

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name:

UBS (CH) Fund Solutions – Carbon Compensated Gold ETF

Legal entity identifier:

391200R1WOYJ22DPE237

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

| Does this financial product have a sustainable investment objective? | |
|--|--|
| ●● <input type="checkbox"/> Yes | ●● <input checked="" type="checkbox"/> No |
| <input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective : ____ % <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective : _____ % | <input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments |



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What environmental and/or social characteristics are promoted by this financial product?

This financial product is passively managed and tracks an index, the LBMA Carbon Neutral Gold PM Fixing Index (Total Return), (“Index/Reference Benchmark”). The following characteristics are promoted by the financial product:

- 100% of scope 1, 2 and 3 carbon emissions will be compensated with Verra Carbon Unit offsets. Compensation in this context means that Verra invests in nature-based projects, and the plants (e.g. trees) absorb CO2 and with this neutralise the CO2 emissions arising from, for example, the mining and production of gold. For every tonne of CO2 absorbed, one Verra Carbon Unit will be issued by Verra. For its part, MKS PAMP buys 1 Verra Carbon Unit per tonne of CO2 that has been emitted during the life cycle of MKS Carbon neutral gold. The Verra Carbon Units purchased for the purpose of emission compensation will be retired in the Verra registry, can no longer be traded and are removed from the market. This prevents multiple offsetting of CO2 emissions with the same Verra Carbon Unit.

To measure the characteristics promoted by the financial product, the LBMA Carbon Neutral Gold PM Fixing Index (Total Return) is used as the index.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The characteristics are measured using the following indicators respectively:

- CO2 emissions in tonnes per kilogram of gold;
- Number of respective offsets with Verra Carbon Units.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable since this financial product will not make any sustainable investments.

- **How do the sustainable investments that the financial product partially intends to make not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable since this financial product will not make any sustainable investments.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No, since this financial product invests only in gold. Commodities are outside the scope of a principal adverse impact assessment on the basis that they are not investee companies, sovereigns, supranational entities or real estate, i.e. the indicators listed in Table 1 Annex I SFDR RTS are not relevant to commodities.

This financial product is passively managed and tracks an index; indicators regarding adverse impacts on sustainability factors are taken into account by the index provider as appropriate to the index family.

The indices only take into account MKS Pamp Carbon Compensated Gold, which, in addition to the full offset of CO2 emissions with voluntary market certificates (Verra Carbon Units), fully complies with the rules for LBMA Responsible Sourcing.

The Responsible Sourcing programme ensures the continuous improvement of business practices for responsible sourcing and assures customers that all metal sourced from LBMA Good Delivery refineries is free of conflict financing. The programme follows a due diligence framework set out in the OECD Guidance and requires GDL refiners to demonstrate their efforts to combat money laundering, terrorist financing and human rights abuses, and respect the environment globally.



What investment strategy does this financial product follow?

This financial product seeks to promote the characteristic(s) described in this annex through index selection and passive asset management.

This financial product is passively managed and seeks to track the performance and the ESG profile of the index.

The financial product intends to promote environmental characteristics by investing exclusively in MKS Pamp Carbon Neutral Gold, for which all scope 1, 2 and 3 carbon emissions of the gold have been 100% offset with Verra Carbon Units. The match between CO2 emissions of the gold and respective offsets with Verra Carbon Units will be audited by the Carbon Trust.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***


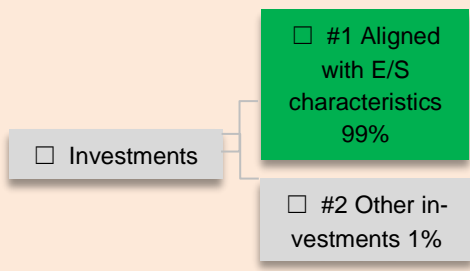
The following binding elements of the investment strategy are used to select investments that meet the characteristics promoted by this financial product.

100% of scope 1, 2 and 3 carbon emissions will be compensated with Verra Carbon Unit offsets.

The match between CO2 emissions of the gold and respective offsets with Verra Carbon Units will be audited by the Carbon Trust and certified according to PAS 2060, British Standards (BSI).

The calculation does not take into account cash, derivatives and unrated investment vehicles.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

| | |
|--|--|
| | <ul style="list-style-type: none"> • What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy? |
| | <p>This sub-fund has not committed to reducing the scope of investments by a minimum rate. This financial product invests at least 99 percent of its net assets in MKS carbon neutral gold, which is the component of the index. The full carbon footprint of the MKS carbon neutral gold is offset with Verra Carbon Units.</p> |
| <ul style="list-style-type: none"> • What is the policy to assess good governance practices of the investee companies? | |
| | <p>Sub-funds that replicate an index rely on good corporate governance, which is why verification should follow a look-through approach, therefore the assessment on a look-through basis should be applied. However, as the sub-fund invests in gold, because verification of good corporate governance cannot be applied to commodities, and as the index's underlying asset class is not a commodity, there are no guidelines under which governance needs to be evaluated for this sub-fund.</p> |
|  | <p>What is the asset allocation planned for this financial product?</p> |
| | <p>The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 99%.</p> |
| | <div style="text-align: center;">  <pre> graph LR A[Investments] --- B[#1 Aligned with E/S characteristics 99%] A --- C[#2 Other investments 1%] </pre> </div> <p>#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.</p> <p>#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.</p> <p>The category #1 Aligned with E/S characteristics covers:</p> <ul style="list-style-type: none"> -The sub-category #1A Sustainable covers sustainable investments with environmental or social objectives. -The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments. |
| <ul style="list-style-type: none"> • How does the use of derivatives attain the environmental or social characteristics promoted by the financial product? | |
| | <p>Derivatives are not used to attain the environmental characteristics promoted by the financial product.</p> |

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The minimum extent that investments underlying this financial product are sustainable investments with an environmental objective aligned with the EU Taxonomy is 0%.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

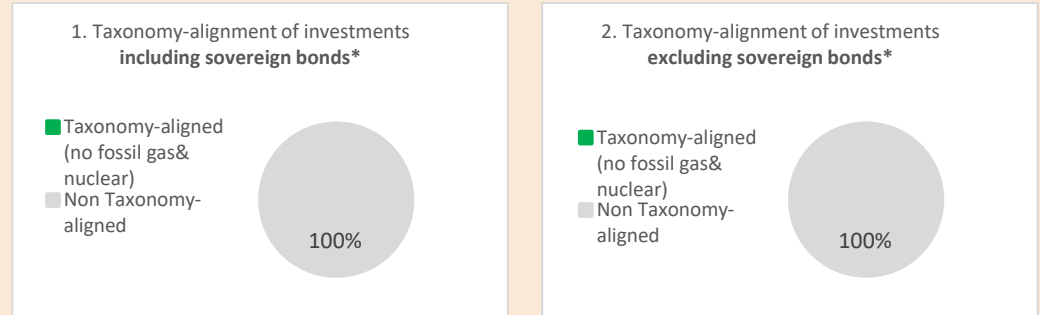
- Yes:
 In fossil gas In nuclear energy
- No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two diagrams below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first diagram shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second chart shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these diagrams, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable since this product will not make any sustainable investments.



What is the minimum share of socially sustainable investments?

Not applicable since this product will not make any sustainable investments.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management relative to the benchmark weighting. This category may also include securities for which relevant data is not available.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

The reference benchmark designated for the purpose of attaining the characteristic promoted by the financial product is the LBMA Carbon Neutral Gold PM Fixing Index.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

The financial product has initially selected the reference benchmark for its relevance to its investment strategy and the attainment of the characteristics it seeks to promote.

The CO2 footprint as well as its complete offset with the voluntary market certification is monitored and certified annually by Carbon Trust Assurance.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

The financial product originally selected the benchmark index for its relevance in relation to the investment strategy and the characteristics that this index seeks to promote.

The investment manager checks the index method when setting up the product and can contact the index provider if the index method is no longer in line with the investment strategy of the financial product.

- ***How does the designated index differ from a relevant broad market index?***

The broad market index is the LBMA PM Fixing Index. This index invests exclusively in physical gold that meets the standards of the LBMA and is not classified as a sustainable investment. On the other hand, the LBMA Carbon Neutral Gold PM Fixing Index invests exclusively in MKS PAMP Carbon Neutral Gold, for which the entire CO2 footprint has been compensated. The gold of the broad market index, on the other hand, has a CO2 footprint that has not been compensated.

- ***Where can the methodology used for the calculation of the designated index be found?***

The methodology for the construction of the index can be found in the prospectus and at the following URL: <https://www.solactive.com/indices/>.



Where can I find more product-specific information online?

More product-specific information can be found on the website:

www.ubs.com/etf

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.