		

**FR 1.2** Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

At UBS Asset Management ("UBS AM") we believe ESG integration is strongest when the credit analysts sit at the heart of it. Our fixed income team includes over 25 credit analysts in various centres, Chicago, Zurich, London, Singapore and Sydney.

UBS AM sees the advantages of incorporating ESG considerations as:

- providing a more holistic, comprehensive view on credit risk;
- deepening the understanding of issuer quality;
- increasing visibility that helps to confirm views on credit risk, or identify trends or events that may lead to increased default risks and spread widening and
- providing an understanding of the dynamics of sustainability issues and trends that may lead to broader pressures on credit quality.

We view the benefits of ESG integration as providing additional level of understanding taking into account the following:

- ESG scores are useful but not enough. We are looking at the specific issues that connect to the investment case. Certain ESG topics are more material at sector and issuer level.
- The dynamics of sustainability suggest the potential for change. We seek to ensure a forward-looking approach to the impact on credits.
- The changing pace of sustainability challenges adds to the importance of understanding trends and what happens at issuer level.

**FR 1.3** Additional information (optional)

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

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.

UBS AM's 25+ credit analysts provide qualitative assessments of management strength, business strategy, market position, competitive environment, regulatory environment, and financial flexibility as well as quantitative assessments of historical operating results, calculation of various credit ratios, and, most importantly, an expected future outlook. The analysts specialize in their sectors and build up valuable, in-depth knowledge over time to provide comprehensive credit review and analysis with emphasis on cash flow generation and sustainability.

We have integrated ESG considerations throughout our credit research. This requires credit recommendations by our Credit Research teams to address the most material sustainability strengths and weaknesses and also to assess the material impact of sustainability considerations on their credit recommendations and how sustainability risk factors influence their credit recommendation either positively or negatively. In order to qualify capture the outcomes of the credit analyst's ESG analysis, we have developed the UBS AM ESG Credit Score ("ESG Credit Score").

We view the value of our ESG analysis as deepening our understanding of the connection between issuers and the key sustainability trends that are material to their activities. To help with communication to portfolio managers, we encapsulate this in the ESG Credit Score, a score from 1 to 5 (best to worst). We supplement the ESG Credit Scores with data from external rating providers for purposes of comparison within and across portfolios. We have also established approaches in which we reference the sustainability performance of issuers (and in some cases individual issues) in our consideration of sovereign, mortgage-backed/securitized, and municipal bonds investments.

In addition, UBS AM has developed a proprietary approach to assessing the sustainability performance of sovereigns. The sovereign framework provides an assessment of the sustainability profiles of government issuers across both emerging and developed markets. The UBS AM methodology integrates data from numerous sources covering ESG factors. It addresses material governance strengths and weaknesses through data such as political stability, rule of law, corruption control, and government effectiveness. It uses social indicators which address how each country provides personal safety, meets the basic needs and health and well-being of its people, and provides both education and the access to opportunities. In the environmental dimension, the framework focuses on the positioning of each country with respect to climate change transition, such as the carbon intensity of the economy and the sustainability of energy production, as well as physical climate change risks. Together the framework and the views of our credit analysts specializing in sovereign debt are captured in the ESG Credit Score.

Implementation of ESG across the UBS AM Fixed Income platform is grounded on the collaboration between our credit analysts and the UBS AM Sustainable Investment Research team. We have established protocols which guide how we address issuers which we cover. We seek to make use of external ESG ratings information, and how to address gaps in coverage. Our credit analysts are responsible for the ESG analysis of issuers within their coverage, and they are supported by the Sustainable Investment Research team. Through those dialogues, we are able to address questions about the materiality of an issue, the quality of an issuer's management of its risks, and how to balance different levels of materiality or the timing of how ESG issues are expected to develop. Our view on 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.

ESG	Mandatory to Report, Voluntary to Disclose	Core Assessed	FR 1
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**FR 1.1** Indicate which ESG factors you systematically research as part of your analysis on issuers.

	SSA	Corporate (financial)	Corporate (non-financial)	Securitized
Environmental data	☑	☑	☑	☑
Social data	☑	☑	☑	☑
Governance data	☑	☑	☑	☑

**FR 1.2** Indicate what format your ESG information comes in and where you typically source it

Raw ESG company data

- ESG research provider
- Self-side
- In-house - specialised ESG analyst or team
- In-house - FI analyst, PM or risk team
- Other, specify

Issuer-level ESG analysis

- ESG research provider
- Self-side
- In-house - specialised ESG analyst or team
- In-house - FI analyst, PM or risk team
- Other, specify

Sector-level ESG analysis

- ESG research provider
- Self-side
- In-house - specialised ESG analyst or team
- In-house - FI analyst, PM or risk team
- Other, specify

Country-level ESG analysis

- ESG research provider
- Self-side
- In-house - specialised ESG analyst or team
- In-house - FI analyst, PM or risk team
- Other, specify

**FR 1.3** Provide a brief description of the ESG information used, highlighting any differences in sources of information across your ESG incorporation strategies.

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

- Through our in-house ESG Research: Our Sustainable Investment Research Analysts work closely with the Fixed Income Investment teams to evaluate and systematically integrate ESG factors into fundamental credit research. Our Sustainable Investment Research Analysts are responsible for:
  - Materiality Framework: Identification of financially material ESG factors to consider in bottom-up and top-down research. A materiality framework has been established which identifies the most financially material ESG topics for 32 sectors.
  - Top-down: Research on Sustainable and Impact Investing Issues and Trends
  - Bottom-up: Ongoing support for company analysis
  - Engagement: Proactively engaging with companies on material ESG issues
- Through Data and Research: We use the following external sustainability data and analysis resources to support our IR capabilities:
  - MSCI
  - Thomson Reuters Asset4
  - Sustainalytics
  - ISS

**FI 02.4 Additional information, [Optional]**

Our credit analysts are at the centre of ESG integration in fixed income because we believe they are best placed to make use of their in-depth knowledge of issuers and experience in fundamental analysis to provide the context in which to consider sustainability issues. They aggregate quantitative and qualitative data, consider its relevance and materiality, put it into an appropriate recommendation framework, and then also make judgements based on sometimes incomplete and imperfect information. Analysing ESG issues requires the same skills, albeit from a different starting point, a different set of conditions, and with sometimes divergent conclusions. Crucially, UBS AM credit analysts make forward-looking judgements. This judgement applies as much to ESG issues as it does to financial ones, and as such, distinguishes their work from purely ESG data gathering or scoring. While the current level of sustainability profile and performance of an issuer is an important starting point, dynamics of materiality issues, timing, and expected responses by the issuer are all important forward-looking aspects when it comes to assessing the credit. Finally, UBS AM analyst ownership of their understanding of sustainability issues is how we expect to further deepen ESG integration going forward. Collaboration is an important part of the assessment process. Credit analysts are supported in the development of their ESG analysis by our Sustainable Investment Research team. Through dialogue, they are able to address questions about the materiality of an issue, the quality of an issuer's management of its risks, and how to balance different levels of materiality or the timing of how ESG issues are expected to develop. They also utilize various data sources to gather information.

**FI 03 Mandatory** Additional Assessed **PI 1**

**FI 03.1 Indicate how you ensure that your ESG research process is robust**

- Comprehensive ESG research is undertaken primarily to determine companies' activities, and products and/or services
  - Issuers are given the opportunity for you or your research provider to review ESG research on them and correct inaccuracies
  - Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
  - Internal audits and regular reviews of ESG research are undertaken in a systematic way
  - A materiality/sustainability framework is created and regularly updated that includes all the key ESG risks and opportunities for each sector/country
  - Other, specify
- specify description
- FI established an Advisory Board comprising internal and external members. It provides feedback and guidance on sustainability integration into FI
- None of the above

**FI 03.2 Describe how your ESG information or analysis is shared among your investment team**

- ESG information is held within a centralised database and is accessible to all investment staff
- ESG information is displayed on front office research platforms
- ESG information is a standard item on all individual issuer summaries, research notes, 'tear sheets', or similar documents
- Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- Records capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

**FI 04 Mandatory** Additional Assessed **PI 1**

**FI 04.1 Indicate the type of screening you conduct**

	ESG	Corporate (Financial)	Corporate (non-financial)	Securitized
Negative/exclusionary screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Positive/best-in-class screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Norms-based screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**FI 04.2 Describe your approach to screening for internally managed active fixed income**

**Negative Screening**  
We have extensive experience in the implementation of exclusion lists from investment and operational aspects. We manage client exclusion lists and build exclusion lists for clients. Approaches include:

- applying exclusion lists specified by the client, based on ESG themes;
- applying sector based exclusions; and
- applying methodologies based on percentage of company revenues derived from particular activity.

**Positive/Best-in-Class Screening**  
We tailor our investment management approach to accommodate SRI constraints within mandates directed by clients. We offer Sustainability focused strategies which we define as having the investment process designed around sustainability considerations. For these strategies investment guidelines include minimum and maximum limits with UBS AM ESG scores.

**Norms-based Screening**  
Our norms-based screening approach reviews investments based on whether they align with international standards such as the UN Global Compact. We work with MSO to identify companies that are seen as breaching one or more of the principles. Cases are assessed and, where necessary, we will initiate engagement to ensure that companies remedy identified breaches and communicate with stakeholders and ensure that they have addressed any management failures. Cases will be escalated for a discussion on exclusion when we consider that the engagement objectives have not been met.

**FI 05 Voluntary** Additional Assessed **PI 1**

**FI 05.1 Provide examples of how ESG factors are included in your screening criteria**

Example 1

**Type of fixed income**

SSA  
 Corporate (Financial)  
 Corporate (non-financial)  
 Securitized

**ESG factors**

Environmental  
 Social  
 Governance

**Screening**

Negative/exclusionary  
 Positive/best-in-class  
 Norms-based

**Description of how ESG factors are used as the screening criteria**

This is a European investment grade issuer in the construction materials sector. Key ESG issues are identified as climate, environment, and corporate governance. The issuer is an ESG industry sector leader, and we believe they are tackling almost all material factors better than peers and leading approaches in the most material ESG issues. The issuer's corporate governance is clean with an independent board, separate CEO & Chairman and no principal shareholder. This issuer also has a clean sheet in terms of controversies. On the weaker side, we see challenges around exposure to climate change, where a recent acquisition makes it more difficult for the issuer to meet its emissions reduction targets, but we do not see the scale as having a material impact on the credit position. Given the overall leading ESG profile of the issuer and its highlighted strengths, we consider this to have a positive impact on our credit assessment which supports our overall favourable view on the issuer.

Example 2

**Type of fixed income**

SSA  
 Corporate (Financial)  
 Corporate (non-financial)  
 Securitized

**ESG factors**

Environmental  
 Social  
 Governance

**Screening**

Negative/exclusionary  
 Positive/best-in-class  
 Norms-based

**Description of how ESG factors are used as the screening criteria**

This is a North American high yield grade issuer in the healthcare sector. Key ESG issues are identified as corporate governance, health care access and pricing, product and service quality, and data security and privacy. The issuer is an ESG industry sector laggard. Its corporate governance is clouded by a long tenure CEO, a sizeable shareholder, and a large bond creditor with weaker checks and balances that we would expect in this situation. This raises concerns that management decisions will be taken that benefit a more narrow set of investor and management interests. In addition, addressing many of the operational risks of the company relies on sound human resources management, but the company has a track record of litigation with respect to unfair labour practices. Given the overall position and highlighted weaknesses of the company, we consider this to have a negative impact on our credit assessment.

Example 3

**Type of fixed income**

SSA  
 Corporate (Financial)  
 Corporate (non-financial)  
 Securitized

**ESG factors**

Environmental  
 Social  
 Governance

**Screening**

Negative/exclusionary  
 Positive/best-in-class  
 Norms-based

**Description of how ESG factors are used as the screening criteria**

This is an Emerging Markets corporate issuer in the energy sector. Key ESG issues are identified as climate change and carbon emissions, corporate governance, environmental responsibility and management, health & safety, and corruption. The company has energy efficiency targets embedded in its business plan which will lead to reduced carbon intensity and which meet local regulatory requirements. However, there are ongoing issues related to contaminant failures, impacts on communities, and bribery and fraud that mean the company is a laggard compared to industry peers on these material topics. Operational safety is one of the biggest risks for the company. In terms of governance, the lack of an independent board raises concerns over the oversight of the company's senior management and how they conduct business. Given the severity of these weaknesses, we consider this to confirm our negative credit assessment of this issuer.

Example 4

Example 5

**FI 06 Mandatory** Core Assessed **PI 1**

**FI 06.1 Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments**

Type of screening	Checks
<b>Negative/exclusionary screening</b>	<input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above
<b>Positive/best-in-class screening</b>	<input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria <input type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above
<b>Norms-based screening</b>	<input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria <input type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above

**FI 9L2** Additional information (Optional)

We use the Sentinel system to monitor client mandates, product restrictions, and regulatory requirements. Sentinel is a third-party application used to automate guideline monitoring and is used for pre- and post-trade monitoring. Accounts are monitored on a daily basis by a dedicated team who escalate any potential incidents to the portfolio manager, Client Servicing and Compliance teams. The Sentinel team sits within COO of UBS AM to ensure a segregation of duties between Sentinel and the investment team. Any restriction changes are subject to sign-off by a TPR process and in some cases the Client Relationship Manager and Legal.

**FI 10** Mandatory Core Assessed PR 1

**FI 10.1** Describe your approach to integrating ESG into Traditional Financial analysis.

We believe that Sustainable and Impact investing can protect and enhance the value of our clients' investments by adding value to portfolios within the same risk/return profile. Sustainable investing is grounded in the broader use of material ESG information in the investment analysis process and the belief that such information can lead to better investment decisions. Incorporating these factors helps investors take a more comprehensive view of the potential risks of their investments. Implementation of ESG integration across the UBS AM fixed income platform is grounded in the collaboration between our credit analysts and our Sustainable Investment Research team. We have established protocols which guide how we address issues which we cover, how to make use of external ESG ratings information and how to address gaps in coverage. Our analysts are responsible for the ESG analysis of issuers within their coverage and they are supported by the Sustainable Investment Research analysts. Through these dialogues, we are able to address questions about the materiality of an issue, the quality of an issuer's management of its risks, and how to balance different views of materiality or 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-sector and peer comparisons.

We view the value of our ESG analysis as deepening our understanding of the connection between issuers and the key sustainability trends that are material to their activities. To help with communication to portfolio managers, we encapsulate this in the UBS AM ESG Credit Scores, a score from 1 to 5 (best to worst). We supplement the UBS AM ESG Credit Scores with data from external rating providers for purposes of comparison within and across portfolios. We have also established approaches in which we reference the sustainability profile of issuers in our consideration of sovereign, mortgage backed/securitized, and municipal bonds investments.

Moreover, our credit analyst recommendations are centrally stored and shared with portfolio managers globally, and analyst credit recommendations are discussed in regularly scheduled credit committee meetings, in which individual cases are discussed in a centralized manner with portfolio managers globally. ESG recommendations are included as part of the credit analyst's credit research and are also subject to the considerations of and discussions with Sustainable Investment Research team.

By providing integrated recommendations that consider ESG risks and opportunities, UBS AM avoids portfolio managers being forced to choose between the sustainability and the financial attractiveness of companies when making their stock selections given that ESG considerations are taken into account in the research recommendations.

**FI 10.2** Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.

**SSA**

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.

**Corporate (Financial)**

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.

**Corporate (non-Financial)**

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.

**Securitized**

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.

**FI 10.3** Additional information (OPTIONAL)

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

Greater variability in the type of issuer:

- non-corporate issuers such as sovereigns, supranationals, agencies, securitized, and municipals and
- the presence of private issuers leading to more limited ESG disclosure.

ESG data availability and quality:

- corporate data is incomplete especially in emerging markets and high yield and
- sovereign ESG rating schemes tend toward high coverage but with tenuous connection to credit issues.

The nature of fixed income instruments:

- different mix of fixed income instruments in capital structures,
- issues of duration and maturity of fixed income instruments, and
- bondholders rights compared to shareholders rights.

**FI 11** Mandatory Core Assessed PR 1

**FI 11.1** Indicate how ESG information is typically used as part of your investment process.

	SSA	Corporate (Financial)	Corporate (non-Financial)	Securitized
ESG analysis is integrated into fundamental analysis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is used to adjust the financial credit assessments of issuers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG analysis is used to adjust forecasted financials and future cash flow estimates	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ESG analysis impacts the ranking of an issuer relative to a chosen peer group	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
An issuer's ESG bond ratings and its relative value versus its sector peers are analyzed to find out if all risks are priced in	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The impact of ESG analysis on bonds of an issuer with different duration/maturity are analyzed	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sensitivity analysis and scenario analysis are applied to valuation models to compare the difference between base cases and ESG integrated security valuations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG analysis is integrated into portfolio weighting decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Comparative, sector, countries and currency and monitored for changes in ESG exposure and for breaches of risk limits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The ESG profile of portfolio is assessed for securities with high ESG risks and assessed relative to the ESG profile of a benchmark	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, specify in Additional Information:	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**FI 11.2** Additional information (OPTIONAL)

UBS AM pursues the integration of material sustainability factors into all analyst recommendations which impacts all actively managed strategies. Through the integration of sustainability factors into the research process, the precise weight of sustainability across mainstream strategies will vary depending on the materiality and relevance of the sustainability issues for particular company cases. Fixed income and equity analysts assess material sustainability factors by considering the UBS AM proprietary scores, as well as MSCI ESG Research reports. In addition, the Sustainable Investment Research team has regular interaction with both fixed income and equity research teams to support materiality analysis of sustainability factors across various industries, as well as support on individual company cases.

Within fixed income, analyst recommendations are centrally stored and shared with portfolio managers globally, and analyst credit recommendations are discussed in regularly scheduled credit committee meetings in which individual cases are discussed in a centralized manner with portfolio managers globally. ESG recommendations are included as part of the credit analyst's credit research and are also subject to the considerations of and discussions with Sustainable Investment Research team.

**FI 12** Mandatory Additional Assessed PR 1

**FI 12.1** Indicate the extent to which ESG issues are reviewed in your integration process.

	Environmental	Social	Governance
SSA	<input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all	<input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all	<input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all
Corporate (Financial)	<input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all	<input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all	<input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all
Corporate (non-Financial)	<input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all	<input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all	<input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all
Securitized	<input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all	<input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all	<input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all

**FI 12.2** Please provide more detail on how you review E, S and/or G factors in your integration process.

**SSA**

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.

**Corporate (Financial)**

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.

**Corporate (non-Financial)**

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.

**Securitized**

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.

**FI 13** Voluntary Descriptive PR 1

**FI 13.1** Describe your RI approach for passively managed fixed income assets.

We have four distinct approaches for managing passive ESG solutions for our clients. These include:

- exclusions: run against a standard index and/or have an index that excludes the unwanted issuer;
- use of an existing ESG/RSR compliant index, and/or we tailor make one as we have extensive experience in doing so and we track that index;
- for asset investing we may invest in highly concentrated sets of issuers which have a great impact such as the World Bank bonds and/or the Green bond universe and
- the UBS AM Climate Aware solution whereby we follow a systematic approach but manage against a standard well known index with an aim to improve the climate factors substantially.

UBS AM has implemented a process to prevent investments in companies involved in the development, production or purchase of cluster munitions and antipersonnel mines also for our passively managed Swiss pooled fund range as well as SWK restrictions.

We offer customized solutions to meet specific client objectives and have experience with implementation of exclusion lists from both investment and operational aspects. Such security exclusion lists are currently applied in a number of our existing portfolios. We adopt one of two potential approaches to implement an exclusion list:

- Approach 1: Standard index. Use a standard benchmark but exclude securities in the portfolio. This would be the preferred method for a limited list of sectors or securities.
- Approach 2: Customized index. Create a customized benchmark that excludes the desired sector/securities. This would be the preferred method for large exclusion lists.

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

**FI 14** Mandatory to Report, Voluntary to Disclose Core Assessed PR 2

**FI 14.1** Indicate the proportion of your fixed income assets on which coverage. Please exclude any engagements carried out solely in your capacity as a shareholder.

Category	Proportion of assets
Corporate (Financial)	<input type="radio"/> >50% <input type="radio"/> 26-50% <input checked="" type="radio"/> 6-25% <input type="radio"/> More than 0%, less than 5%
	<b>FI 14.2</b> Indicate your motivations for conducting engagement (Corporate, Financial fixed income assets)
Corporate (non-Financial)	<input type="radio"/> >50% <input type="radio"/> 26-50% <input checked="" type="radio"/> 6-25% <input type="radio"/> More than 0%, less than 5%
	<b>FI 14.3</b> Indicate your motivations for conducting engagement (Corporate, non-financial fixed income assets)
Securitized	<input type="radio"/> >50% <input type="radio"/> 26-50% <input checked="" type="radio"/> 6-25% <input type="radio"/> More than 0%, less than 5%
	<b>FI 14.4</b> Indicate your motivations for conducting engagement (Securitized fixed income assets)

**FI 14.3** Additional information (OPTIONAL)

Through our engagement activities, we aim to realize positive material change in companies which ultimately leads to better long-term returns for our clients. We seek to build relationships with company management to foster healthy dialogue and enhanced performance on a variety of business strategy and ESG issues such as performance, risk, capital structure, culture, business ethics, corporate governance, remuneration, climate change, environmental management, human capital, and supply chain management.

UBS AM's engagements that are particularly relevant to fixed income investments include:

- thematic engagements based on priority ESG themes considered material
- reactive engagements based on breaches of international standards and
- proactive engagements on specific issues related to the business strategy and/or ESG risks and opportunities that have an impact on valuation models.

UBS AM is a large fixed income investor that has integrated ESG considerations in its approach to investment decision-making. We see ourselves as well positioned for using engagement with fixed income issuers to inform our investment decisions as well as to deliver our views on responsible and sustainable business practices to company management. As with our integration activities, engagement is a collaboration between the fixed income analysts and the Sustainable Investment Research analysts. Both work together to identify engagement opportunities, the objectives of the dialogue and the means to achieving them. Because the opportunities to meet with company management are often different in equity and in fixed income we seek to consolidate our engagement efforts between the two for additional company access and to add further weight to our part of the dialogue.

**F16** Mandatory to Report, Voluntary to Disclose Additional Assessed PRI 1.2

**F16.1** Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)

Type of engagement	Corporate (financial)	Corporate (non-financial)	Securitized
Individual/Personal staff engagements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Collaborative engagements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Service provider engagements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**F16.2** Indicate how your organisation prioritises engagements with issuers.

	Corporate (financial)	Corporate (non-financial)	Securitized
Size of holdings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Credit quality of the issuer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Duration of holdings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality of transparency on ESG	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Specific markets and/or sectors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Specific ESG themes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Issuers in the lowest ranks of ESG benchmarks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Issuers in the highest ranks of ESG benchmarks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Specific issues considered priorities for the investor based on input from clients and beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**F16.3** Indicate when your organisation conducts engagements with issuers.

	Corporate (financial)	Corporate (non-financial)	Securitized
We engage pre-investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage post-investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage proactively in anticipation of specific ESG risks and/or opportunities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We engage in reaction to ESG issues that have already affected the issuer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage prior to ESG-related divestments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**F16.4** Indicate what your organisation conducts engagements with issuers on.

	Corporate (financial)	Corporate (non-financial)	Securitized
We engage on ESG risks and opportunities affecting a specific bond issuer or its issuer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage on ESG risks and opportunities affecting the entire industry or region that the issuer belongs to	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We engage on specific ESG themes across issuers and industries (e.g., human rights)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**F16.5** Indicate how your organisation ensures that information and insights collected through engagement can feed into the investment decision-making process.

	Corporate (financial)	Corporate (non-financial)	Securitized
Ensuring regular cross-team meetings and presentations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sharing engagement data across platforms that is accessible to ESG and investment teams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Encouraging ESG and investment teams to join engagement meetings and briefings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Delegating some engagement dialogue to portfolio managers/robt analysts	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Involving portfolio managers when defining an engagement programme and developing engagement decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Establishing mechanisms to rebalance portfolio holdings based on levels of interaction and outcomes of engagements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Considering active ownership as a mechanism to assess potential future investments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We do not ensure that information and insights collected through engagement can feed into the investment decision-making process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**F16** Mandatory to Report, Voluntary to Disclose Additional Assessed PRI 1.2

**F16.1** Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.

- Yes  
 No

**F17** Mandatory to Report, Voluntary to Disclose Additional Assessed General

**F17.1** Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or performance.

	ESG	Corporate (financial)	Corporate (non-financial)	Securitized
We measure whether incorporating ESG impacts portfolio risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We measure whether incorporating ESG impacts portfolio returns	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We measure the ESG performance/profile of portfolio (relative to the benchmark)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**F17.2** Describe how your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance. [OPTIONAL]

We believe comparing our ESG focus strategies against standard indexes is the most insightful way to highlight the added value of ESG. This approach also aligns with our philosophy, aiming to deliver a better long-term risk-adjusted return.

**F18** Voluntary Descriptive PRI 1.2

**F18.1** Provide examples of how your incorporation of ESG analysis and/or your engagement of issuers has affected your fixed income investment outcomes during the reporting year.

Example 1

Corporate (financial)

ESG issue and explanation

UBS AM has engaged with an investment grade developed markets issuer in the utility sector. The company has strong credentials in terms of corporate governance and has an encouraging focus on developing its green asset base. However it is also one of a number of financial services companies with an exposure to anti-money laundering breaches through its activities in Eastern European countries. We have engaged with this issuer in order to better understand the scale of investigations that it is facing, as well as to encourage recognition of the severity of the issues by senior management, and to encourage and effectively resourced responses.

Engagement

Impact on investment decision or performance

After discussions with the issuer of the political and financial challenges, we have come to the conclusion that the company's response is weakened by a senior management that does not have a full understanding of the risks and the absence of the right personnel and systems to address them. This view has been reflected in our credit research ESG analysis and our overall credit view of the issuer.

Example 2

Corporate (non-financial)

ESG issue and explanation

UBS AM has engaged with an investment grade developed markets issuer in the utility sector. During 2019, representatives of fixed income, equities and sustainable investing research met with the company's chair of the Supervisory Board and the head of sustainability to discuss the implications of recent regulatory developments on retiring coal plants and the company's overall climate change strategy. Topics under discussion have included negotiations in renewable energy, the setting of corporate level science based targets for CO2 emissions reduction, executive remuneration linked to climate strategy, and the oversight of lobbying activities on climate change. At the end of 2019, the company published targets leading to net zero GHG emissions which has raised the standards for peers in the sector. 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.

Engagement

Impact on investment decision or performance

The company's new strategy, direction and its accompanying GHG also change targets have reduced the climate risks which we had initially identified as one of the most material ESG risks for the company. As the company follows on its plans and follows through on its climate change remuneration and disclosure commitments we see scope for further incorporating these in our ESG analysis.

Example 3

Corporate (non-financial)

ESG issue and explanation

UBS AM has engaged with an investment grade developed markets issuer in the healthcare sector. The company has experienced repeated business ethics controversies, damaging its reputation, resulting in fines, and negatively impacting its license to operate in some markets. Following a change in leadership, we see 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 Board (Chair, Remuneration Committee Chair), Executive Board (CEO, CFO, General Counsel, Chief Risk Officer) and Investor Relations. In terms of change we have seen the company setting a clear tone from the top. Organizational changes have included an integrated risk, compliance and business ethics function, and various enhancements are being made in compliance, trainings and employee engagement.

Engagement

Impact on investment decision or performance

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 responsiveness to our feedback.

Example 4  
 Example 5

PR 01	Mandatory	Core Assessed	PR 1-6
PR 01.1	Indicate if your organisation has a Responsible Property Investment (RPI) policy		
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
PR 01.2	Provide a URL or attach the document		
<input checked="" type="checkbox"/> URL: <a href="https://www.dbs.com/global/en/asset-management/investment/capital/real-estate/html/responsible-investing">https://www.dbs.com/global/en/asset-management/investment/capital/real-estate/html/responsible-investing</a> <input type="checkbox"/> Attach Document			
PR 01.3	Provide a brief overview of your organisation's approach to responsible investment in property and how you link responsible investment in property to your business strategy. (Optional)		
<p>The responsible ownership and operation of our assets can have significant positive impact not only on the environment but also on the financial performance of an investment. Recognising the importance of this topic, to clients and consultants and its potential positive impact on long-term performance, our Real Estate &amp; Private Markets (REPM) investment area's Sustainability Working Group comprising representatives from several countries and various disciplines has published a Responsible Investment (RI) policy. Regional teams have been established to implement sustainable and RI strategies at the fund and individual property levels. Our RI strategy is integrated into the management of our investments and is implemented by all operational functions of the company during the entire ownership cycle of a project, from development or acquisition through ongoing asset management, marketing, renovation and maintenance to successful sale. We integrate sustainability into our strategy, meaning we design sustainability into our strategy, meaning we design sustainability and resilience into new buildings and improve the sustainability performance of existing investments. Our mission is to integrate sustainability and Responsible Investment into our investment processes and implement sustainable practices.</p> <p>We believe that there is a direct link between responsible investment and long-term returns. Our corporate policy focuses on increasing the value of our investments for our investors and tenants and ensuring that our assets and funds remain secure, resilient and profitable today and in the future.</p> <p>Our mission consists of the following major principles, which we seek to apply in our own funds and encourage in the funds in which we invest:</p> <ul style="list-style-type: none"> <li>Delivering superior risk-adjusted investment performance by integrating sustainability considerations into our investment processes.</li> <li>Implementing sustainable practices and promoting health and wellbeing through innovation and the sharing of best practices.</li> <li>Being a responsible investor, developer and operator by addressing environmental impacts while enhancing property operations and values; and</li> <li>Placing a strong emphasis on social responsibility following our long tradition of supporting worthy causes and working with non-profit and charitable organizations. As such, we also clearly encourage and recognize the social volunteering of our employees.</li> </ul>			
PR 02	Mandatory	Core Assessed	PR 1-6
PR 02.1	Indicate if your most recent fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.		
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
PR 02.2	Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation		
<input checked="" type="checkbox"/> Policy and commitment to responsible investment <input checked="" type="checkbox"/> Approach to ESG issues in pre-investment processes <input checked="" type="checkbox"/> Approach to ESG issues in post-investment processes			
PR 02.3	Describe how your organisation refers to responsible investment for property funds in fund placement documents (PPMs or similar). (Optional)		
<p><b>Marketing stage</b></p> <p>Marketing material for new funds contain details of our RI approach, and draw attention to existing ESG programs we have initiated on a global basis. This includes our regular participation in the annualGRESB Assessment benchmarking study (REPM submitted 20 real estate and infrastructure funds in 2019), as well as publishing individual case studies of ESG initiatives implemented at individual assets.</p> <p>We provide an overview of our Sustainability Working Group which was established to develop a global Responsible Investment policy and further implement the resulting strategies.</p> <p>In addition, we detail our investment processes for the lifecycle of assets from acquisition selection and due diligence through to eventual sale, of which ESG initiatives are an integral part. For example, sustainability evaluation guidelines are in place for use during the due diligence process for acquisitions, and can be viewed upon request.</p> <p>The Private Placement Memorandum for our UK long-lease real estate fund (dated June 2019), for example, includes a section covering REPM's approach to Responsible Investing. A copy of this document can be provided on request. Our approach to Responsible Investing is also outlined in Request for Proposal (RFP) responses, as well as client-specific presentations.</p> <p><b>Subscription stage</b></p> <p>During the subscription stage, we work with investors to identify specific ESG areas they would like to see addressed within fund documentation. For example, we may agree with investors that the fund will participate in the annualGRESB Assessment benchmarking study, making this part of our fund investor commitments.</p> <p><b>Post investment</b></p> <p>We provide our investors with regular reporting on sustainability developments within the fund, includingGRESB scores if applicable, metrics of our property-specific sustainability performance indicators as measured and calculated by our external sustainability consultants, and details on individual asset initiatives. These are included as part of our fund presentations for client meetings, conferences and quarterly investor briefings in presentations to clients and annual and quarterly reports. In addition, sustainability forms an integral part of our discussions with prospective clients and consultants.</p> <p><input type="checkbox"/> No  <input type="checkbox"/> Not applicable as our organisation does not fundraise</p>			
PR 03	Voluntary	Additional Assessed	PR 4
PR 03.1	Indicate whether your organisation makes formal commitments in fund formation contracts, Limited Partnership Agreements (LPAs) or in side letters relating to responsible investment in property when requested by clients.		
<input checked="" type="checkbox"/> We always make formal commitment to responsible investment in fund formation contracts, LPAs or side letters <input type="checkbox"/> In a majority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters <input type="checkbox"/> In a minority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters <input type="checkbox"/> We do not make formal commitment to responsible investment in fund formation contracts, LPAs or side letters <input type="checkbox"/> We do not make formal commitments to responsible investment in fund formation contracts, LPAs or side letters because our clients do not request us to do so			
PR 03.2	Additional information.		
<p>Client interest in ESG matters has increased and there is a growing trend for investors to screen these issues on target funds usingGRESB scores and other measures. Our new fund launches include commitments to responsible investing as a key component of the fund's mandate. These commitments are set out clearly in the Fund's offering documents. In some cases, specific issues around ESG are flagged and included in side letters. For example, clients have requestedGRESB participation as a pre-condition to their investment in our open ended UK fund and our new Japan residential fund and we were happy to agree to this request.</p> <p>A particular focus is governance at fund level with the inclusion of investor representation bodies and committees. Governance is always widely covered in pre-screening and we would look to include formal process and structures in fund documents as a matter of course.</p>			
PR 04	Mandatory	Core/Part Assessed	PR 1
PR 04.1	Indicate if your organisation typically incorporates ESG issues when selecting property investments.		
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
PR 04.2	Provide a description of your organisation's approach to incorporating ESG issues in property investment selection.		
<p>The responsible ownership and operation of real estate can have a significant positive impact not only on the environment but also on the financial performance of an investment. Environmental and social risks are incorporated into the evaluation criteria when acquiring or developing properties.</p> <p>Incorporating environmental (including resilience and climate change) and social risks into the evaluation criteria, and identifying RI strategies for multi-manager real estate investments – where possible on a look-through basis – and considering these in the investment decision-making process are main topics in our investment decisions.</p> <p>We have developed a common approach across regions when buying direct property. We evaluate the sustainability performance of all new acquisitions during the technical due diligence process prior to completion.</p> <p>Physical (which includes operating systems) and environmental evaluations are part of the standard scope of work for due diligence of all property acquisitions and are a required section in both the acquisition checklist and the Investment Committee brief.</p> <p>We will also screen all transaction counterparties to ensure appropriate compliance withAML, anti-bribery and corruption laws.</p> <p>In all cases, the results are presented to the internal US-AM Investment Committee, which approves or rejects the investment proposal presented by the acquisition team.</p>			
PR 04.3	Indicate which E, S and/or G issues are typically considered by your organisation in the property investment selection process, and list up to three examples per issue.		
<input checked="" type="checkbox"/> Environmental Energy efficiency <p><b>Environmental example 1, description</b></p> <p>Responsible investing is integrated through the entire ownership lifecycle - Investment Committee decisions consider ESG factors - Asset level energy reduction programs set five year plan on acquisition - Environmental risk assessments as part of due diligence, eg. construction, site contamination, natural hazards, and resilience - Sustainability checklist on acquisitions cover: ecology, resilience, social, accessibility, consumption, health, comfort and safety</p> <p><b>Resilience</b></p> <p><b>Environmental example 2, description</b></p> <p>Responsible investing is integrated through the entire ownership lifecycle - Investment Committee decisions consider ESG factors - Asset level energy reduction programs set five year plan on acquisition - Environmental risk assessments as part of due diligence, eg. construction, site contamination, natural hazards, and resilience Sustainability checklist on acquisitions cover: ecology, resilience, social, accessibility, consumption, health, comfort and safety</p> <p><b>Waste management</b></p> <p><b>Environmental example 3, description</b></p> <p>Responsible investing is integrated through the entire ownership lifecycle - Investment Committee decisions consider ESG factors - Asset level energy reduction programs set five year plan on acquisition - Environmental risk assessments as part of due diligence, eg. construction, site contamination, natural hazards, and resilience - Sustainability checklist on acquisitions cover: ecology, resilience, social, accessibility, consumption, health, comfort and safety</p> <input checked="" type="checkbox"/> Social Health, safety and wellbeing <p><b>Social example 1, description (OPTIONAL)</b></p> <p>Whilst environmental considerations have started to become mainstream in assessing real estate and infrastructure, the 'S' in ESG has been traditionally harder to measure. We recently commenced a pilot to assess the social value of investments. Standing investments - offices, shopping centers, industrial estates - benefit local communities even though it may not be obvious at first sight. We have worked with tenants and our property and facilities management teams onsite to understand and measure things such as local employment levels, traineeships, jobs for young offenders, community events held at the property and volunteering. A third party collected the data and was able to calculate in monetary terms a social value for the property. The pilot commenced with Springfield Outer Shopping &amp; Leisure Center in Gillingham in the UK. A further six UK and European assets will be piloted, with the aim of having a social value for our portfolio. That social value is the value to the community as well as the financial return to investors. The social value will also be externally mapped to the UN Sustainable Development Goals. At the individual building level, we are pursuing well-being certifications such as Fitwel. We utilize third party firms for occupier satisfaction surveys.</p> <p><b>Socio-economic</b></p> <p><b>Social example 2, description (OPTIONAL)</b></p> <p>Whilst environmental considerations have started to become mainstream in assessing real estate and infrastructure, the 'S' in ESG has been traditionally harder to measure. We recently commenced a pilot to assess the social value of investments. Standing investments - offices, shopping centers, industrial estates - benefit local communities even though it may not be obvious at first sight. We have worked with tenants and our property and facilities management teams onsite to understand and measure things such as local employment levels, traineeships, jobs for young offenders, community events held at the property and volunteering. A third party collected the data and was able to calculate in monetary terms a social value for the property. The pilot commenced with Springfield Outer Shopping &amp; Leisure Center in Gillingham in the UK. A further six UK and European assets will be piloted, with the aim of having a social value for our portfolio. That social value is the value to the community as well as the financial return to investors. The social value will also be externally mapped to the UN Sustainable Development Goals. At the individual building level, we are pursuing well-being certifications such as Fitwel. We utilize third party firms for occupier satisfaction surveys.</p> <p><b>Social example 3, description (OPTIONAL)</b></p> <p>Whilst environmental considerations have started to become mainstream in assessing real estate and infrastructure, the 'S' in ESG has been traditionally harder to measure. We recently commenced a pilot to assess the social value of investments. Standing investments - offices, shopping centers, industrial estates - benefit local communities even though it may not be obvious at first sight. We have worked with tenants and our property and facilities management teams onsite to understand and measure things such as local employment levels, traineeships, jobs for young offenders, community events held at the property and volunteering. A third party collected the data and was able to calculate in monetary terms a social value for the property. The pilot commenced with Springfield Outer Shopping &amp; Leisure Center in Gillingham in the UK. A further six UK and European assets will be piloted, with the aim of having a social value for our portfolio. That social value is the value to the community as well as the financial return to investors. The social value will also be externally mapped to the UN Sustainable Development Goals. At the individual building level, we are pursuing well-being certifications such as Fitwel. We utilize third party firms for occupier satisfaction surveys.</p> <input checked="" type="checkbox"/> Governance Anti-bribery & corruption <p><b>Governance example 1, description</b></p> <p>Company-wide completion and anti-bribery policies in place. Staff required to undergo and satisfy regular online training - All staff are required to affirm their knowledge of these policies (amongst others) annually - Conflict of interest policies are also in place, and again staff are required to undergo and satisfy regular training - The Real Estate &amp; Private Markets (REPM) business has allocation policies deciding how properties suitable for a number of mandates/funds are allocated - Managers of Funds (in US entities) are authorised by the regulatory regimes applicable in respective markets. US works to ensure compliance with the applicable rules for managing or marketing vehicles in these markets.</p> <p><b>Conflicts of interest</b></p> <p><b>Governance example 2, description</b></p> <p>Company-wide completion and anti-bribery policies in place. Staff required to undergo and satisfy regular online training - All staff are required to affirm their knowledge of these policies (amongst others) annually - Conflict of interest policies are also in place, and again staff are required to undergo and satisfy regular training - The Real Estate &amp; Private Markets (REPM) business has allocation policies deciding how properties suitable for a number of mandates/funds are allocated - Managers of Funds (in US entities) are authorised by the regulatory regimes applicable in respective markets. US works to ensure compliance with the applicable rules for managing or marketing vehicles in these markets.</p> <p><b>Regulatory</b></p> <p><b>Governance example 3, description</b></p> <p>Company-wide completion and anti-bribery policies in place. Staff required to undergo and satisfy regular online training - All staff are required to affirm their knowledge of these policies (amongst others) annually - Conflict of interest policies are also in place, and again staff are required to undergo and satisfy regular training - The Real Estate &amp; Private Markets (REPM) business has allocation policies deciding how properties suitable for a number of mandates/funds are allocated - Managers of Funds (in US entities) are authorised by the regulatory regimes applicable in respective markets. US works to ensure compliance with the applicable rules for managing or marketing vehicles in these markets.</p> <p><input type="checkbox"/> No</p>			
PR 04.4	Additional information. (Optional)		
<p>The above represents a selection of our due diligence requirements, which are far more extensive. As part of the process, we engage third-party consultants, including environmental, to screen potential acquisitions.</p> <p>Information is collected via a standardised sustainability checklist which is completed in order to capture relevant issues. Results are fully analysed with material issues flagged to our investment Committee. Once due diligence is concluded there is a formal review and sign-off process.</p>			
PR 05	Voluntary	Additional Assessed	PR 1-3
PR 05.1	Indicate what type of ESG information your organisation typically considers during your property investment selection process.		
<input checked="" type="checkbox"/> Raw data from the target property asset/company <input checked="" type="checkbox"/> Appraisals/audits <input checked="" type="checkbox"/> Benchmark/ratings against similar property asset <input checked="" type="checkbox"/> Country level data/benchmarks <input checked="" type="checkbox"/> Data aligned with established property reporting standards, industry codes and certifications <input checked="" type="checkbox"/> International initiatives, declarations or standards <input checked="" type="checkbox"/> Data from engagements with stakeholders (e.g. tenants and local community surveys) <input checked="" type="checkbox"/> Information from external advisers <input checked="" type="checkbox"/> Other, specify: Proximity to amenities and public transit <input type="checkbox"/> We do not track this information			
PR 05.2	Provide a brief description of how this ESG information was incorporated into your investment selection process.		
<p>Our sustainability strategy is integrated into the management of our funds and is implemented by all operational functions during the entire ownership cycle of a project, from its development or acquisition to the ongoing asset management, renovation, maintenance and marketing, through successful sale. We develop and integrate RI into fund strategies, set objectives in order to make achievements management and measurable, measure performance against objective and report results to investors, clients and consultants.</p> <p>Sustainability factors are considered as an integral part of the asset acquisition process and form part of the investment submission. Information is collected via a standardised sustainability checklist which is completed in order to capture relevant issues.</p>			
PR 06	Mandatory	Core Assessed	PR 1
PR 06.1	Indicate if ESG issues impacted your property investment selection process during the reporting year.		
<input checked="" type="checkbox"/> ESG issues helped identify risks and/or opportunities for value creation <input checked="" type="checkbox"/> ESG issues led to the abandonment of potential investments <input checked="" type="checkbox"/> ESG issues impacted the investment in terms of price offered and/or paid <input checked="" type="checkbox"/> ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants <input type="checkbox"/> ESG issues were considered but did not have an impact on the investment selection process <input type="checkbox"/> Other, specify: Not applicable, our organisation did not select any investments in the reporting year <input type="checkbox"/> We do not track this potential impact			
PR 06.2	Indicate how ESG issues impacted your property investment deal structuring processes during the reporting year.		

- ESG issues impacted the investment in terms of price offered and/or paid
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ESG issues were considered but did not have an impact on the deal structuring process
- Other, specify
- Not applicable, our organisation did not select any investments in the reporting year
- We do not track this potential impact

**PR 06.3 Additional information, [Optional]**

ESG is an important consideration when covering new potential investments and forms a key part of our due diligence process before any acquisition. There are occasions where significant issues will arise and we will not proceed with the transaction. In other cases, for example, where an asset has poor environmental ratings, we may still proceed with the transaction and ensure our purchase/transaction price includes the costs of implementing the necessary upgrades, and where we look to improve the property via our active asset management process in order to rectify the issues.

Once an asset has been acquired, we look to initiate social programmes, such as tenant and community engagement efforts.

We regularly commission a pilot in the UK to assess the social value of investments. Standing investments – offices, shopping centers, industrial estates – benefit local communities even though it may not be obvious at first sight. We have worked with tenants and our property and facilities management teams onsite to understand and measure things such as local employment levels, traineeships, jobs for young offenders, community events held at the property and volunteering. A third party collected the data and was able to calculate in monetary terms a social value for the property. The pilot commenced with Springfields Outlet Shopping & Leisure Center in Spalding in the UK. A further six UK and European assets will be piloted with the aim of having a social value for our portfolio. That social value is the value to the community as well as the financial return to investors. The social value will also be extensively mapped to the UN Sustainable Development Goals.

PR 07	Mandatory	Core Assessed	PR 4
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**PR 07.1 Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third party property managers.**

Yes

**PR 07.2 Indicate how your organisation includes ESG issues in your selection, appointment and/or monitoring of third party property managers.**

Selection process of property managers incorporated ESG issues

- Types of actions**
- Request explanation of how ESG is effectively integrated, including enquiries about governance and processes
  - Request track records and examples of how the manager implements ESG in their asset and property management
  - Discuss property level out-performance opportunities through greater integration of ESG criteria
  - Request explanation of engaging stakeholders on ESG issues
  - Other, explain

**Coverage**

>75% to 100%

>50% to 75%

<50%

Contractual requirements when appointing property managers includes ESG issues

- Types of actions**
- Includes clear and detailed expectations for incorporating ESG
  - Require dedicated ESG procedures in all relevant asset and property management phases
  - Clear ESG reporting requirements
  - Clear ESG performance targets
  - Other, explain

**Coverage**

>75% to 100%

>50% to 75%

<50%

Monitoring of property managers covers ESG responsibilities and implementation

- Types of actions**
- Performance against quantitative and material environmental / resource targets over specified timeframe
  - Performance against quantitative and material environmental / resource targets against relevant benchmarks
  - Performance against quantitative and qualitative targets to address social impacts of the portfolio/investment
  - Other, explain

**Coverage**

>75% to 100%

>50% to 75%

<50%

No

**PR 07.3 Provide a brief description of your organisation's selection, appointment and monitoring of third party property managers and how they contribute to the management of ESG issues for your property investments.**

Property management firms are generally selected by an RFP process that includes multiple firms. Our primary aim is to hire the best in-class firm in each market for each property type and we do not have a global contract with any one provider. Standard ESG factors are included in the evaluation process and contracts with the property managers.

We have pan-regional ESG firms which assist us in implementing, managing and measuring our RFP programs. Property management firms are generally monitored in annual or quarterly reviews. We set targets by individual property type and by fund. Performance monitoring against ESG targets is part of the contract and the quarterly reviews.

The property owner carries out a yearly sustainability rating of assets usingGRESB benchmarking and data requirements. The property manager shall provide the necessary data at the owner's request (as far as this data is available) and shall help the owner to analyse the data in order to draw conclusions and develop measures for improvements.

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

PR 08	Mandatory	Gateway	PR 2
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**PR 08.1 Indicate if your organisation, end/ or property managers, considers ESG issues in post investment activities relating to your property assets.**

Yes

**PR 08.2 Indicate whether your organisation, end/ or property managers, considers ESG issues in the following post investment activities relating to your property assets.**

- We consider ESG issues in property monitoring and management
- We consider ESG issues in property developments and major renovations
- We consider ESG issues in property occupier engagements
- We consider ESG issues in community engagements related to our properties
- We consider ESG issues in other post-investment activities, specify

Green building certification and third party (e.g. Energy Star, LEED, BREEAM, HOE, DGNB) ratings after acquisition. We also put into place a bespoke sustainability program and

**PR 08.3 Describe how your organisation, end/ or property managers, considers ESG issues in post investment activities related to your property assets.**

We provide policy guidelines to our property managers to implement sustainability measures. Property agents have to submit their annual budget including investment on sustainability measures. The approved budget is monitored on a quarterly basis.

All of our property managers have been instructed to improve the efficiency of our properties and to implement sustainable measures. The measures vary by property type, but energy efficiency, water savings and recycling are encouraged for all properties. Key Performance Indicators (KPIs) are used to measure the following integral planning of maintenance cost and projects; reduction of energy and water consumption; optimisation of lifecycle costs, security and environment.

We collaborate with property management firms and ESG consultants on best practice ideas and ESG training. The ideas and strategies are jointly discussed before approved and implemented.

The property manager should manage the property in a sustainable way with the ultimate aim to reduce CO2 emissions in the lifecycle of a property. In this context, the property manager should also encourage all suppliers to contribute to this objective. This may include the following approaches and activities:

- Increasing the share of renewable energy in utility contracts.
- Favouring regional suppliers who are close by, for example, less than 50km to reduce suppliers travelling long distances.
- Favouring suppliers who are proactive with respect to sustainable management, i.e. who are certified for quality and environmental management systems such as ISO 9001, ISO 14001.
- The use of clean environmentally friendly products.
- Implementing recycling programs, and
- Creating property level green certifications.

The property owner carries out a yearly sustainability rating of assets. The property manager or ESG consultant shall provide the necessary data at the owner's request (as far as this data is available) and shall help the owner to analyse the data in order to draw conclusions and develop measures for improvements.

With regard to occupier engagement, our standard leases require our tenants to abide by all sustainability rules and regulations for the properties, including recycling, construction practices, sharing utility usage data and disposal of pre-existing materials and encourages them to work with us to improve the asset.

No

PR 09	Mandatory	Core Assessed	PR 2.3
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**PR 09.1 Indicate the proportion of property assets for which your organisation, end/ or property managers, set and monitored ESG targets (KPIs or similar) during the reporting year.**

- >60% of property assets
- 31-60% of property assets
- 10-30% of property assets
- <10% of property assets

**PR 09.2 Indicate which ESG targets your organisation and/or property managers typically set and monitor.**

Environmental

Target/KPI	Progress Achieved
Energy efficiency	please refer to section 9.3
Water consumption	please refer to section 9.3
Waste management	please refer to section 9.3

Social

Target/KPI	Progress Achieved
Accessibility	please refer to section 9.3
Health and safety	please refer to section 9.3
Infrastructure	please refer to section 9.3

Governance

Target/KPI	Progress Achieved
Occupier guidelines	please refer to section 9.3
Service provider guidelines	please refer to section 9.3
Tenant engagement and mediation	please refer to section 9.3

We do not set and/or monitor against targets

**PR 09.3 Additional information, [Optional]**

We operate co-ordinated ESG programmes across portfolio and regions, including energy audits and reduction plans. We benchmark individual assets and perform occupier surveys. To provide a consistent approach to evaluating sustainability, the following items are addressed during the technical, legal, commercial and environmental due diligence process:

1. Legislation - Building survey
2. Lease requirements - Solicitor's report on title
3. Sustainable ratings and performance - Building survey
4. HVAC / electrical system - Building survey
5. Renewable energy - Building survey
6. Lighting - Building survey
7. Sustainable operations - Property manager
8. Planning / future - Building survey
9. Site conditions - Environmental report
10. Building envelope - Building survey
11. Amenities - Building survey
12. Climate change risks - Building survey
13. Socio-economic risks - Investment agent's purchase report
14. Transportation - Investment agent's purchase report

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

PR 10	Voluntary	Descriptive	PR 2
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**PR 10.1 Indicate whether your property assets are assessed against certification schemes, ratings and/or benchmarks.**

Yes

**PR 10.2 List the certification schemes, ratings and/or benchmarks your property assets are assessed against and what proportion of your property assets they apply to.**

Add certification scheme, rating and benchmark

Specify	BREEAM, LEED, Fitwel and Energy
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<input checked="" type="radio"/> >90% of property assets <input type="radio"/> 51-90% of property assets <input type="radio"/> 10-50% of property assets <input type="radio"/> <10% of property assets (in terms of number of property assets)				
<input checked="" type="checkbox"/> Add certification scheme, rating and benchmark 2				
Specify: <input type="text" value="Minergie, Deutsches Gütesiegel Nachhaltiges Bauen"/>				
<input type="radio"/> >90% of property assets <input type="radio"/> 51-90% of property assets <input checked="" type="radio"/> 10-50% of property assets <input type="radio"/> <10% of property assets (in terms of number of property assets)				
<input checked="" type="checkbox"/> Add certification scheme, rating and benchmark 3				
Specify: <input type="text" value="GRESB Real Estate Assessment"/>				
<input type="radio"/> >90% of property assets <input type="radio"/> 51-90% of property assets <input type="radio"/> 10-50% of property assets <input type="radio"/> <10% of property assets (in terms of number of property assets)				
<input type="radio"/> No				
<b>PR 10.3</b> <input type="checkbox"/> Indicate if your organisation uses property specific reporting standards to disclose information related to your property investments' ESG performance.				
<input type="checkbox"/> Global Reporting Initiative (GRI) Construction & Real Estate Sector Supplement (GRES)				
<input checked="" type="checkbox"/> Other property reporting standards, specify:				
<input type="text" value="GRESB Real Estate Assessment (annual)"/>				
<input type="checkbox"/> No property specific reporting standards are used				
<b>PR 10.4</b> <input type="checkbox"/> Additional information.				
Different certifications apply in different markets. Some certifications are relevant to development, while others assess operational efficiency. We work to obtain certifications such as LEED and BREAM, particularly when performing refurbishment and development work. We have obtained LEED in use certification extensively across our US portfolio. We are strong supporters of GRESB and were early adopters of the Assessment in 2010/11. We submit circa 90% of our direct real estate assets, including all of our flagship funds from various geographic regions, with consistency strong results across all regions. UBS-AM is also an investor member and holds a seat on the GRESB Benchmark Committee. In addition to the above ratings and benchmarks, we hold energy performance certificates across our European Union assets with:				
<input type="checkbox"/> (a) BREAM LEED (Real and Energy Star for office properties); and				
<input type="checkbox"/> (b) Minergie, Deutsches Gütesiegel Nachhaltiges Bauen (DGNB), NABU, NABU Quality Environmental (NQE), EPDs, REM Green Key, Energy Star for non-office properties.				
<b>PR 11</b> <input type="checkbox"/> Mandatory <input type="checkbox"/> Core Assessed <input type="checkbox"/> PR 2				
<b>PR 11.1</b> <input type="checkbox"/> Indicate the proportion of active property developments and major renovations where ESG issues have been considered.				
<input checked="" type="radio"/> >90% of active developments and major renovations <input type="radio"/> 51-90% of active developments and major renovations <input type="radio"/> 10-50% of active developments and major renovations <input type="radio"/> <10% of active developments and major renovations <input type="radio"/> N/A, no developments and major renovations of property assets are active				
<b>PR 11.2</b> <input type="checkbox"/> Indicate if the following ESG considerations are typically implemented and monitored in your property developments and major renovations.				
<input checked="" type="checkbox"/> Environmental site selection requirements <input checked="" type="checkbox"/> Environmental site development requirements <input checked="" type="checkbox"/> Sustainable construction materials <input checked="" type="checkbox"/> Water efficiency requirements <input checked="" type="checkbox"/> Energy efficiency requirements <input checked="" type="checkbox"/> Energy generation from on-site renewable sources <input checked="" type="checkbox"/> Health management plans at sites <input checked="" type="checkbox"/> Health and safety management systems at sites <input checked="" type="checkbox"/> Health and wellbeing of residents <input checked="" type="checkbox"/> Construction contractors comply with sustainability guidelines <input checked="" type="checkbox"/> Resilient building design and orientation <input checked="" type="checkbox"/> Other, specify:				
<input type="text" value="Smart building technologies, Building Occupancy Resumption Plans"/>				
<b>PR 11.3</b> <input type="checkbox"/> Additional information, [Optional]				
All of the above factors are considered as part of the initial appraisal process. We have pursued a number of schemes where environmental considerations have played a key role in the development planning and ultimately in the successful leasing and sale of the asset.				
<b>PR 12</b> <input type="checkbox"/> Mandatory <input type="checkbox"/> Core Assessed <input type="checkbox"/> PR 2				
<b>PR 12.1</b> <input type="checkbox"/> Indicate the proportion of property occupiers your organisation, and/or your property managers, engaged with on ESG issues during the reporting year.				
<input checked="" type="radio"/> >90% of occupiers <input type="radio"/> 50-90% of occupiers <input type="radio"/> 10-50% of occupiers <input type="radio"/> <10% of occupiers				
<b>PR 12.2</b> <input type="checkbox"/> Indicate if the following practices and areas are typically part of your, and/or your property managers', occupier engagements.				
<input checked="" type="checkbox"/> Distribute a sustainability guide to occupiers <input checked="" type="checkbox"/> Organise occupier events focused on increasing sustainability awareness <input checked="" type="checkbox"/> Deliver training on energy and water efficiency <input checked="" type="checkbox"/> Deliver training on waste minimisation <input checked="" type="checkbox"/> Provide feedback on energy and water consumption and/or waste generation <input checked="" type="checkbox"/> Provide feedback on waste generation <input checked="" type="checkbox"/> Carry out occupier satisfaction surveys <input checked="" type="checkbox"/> Health and wellbeing of residents <input checked="" type="checkbox"/> Other green leases <input checked="" type="checkbox"/> Other, specify:				
<input type="text" value="Sustainability requirements in construction guidelines"/>				
<b>PR 12.3</b> <input type="checkbox"/> Additional information, [Optional]				
ESG is a standard agenda item in the development of annual business plans and during our quarterly meetings with tenants. We perform tenant surveys to better understand our occupiers' ESG concerns and requirements. All of our new leased leases to tenants contain green lease provisions encouraging tenants to share consumption and waste data and work with us on best practice measures. We also have green fit-out guides for minimum standards for tenant works to assets.				
<b>PR 13</b> <input type="checkbox"/> Voluntary <input type="checkbox"/> Additional Assessed <input type="checkbox"/> PR 2				
<b>PR 13.1</b> <input type="checkbox"/> Indicate the proportion of all leases signed during the reporting year that used green leases or the proportion of Memoranda of Understandings (MoUs) with reference to ESG issues.				
<input checked="" type="radio"/> >90% of leases or MoUs <input type="radio"/> 50-90% of leases or MoUs <input type="radio"/> 10-50% of leases or MoUs <input type="radio"/> <10% of leases or MoUs <input type="radio"/> 0% of leases or MoUs <input type="radio"/> N/A, no leases or MoUs were signed during the reporting year				
<b>PR 13.2</b> <input type="checkbox"/> Additional information.				
<input type="text" value="Our green lease clause now features in every new European and US lease issued to tenants. The aim is to encourage landlord and tenant engagement and sharing of information on ESG issues."/>				
<b>PR 14</b> <input type="checkbox"/> Voluntary <input type="checkbox"/> Additional Assessed <input type="checkbox"/> PR 2				
<b>PR 14.1</b> <input type="checkbox"/> Indicate what proportion of property assets your organisation, and/or your property managers, engaged with the community on ESG issues during the reporting year.				
<input checked="" type="radio"/> >90% of property assets <input type="radio"/> 50-90% of property assets <input type="radio"/> 10-50% of property assets <input type="radio"/> <10% of property assets				
<b>PR 14.2</b> <input type="checkbox"/> Indicate if the following areas and activities are typically part of your, and/or your property managers', community engagement.				
<input checked="" type="checkbox"/> ESG education programmes for the community <input checked="" type="checkbox"/> ESG enhancement programmes for public spaces <input checked="" type="checkbox"/> Research and networking activities focusing on ESG issues <input checked="" type="checkbox"/> Employment inclusion in communities <input checked="" type="checkbox"/> Supporting charities and community groups <input type="checkbox"/> Other, specify:				
<b>PR 14.3</b> <input type="checkbox"/> Additional information.				
<input type="text" value="One of the focus areas of corporate responsibility within UBS is community investment. UBS has a tradition of supporting the advancement and empowerment of organizations and individuals within the communities in which the company does business. UBS achieves this through a variety of community affairs activities as well as through a number of foundations dedicated to specific missions. Besides direct cash donations, the UBS program also encompasses employee volunteering (including paid leave), matched-giving schemes, in-kind donations, disaster relief efforts and partnerships with community groups, educational institutions and cultural organizations."/>				
<b>PR 15</b> <input type="checkbox"/> Voluntary <input type="checkbox"/> Additional Assessed <input type="checkbox"/> PR 1.2				
<b>PR 15.1</b> <input type="checkbox"/> Indicate whether your organisation measures how your approach to responsible investment in property investments has affected financial and/or ESG performance.				
<input checked="" type="checkbox"/> We measure whether our approach to ESG issues impacts funds' financial performance.				
<b>PR 15.1a</b> <input type="checkbox"/> Describe the impact on the following.				
<table border="1"> <thead> <tr> <th>Describe the impact on:</th> <th>Impact</th> </tr> </thead> <tbody> <tr> <td>Funds' financial performance</td> <td> <input checked="" type="radio"/> Positive  <input type="radio"/> Negative  <input type="radio"/> No impact         </td> </tr> </tbody> </table>	Describe the impact on:	Impact	Funds' financial performance	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact
Describe the impact on:	Impact			
Funds' financial performance	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact			
<input checked="" type="checkbox"/> We measure whether our approach to ESG issues impacts funds' ESG performance.				
<b>PR 15.1b</b> <input type="checkbox"/> Describe the impact on the following.				
<table border="1"> <thead> <tr> <th>Describe the impact on:</th> <th>Impact</th> </tr> </thead> <tbody> <tr> <td>Funds' ESG performance</td> <td> <input checked="" type="radio"/> Positive  <input type="radio"/> Negative  <input type="radio"/> No impact         </td> </tr> </tbody> </table>	Describe the impact on:	Impact	Funds' ESG performance	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact
Describe the impact on:	Impact			
Funds' ESG performance	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact			
<input type="radio"/> None of the above				
<b>PR 15.3</b> <input type="checkbox"/> Describe how you are able to determine these outcomes.				
<input type="text" value="On an ongoing basis, potential risks are identified by the asset and portfolio management teams, external property managers and our appointed sustainability advisors and are raised via quarterly meetings. Where relevant, these are then systematically explored and assessed using methodologies appropriate for each area of risk. Measuring the performance and the key performance indicators via energy reduction programmes and certifications for individual assets allowed us to benchmark our assets and to define best practice measures on property level. This resulted in quantifiable reductions of the operating costs in our properties, which we track and monitor on an ongoing basis. We have evidence to suggest that buildings with high sustainability ratings are more attractive to tenants and investors in certain established markets eg. Central London offices."/>				

INF 01	Voluntary	Describe	PR1 1.4
<p><b>INF 01.1</b> Provide a brief overview of your organisation's approach to responsible investment in infrastructure where you have equity stakes.</p> <p>We have a clear policy framework which directly addresses the core aspects of ESG - selecting investments and managing our assets in a way which reflect:</p> <ul style="list-style-type: none"> <li>Environmental sustainability - maintaining capacity of the ecosystem to provide raw materials as inputs and sink capacities to assimilate wastes over multiple generations;</li> <li>Social responsibility - taking responsibility for our impact on society by integrating social, environmental, ethical, human rights and consumer concerns into business operations and strategy; and</li> <li>Good governance - is consistent with the rule of law, protects and facilitates the exercise of shareholder rights, ensures equitable treatment of shareholders, etc.</li> </ul> <p>We apply these policies during due diligence when reviewing investment opportunities, making new investments and managing existing assets. For example, we have environmentally positive objectives across our Fund portfolio companies to reduce energy and water consumption, reduce greenhouse gas emissions and increase recycling rate and our share of renewable energy in the energy mix.</p> <p>Our investment process involves rigorous vetting of the ESG aspects of each potential investment. A discussion of an investment's ESG attributes is included in each investment memorandum provided to the Investment Committee. Initial screening involves a review of relevant ESG factors. The list of ESG issues considered and tools applied largely depends on the nature of the investment and the sector in which it is based. Due diligence then involves additional investigation of matters raised in internal and external (technical and other specific advisors) review of the investment opportunity - usually based on greater access to company and operational records of the business. Investment decisions then consider if the investment complies with our investment guidelines on ESG matters. To the extent that the investment meets all guidelines, then we assess any reputational issues for fund investors or UBS as a consequence of the investment.</p> <p>When managing existing assets, we assess the ESG credentials of our investee companies by benchmarking their policies, actions and procedures against ESG objectives. Notably, given the diverse nature of our assets, and potential future investments, such criteria are revised against relevant local, regional and global best practices and the nature of the business, operations, surrounding environment and community in which the investee company operates. We hold management of our portfolio companies accountable for implementation and adherence to ESG policies through our participation on the Board of Directors of the companies and during board meetings. ESG related issues are a standing item on all management board meetings.</p>			
INF 02	Mandatory	Core Assessed	PR1 1.6
<p><b>INF 02.1</b> Indicate if your organisation has a responsible investment policy for infrastructure.</p> <p><input checked="" type="checkbox"/> Yes</p> <p><b>INF 02.2</b> Provide a URL, if your policy is publicly available.</p> <p><input checked="" type="checkbox"/> Yes <a href="https://www.ubs.com/global/en/asset-management/investment-capabilities/re/estake/_jcr_content/mainpar/top/colwgrld_175017376/cot1/subheader/investgrd_355876552/colw/brakst_166119557...">https://www.ubs.com/global/en/asset-management/investment-capabilities/re/estake/_jcr_content/mainpar/top/colwgrld_175017376/cot1/subheader/investgrd_355876552/colw/brakst_166119557...</a></p> <p><input type="checkbox"/> No</p> <p><b>INF 02.3</b> Additional information, [optional]</p> <p>We have a comprehensive ESG framework that applies to our direct equity investments in infrastructure assets at UBS-AM, which includes details applicable to the Manager and our Portfolio Investments.</p>			
INF 03	Mandatory	Core Assessed	PR1 1.4,6
<p><b>INF 03.1</b> Indicate if your most recent fund placement documents (guides placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.</p> <p><input checked="" type="checkbox"/> Yes</p> <p><b>INF 03.2</b> Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Policy and commitment to responsible investment</li> <li><input checked="" type="checkbox"/> Approach to ESG issues in pre-investment processes</li> <li><input checked="" type="checkbox"/> Approach to ESG issues in post-investment processes</li> </ul> <p><b>INF 03.3</b> Describe how your organisation refers to responsible investment for infrastructure funds in fund placement documents (PPMs or similar), [optional].</p> <p>Our Fund placement documents discuss the key principles involved in consideration of ESG matters. Our data room of fund materials for equity (which each potential investor is provided access to) includes details of our approach to ESG matters and a copy of our ESG Framework Policy.</p> <p><input type="checkbox"/> No</p> <p><input type="checkbox"/> Not applicable as our organisation does not fundraise</p>			
INF 04	Voluntary	Additional Assessed	PR1 4
<p><b>INF 04.1</b> Indicate whether your organisation makes formal commitments in fund formation contracts, Limited Partnership Agreements (LPAs) or in side letters relating to responsible investment in infrastructure when requested by clients.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> We always make formal commitment to responsible investment in fund formation contracts, LPAs or side letters</li> <li><input checked="" type="checkbox"/> In a majority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters</li> <li><input type="checkbox"/> In a minority of cases we make formal commitment to responsible investment in fund formation contracts, LPAs or side letters</li> <li><input type="checkbox"/> We do not make formal commitment to responsible investment in fund formation contracts, LPAs or side letters</li> <li><input type="checkbox"/> We do not make formal commitment to responsible investment in fund formation contracts, LPAs or side letters because our clients do not request us to do so</li> </ul> <p><b>INF 04.2</b> Additional information.</p> <p>UBS AM is a signatory to the Principles for Responsible Investment and a number of other key responsible investment initiatives. We are therefore bound by UBS AM's broad guidelines and policies with respect to ESG. Investors are made aware of our framework. When requested by clients, we will incorporate additional language (including reference to the investor's own internal policy, if any) in a side letter. To date, only a small number of investors have made such request.</p>			
INF 05	Mandatory	Gateway	PR1
<p><b>INF 05.1</b> Indicate if your organisation typically incorporates ESG issues when selecting infrastructure investments.</p> <p><input checked="" type="checkbox"/> Yes</p> <p><b>INF 05.2</b> Describe your organisation's approach to incorporating ESG issues in infrastructure investment selection.</p> <p>The Infrastructure investment team takes into account ESG factors throughout the lifecycle of an investment, including during:</p> <ol style="list-style-type: none"> <li>Initial review of investment opportunities;</li> <li>Due diligence of investment opportunities and acquisition of assets; and</li> <li>Ownership via active management of investments.</li> </ol> <p>When a new investment opportunity is presented, the Infrastructure investment team conducts an initial screen of the opportunity, which includes a review of relevant ESG factors. This review uses information provided by the seller as well as information from public sources on the industry and the company, when available.</p> <p>During due diligence of an investment opportunity, ESG factors are investigated in detail by the team. This analysis includes investigation of matters raised by internal team members and external advisors (technical, legal and other advisors). This review is typically based on greater access to company information and operational records of the business (access to a comprehensive data room containing detailed information on the business). The investment decision process then considers if the investment complies with our investment guidelines on ESG matters. To the extent the investment meets all guidelines, we then assess any additional considerations, including reputational concerns (if any) for fund investors or UBS as a consequence of the investment. After acquisition, our team monitors ESG factors of underlying portfolio investments on a continuous basis. An ESG update (and any issues) is reported monthly for each investment in our asset management committee agenda and discussed on a call.</p> <p><input type="checkbox"/> No</p>			
INF 06	Voluntary	Descriptive	PR1 4
<p><b>INF 06.1</b> Indicate whether your organisation typically uses ESG advice and research sourced internally and/or externally when incorporating ESG issues into the infrastructure investment selection process.</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Internal staff <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Specify role: Executive members of investment committee</li> <li><input checked="" type="checkbox"/> Specify role: Investment analysts</li> <li><input checked="" type="checkbox"/> Specify role: Dedicated Sustainable &amp; Impact investment team</li> </ul> </li> <li><input checked="" type="checkbox"/> External resources <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Environmental advisors</li> <li><input type="checkbox"/> Social advisors</li> <li><input type="checkbox"/> Corporate governance advisors</li> <li><input type="checkbox"/> Regulatory and/or legal advisors</li> <li><input checked="" type="checkbox"/> Other, specify type of advisors/roles</li> </ul> </li> <li><input type="checkbox"/> Independent members of investment committee</li> <li><input type="checkbox"/> No use of internal or external advice on ESG issues</li> </ul>			
INF 07	Mandatory	Core Assessed	PR1 1.3
<p><b>INF 07.1</b> 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.</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Environmental <ul style="list-style-type: none"> <li>Energy efficiency</li> <li>Disposal of waste</li> <li>Water efficiency</li> </ul> </li> <li><input checked="" type="checkbox"/> Social <ul style="list-style-type: none"> <li>Health and safety</li> <li>Human Capital Management</li> <li>Corporate conduct</li> </ul> </li> <li><input checked="" type="checkbox"/> Governance <ul style="list-style-type: none"> <li>Protection / exercise of shareholders' rights</li> <li>Engagement and cooperation with stakeholders</li> <li>Timely / accurate disclosure</li> </ul> </li> </ul> <p><b>INF 07.2</b> Additional information, [optional]</p> <p>The list of Environmental and Social issues considered largely depends on the nature of the investment and the sector in which it is based. For example, an investment in electricity generation plants requires detailed review of emissions, emission standards and efficiency of plant design. Investment in a waste process business will require detailed review of waste handling procedures, and destination of processed waste, efficiency of waste processing facilities and natural environment impacts of disposal of treated/sorted waste.</p>			
INF 08	Voluntary	Additional Assessed	PR1 1.3
<p><b>INF 08.1</b> Indicate what type of ESG information your organisation typically considers during your infrastructure investment selection process.</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Raw data from the target infrastructure asset/company</li> <li><input checked="" type="checkbox"/> Benchmarks/ratings against similar infrastructure asset</li> <li><input checked="" type="checkbox"/> Sector level data/benchmarks</li> <li><input checked="" type="checkbox"/> Country level data/benchmarks</li> <li><input checked="" type="checkbox"/> Reporting standards, infrastructure sector codes and certifications</li> <li><input checked="" type="checkbox"/> International initiatives, declarations or standards</li> <li><input checked="" type="checkbox"/> Engagements with stakeholders (e.g. contractors and suppliers)</li> <li><input checked="" type="checkbox"/> Advice from external sources</li> <li><input type="checkbox"/> Other, specify</li> <li><input type="checkbox"/> We do not track this information</li> </ul> <p><b>INF 08.2</b> Additional information.</p> <p>Our investment selection process contains a detailed review of information related to ESG factors, as outlined above. The source of this information typically comes from the seller, external advisors (technical and environmental consultants, legal, etc.), industry associations, regulatory bodies, and other publicly available information. Our external advisors often provide summaries and analysis on ESG factors, such as a formal Environmental Due Diligence or a review of safety practices.</p> <p>For example, for a power plant in the United States, emissions are regulated and typically determined by its air permits. Emissions are tracked and typically recorded by continuous emissions monitoring systems at the plant and reported to regulatory bodies (usually to the entity that grants the air permit). During the investment selection process, some or all of this data is usually available for review by the due diligence team for analysis. Similarly, health and safety records are tracked by power plant operators. This information is often compared against industry benchmarks from the Occupational Safety and Health Administration ("OSHA") (part of the United States Department of Labor), both during the investment selection process and post-acquisition on an ongoing basis.</p> <p>Analysis of ESG factors are reported in various forms during the investment selection process and stored. All due diligence information is saved in electronic form on our servers, pursuant to record retention policies of the firm. Further, our investment committee paper that requests approval for an acquisition outlines ESG considerations and typically contains summaries of the conclusions of advisor reports. Upon acquisition, we acquire all historical information on assets, which includes historical data and records of ESG related factors (such as OSHA incidents for US power plants). After acquisition, records of ESG factors are kept by the portfolio company and reported to us on a periodic basis. As mentioned previously, ESG considerations are reported monthly internally upon request and on an ad-hoc basis. ESG data is reported to our investors.</p>			
INF 09	Voluntary	Additional Assessed	PR1
<p><b>INF 09.1</b> Indicate if ESG issues impacted your infrastructure investment selection processes during the reporting year.</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> ESG issues helped identify risks and/or opportunities for value creation</li> <li><input checked="" type="checkbox"/> ESG issues led to the abandonment of potential investments</li> <li><input type="checkbox"/> ESG issues impacted the investment in terms of price offered and/or paid</li> <li><input type="checkbox"/> ESG issues impacted the terms in the shareholder/purchase agreements and/or landing covenants</li> <li><input checked="" type="checkbox"/> ESG issues were considered but did not have an impact on the investment selection process</li> <li><input type="checkbox"/> Other, specify</li> <li><input type="checkbox"/> Not applicable, our organisation did not select any investments in the reporting year</li> <li><input type="checkbox"/> We do not track this potential impact</li> </ul> <p><b>INF 09.2</b> Indicate how ESG issues impacted your infrastructure investment deal structuring processes during the reporting year.</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> ESG issues impacted the investment in terms of price offered and/or paid</li> <li><input checked="" type="checkbox"/> ESG issues impacted the terms in the shareholder/purchase agreements and/or landing covenants</li> <li><input checked="" type="checkbox"/> ESG issues were considered but did not have an impact on the deal structuring process</li> <li><input type="checkbox"/> Other, specify</li> <li><input type="checkbox"/> Not applicable, our organisation did not select any investments in the reporting year</li> <li><input type="checkbox"/> We do not track this potential impact</li> </ul> <p><b>INF 09.3</b> Additional information.</p> <p>ESG considerations are an important part of our investment process. During initial screening and due diligence, ESG factors are identified and the risk and financial impact on returns are analysed. Examples include:</p> <ul style="list-style-type: none"> <li>For our recent investment in Gascon (AEP 9), an unregulated LPG distribution utility in Portugal, we considered the impact on the business of decarbonisation of energy in Portugal.</li> <li>For our recent investment in Phoenix Wind, a United States wind farm portfolio, we positively considered its strong ESG attributes, renewable power generation with no emissions and multi-purpose land use.</li> </ul> <p>Often, these considerations are qualitative in nature and do not directly impact the valuation or cash flows of an investment. There are occasions where significant issues (risks) arise and mitigation measures are required, or we choose not to proceed with the transaction.</p>			
INF 10	Mandatory	Core Assessed	PR1 4

**INF 10.1** Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party operators.

Yes

**INF 10.2** Indicate your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party operators.

Selection process of third-party operators incorporates ESG issues

- For all third-party operators
- For a majority of third-party operators
- For a minority of third-party operators

Contractual requirements when appointing third-party operators includes ESG issues

- For all third-party operators
- For a majority of third-party operators
- For a minority of third-party operators

Monitoring of third-party operators covers ESG responsibilities and implementation

- For all third-party operators
- For a majority of third-party operators
- For a minority of third-party operators

**INF 10.3** Provide a brief description of your organisation's selection, appointment and monitoring of third-party operators. [Optional]

Selection of third-party operators depends on the nature of the investment. In instances where we are responsible for the development and formation of a new project, we will have direct responsibility for the engagement of third-party operators. In such circumstances we have direct control over the appointment, the contractual structure and establishment of the monitoring framework for the third-party operators. In instances where we acquire an existing business, with an existing operating structure, we ensure that the corporate policies of the investee company are in accord with our fund policies, and we seek to ensure management comply with such policies through our governing role with the investee company. In such instances, we expand and improve ESG programs when and where necessary.

**INF 10.4** Describe how your third-party operators contribute to the management of ESG issues for your infrastructure investments. [Optional]

Operating & regulatory framework – organizational experience and expertise, corporate policies, environmental policies, accreditation with industry bodies, operational record against national and international standards of practice, employment policies, suitably licensed to operate

Reporting framework – e.g. environmental performance standards, occupational health and safety reporting (such as contractor near misses and LTIs), governance framework for the operator

Performance objectives – e.g. contractual terms which penalize poor environmental performance.

No

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**INF 11** **Mandatory** Gateway PRI 2

**INF 11.1** Indicate whether your organisation and/or operators consider ESG issues in post-investment activities relating to your infrastructure assets.

Yes

**INF 11.2** Indicate how your organisation, and/or operators, considers ESG issues in the following post-investment activities relating to your infrastructure assets.

- We consider ESG issues in the monitoring and operation of infrastructure
- We consider ESG issues in infrastructure maintenance
- We consider ESG issues in stakeholder engagements related to our infrastructure
- We consider ESG issues in other post-investment activities, specify

**INF 11.3** Describe how your organisation, and/or operators, considers ESG issues in post-investment activities related to your infrastructure investments. [Optional]

ESG processes are embedded in our processes when actively managing investments in our portfolio. In our view, delivery against a robust ESG framework reflects good management, delivers better risk investments, greater community and employee support, and over the long term, stronger financial returns. We assess the ESG credentials of our investee companies by benchmarking their policies, actions and procedures against our ESG objectives. Notably, given the diverse nature of our existing and potential future investments, such criteria consider relevant local, regional and global best practices and the nature of the business, operations, surrounding environment and community in which the investee company operates. Key categories reviewed include:

- (1) Environmental: Climate change, Environmental management systems and compliance, Environmental efficiency (waste, water, energy), Emissions;
- (2) Social: Workplace Health and Safety, human capital management, Corporate conduct, Stakeholder management, community relations, and
- (3) Governance: protection / exercise of shareholders' rights, engagement and co-operation with stakeholders, disclosure

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

No

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**INF 12** **Mandatory** Core Assessed PRI 2

**INF 12.1** Indicate the proportion of infrastructure assets for which your organisation and/or operators included ESG performance in investment monitoring during the reporting year.

- >90% of infrastructure assets
- 51-90% of infrastructure assets
- 10-50% of infrastructure assets
- <10% of infrastructure assets

**INF 12.2** Indicate ESG issues for which your organisation, and/or operators, typically sets and monitors targets (KPIs or similar) and provide examples per issue.

- Environmental
  - Energy efficiency
  - Water usage
  - Waste efficiency
- Social
  - Workplace health and safety
  - Human capital management
- Governance
  - Protection / exercise of shareholders' rights
  - Engagement and cooperation with stakeholders
  - Timely / accurate disclosure
- We do not set and/or monitor against targets

**INF 12.3** Additional information. [Optional]

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.

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**INF 13** **Mandatory** Additional Assessed PRI 2

**INF 13.1** Indicate whether you track the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines).

Yes

**INF 13.2** Indicate the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines).

- >90% of infrastructure investees
- 51-90% of infrastructure investees
- 10-50% of infrastructure investees
- <10% and 10% of infrastructure investees
- 0% of infrastructure investees

**INF 13.3** Describe how your organisation, and/or your operators, contributes to the infrastructure investee's management of ESG issues. [Optional]

In instances where we are responsible for the development and formation of a new project or company, we will have direct responsibility for the establishment of corporate and procurement policies which have a direct impact on the management of ESG issues. In instances where we acquire an existing business with an existing operating structure, we ensure that the corporate policies of the investee company are in accord with our fund policies or we update the policy as needed. We maintain oversight of all our investments through board appointments and participation in management working groups through which we are able to oversee management compliance with such policies.

No

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**INF 14** **Voluntary** Descriptive PRI 3

**INF 14.1** Indicate the type and frequency of reports you request and/or receive from infrastructure investees covering ESG issues.

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

**Typical reporting frequency**

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc/when requested, specify

Standalone reports highlighting targets and/or KPIs covering ESG issues

**Typical reporting frequency**

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc/when requested, specify

Other, specify

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

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**INF 15** **Mandatory** Core Assessed PRI 2

**INF 15.1** Indicate the proportion of active infrastructure maintenance projects where ESG issues have been considered.

- >90% of active maintenance projects
- 51-90% of active maintenance projects
- 10-50% of active maintenance projects
- <10% of active maintenance projects
- N/A, no maintenance projects of infrastructure assets are active

**INF 15.2** Describe your approach to ESG considerations for infrastructure maintenance projects. [Optional]

We ensure that the corporate policies of the investee company are in accord with our Fund policies. We maintain oversight of all our investments through board appointments and participation in management working groups through which we are able to oversee management compliance with such policies when maintaining our infrastructure assets.

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**INF 16** **Voluntary** Additional Assessed PRI 2

**INF 16.1** Indicate which stakeholders your organisation, and/or operators, engaged with on ESG issues in relation to your infrastructure assets during the reporting year and what proportion of your investments they apply to.

**Stakeholders engaged**

- Regulators
 

**Percentage of infrastructure assets these apply to**

  - >90% of infrastructure assets
  - 51-90% of infrastructure assets
  - 10-50% of infrastructure assets
  - <10% of infrastructure assets
- Communities
 

**Percentage of infrastructure assets these apply to**

  - >90% of infrastructure assets
  - 51-90% of infrastructure assets
  - 10-50% of infrastructure assets
  - <10% of infrastructure assets
- Other stakeholder, specify
- Other stakeholder, specify

**INF 16.2** Describe your approach to stakeholder engagements in relation to your infrastructure assets.

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

Wind farm development – active stakeholder engagement throughout the development and construction phase, and post construction in response to a community fund project, and impacts of operation. Stakeholders engaged include the local townspeople, farmers, regulators, Government, environmental ( flora and fauna) interest groups.

Regulated water and sewerage company – active engagement with stakeholders and the community through a formal consumer consultation group on pricing, drinking water regulators, environmental regulators, community forums on new works, engagement with flooded communities, etc.

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**INF 17** **Voluntary** Additional Assessed PRI 1.2

**INF 17.1** Indicate whether your organisation measures how your approach to responsible investment in infrastructure investments has affected financial and/or ESG performance.

- We measure whether our approach to ESG issues impacts funds' financial performance
- We measure whether our approach to ESG issues impacts funds' ESG performance

Describe the impact on: Funds' ESG performance	Impact
	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact

None of the above

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

Our Funds participate in theGRESB Sustainable Infrastructure Assessment. GRESB provides a systematic assessment and benchmarking for ESG performance. Historically GRESB has focused on the real estate sector but since 2016 has widened its focus to include infrastructure. GRESB measures and ranks our ESG performance and benchmarks us compared to our peers. We use the GRESB results and feedback as a tool for initiating continuous ESG performance improvement at our assets. In the latest 2019 assessments, our funds received 5- and 4-stars amongst a peer group of 29 globally diversified private infrastructure funds. Additionally, our asset 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 ESG performance. However, we do not quantify the impact. In order to measure the impact of ESG policies on outcomes, we require a 'control' portfolio in which ESG principles are not applied. As we apply ESG policies to our investment process universally, 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** Voluntary Descriptive PRG 1.3

**INF 18.1** Provide examples of ESG issues that affected your infrastructure investments during the reporting year.

Add Example 1

ESG issue	Waste water compliance misreporting
Types of infrastructure affected	Water and Wastewater asset
Impact (or potential impact) on investment	Regulate investor's external customer relations (the asset/holdings)
Activities undertaken to influence the investment and the outcome	Regulator, Board and shareholders have looked at plans to fix past delivery and to delivery in the future

Add Example 2

ESG issue	Unemployment risk
Types of infrastructure affected	Power generation facilities
Impact (or potential impact) on investment	US power generation facility is approaching the end of its economic and useful life creating uncertainty for employee's 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 outcome	Retention program implemented to incentivize employees to remain at plant and to provide them additional compensation due to uncertain employment future; staff moved to separate facility to keep them employed. These initiatives help support the communities in which these employees work

Add Example 3

Add Example 4

Add Example 5

**INF 19** Mandatory to Report, Voluntary to Disclose Descriptive PRG 6

**INF 19.1** Describe your organization'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. For all companies we own in our fund vehicles we comment quarterly and annually on Health and Safety and Environment issues.

CM1 01	Mandatory	Additional/Assessed	General
<p><b>CM1 01.1</b> Indicate whether the reported information you have provided for your PRS Transparency Report this year has undergone:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Third party assurance over selected responses from this year's PRS Transparency Report</li> <li><input type="checkbox"/> Third party assurance over data points from other sources that have subsequently been used in your PRS responses this year</li> <li><input type="checkbox"/> Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRS this year)</li> <li><input type="checkbox"/> Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRS this year)</li> <li><input checked="" type="checkbox"/> Internal verification of responses before submission to the PRS (e.g. by the CEO or the board) <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Whole PRS Transparency Report has been internally verified <ul style="list-style-type: none"> <li><input type="checkbox"/> Selected data has been internally verified</li> </ul> </li> <li><input type="checkbox"/> Other, specify:</li> <li><input type="checkbox"/> None of the above</li> </ul> </li> </ul>			
<p><b>CM1 01.2</b> Additional information [OPTIONAL]</p> <p>Verified by the Sustainable and Impact Investing Team:</p>			
CM1 02	Mandatory	Descriptive	General
<p><b>CM1 02.1</b> We undertook third party assurance on last year's PRS Transparency Report</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Whole PRS Transparency Report was assured last year</li> <li><input type="checkbox"/> Selected data was assured in last year's PRS Transparency Report</li> <li><input checked="" type="checkbox"/> We did not assure last year's PRS Transparency report</li> <li><input type="checkbox"/> None of the above. We were in our preparation year and did not report last year.</li> </ul>			
CM1 03	Mandatory	Descriptive	General
<p><b>CM1 03.1</b> We undertake confidence building measures that are un-specific to the data contained in our PRS Transparency Report:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> We adhere to an RI certification or labelling scheme</li> <li><input type="checkbox"/> 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 PRS Transparency Report</li> <li><input type="checkbox"/> ESG audit of holdings</li> <li><input type="checkbox"/> Other, specify:</li> <li><input checked="" type="checkbox"/> None of the above</li> </ul>			
CM1 04	Mandatory	Descriptive	General
<p><b>CM1 04.1</b> Do you plan to conduct third party assurance of this year's PRS Transparency report?</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Whole PRS Transparency Report will be assured</li> <li><input type="checkbox"/> Selected data will be assured</li> <li><input checked="" type="checkbox"/> We do not plan to assure this year's PRS Transparency report</li> </ul>			
CM1 07	Mandatory	Descriptive	General
<p><b>CM1 07.1</b> Indicate who has reviewed/verified internally the whole - or selected data of the - PRS Transparency Report, and if this applies to selected data please specify what data was reviewed</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> CEO or other Chief Level staff</li> <li><input type="checkbox"/> The Board</li> <li><input checked="" type="checkbox"/> Investment Committee</li> </ul> <p>Sign-off or review of responses</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Sign-off</li> <li><input checked="" type="checkbox"/> Review of responses</li> </ul> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Compliance Function</li> <li><input checked="" type="checkbox"/> RI/ESG Team</li> <li><input checked="" type="checkbox"/> Investment Teams</li> <li><input type="checkbox"/> Legal Department</li> <li><input type="checkbox"/> Other (specify):</li> </ul>			