

**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 (Lux) Equity SICAV - Small Caps Europe Sustainable (EUR)

**Legal entity identifier:**

54930026OG1K3X97UZ22

**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.

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**Yes**

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_\_ %

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** \_\_\_\_\_ %

**No**

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 20% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

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.

**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?**

The following characteristics are promoted by the financial product:

- 1) A sustainability profile that is higher than its benchmark's sustainability profile or a UBS ESG consensus score between 7 and 10 (indicating a strong sustainability profile).
- 2) A lower Weighted Average Carbon Intensity (WACI) than the reference benchmark or a low absolute carbon profile.

The benchmark is a broad market index which does not assess or include constituents according to environmental and/or social characteristics and therefore is not intended to be consistent with the characteristics promoted by the financial product. No ESG reference benchmark has been designated for the purpose of attaining the characteristics promoted by the financial product.

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

The above characteristics are measured using the following indicators respectively:

Characteristic 1):

The UBS ESG consensus score is used to identify issuers/companies for the investment universe with strong environmental and social performance characteristics, or a strong sustainability profile. This UBS ESG consensus score is a normalized weighted average of ESG score data from internal and recognized external providers. Rather than relying on an ESG score from a single provider, the consensus score approach increases conviction in the validity of the sustainability profile.

The UBS ESG consensus score assesses sustainability factors, such as the performance of the relevant issuers/companies with reference to environmental, social and governance (ESG) aspects. These ESG aspects relate to the main areas in which the issuers/companies operate and their effectiveness in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines.

The individual investments in the sub-fund have a UBS ESG consensus score (on a scale of 0-10, with 10 having the best sustainability profile). There is no minimum UBS ESG consensus score at individual investment level.

Characteristic 2):


Scope 1 and 2 Weighted Average Carbon Intensity (WACI):

- Scope 1 refers to direct carbon emissions and therefore includes all direct greenhouse gas emissions from owned or controlled sources of the relevant entity or issuer.

- Scope 2 refers to indirect carbon emissions and therefore includes greenhouse gas emissions from the generation of electricity, thermal energy and/or steam that is consumed by the relevant entity or issuer.

Low absolute carbon profile is defined as below 100 tonnes of CO2 emissions per million US dollars of revenues.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

	<ul style="list-style-type: none"> <li>• <b>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?</b></li> </ul>
	<p>The objectives of the sustainable investments that the financial product partially intends to make is to contribute to the environmental and/or social characteristic(s) promoted by the financial product.</p>
	<ul style="list-style-type: none"> <li>• <b>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?</b></li> </ul>
	<p>The Portfolio Manager applies exclusions to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the section headed "Sustainability Exclusion Policy" in the main body of the Sales Prospectus.</p> <p>The exclusions include thermal coal mining and thermal coal-based energy production &amp; oil sands, the portfolio manager selects investments based upon a lower absolute or relative scope 1+2 carbon intensity. UBS Asset Management does not invest in companies involved in controversial weapons i.e. cluster munitions, anti-personnel mines, chemical and biological weapons, or companies in breach of the Treaty on the Non-Proliferation of Nuclear Weapons.</p> <p>Investments are positively screened according to the environmental and/or social characteristics promoted by the financial product.</p>
	<p><i>How have the indicators for adverse impacts on sustainability factors been taken into account?</i></p>
	<p>The Portfolio Manager employs a proprietary ESG Risk Dashboard, the Dashboard allows equity and credit analysts to quickly identify companies with significant ESG risks via the "UBS ESG Risk Signal". This clear, actionable signal serves as starting point for more in-depth analysis of the underlying sources of these risks and the links to their investment cases.</p>
	<p><i>How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?</i></p>
	<p>Companies violating the United Nations Global Compact (UNGC) principles, who do not demonstrate credible corrective action will be excluded from the investment universe.</p>
	<p><i>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.</i></p> <p><i>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.</i></p> <p><i>Any other sustainable investments must also not significantly harm any environmental or social objectives.</i></p>
	<p><b>Does this financial product consider principal adverse impacts on sustainability factors?</b></p>

Yes

Principal adverse impacts (the "PAI") are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters. UBS integrates PAI indicators in its decision making process.

At present, the following PAI indicators are considered by means of exclusions from the investment universe:

1.4 "Exposure to companies active in the fossil fuel sector":

- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal mining and its sale to external parties or from oil sands extraction are excluded
- Companies that exceed a certain revenue threshold (as per the UBS AM Sustainability Exclusion Policy) from thermal coal-based power generation are excluded.

1.10 "Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises":

- Companies violating the United Nations Global Compact UNGC principles which do not demonstrate credible corrective action as determined by UBS-AM's Stewardship Committee are excluded

1.14 "Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)":

- UBS-AM does not invest in companies involved in: cluster munitions, anti-personnel mines or chemical and biological weapons, nor does it invest in companies in breach of the Treaty on the Non- Proliferation of Nuclear Weapons. UBS-AM considers a company to be involved in controversial weapons if the company is involved in development, production, storage, maintenance or transport of controversial weapons, or is a majority shareholder (>50% ownership stake) of such a company.

The link to the Sustainability Exclusion Policy can be found in the section headed "Sustainability Exclusion Policy" in the main body of the Sales Prospectus.

The following PAI indicator is considered by virtue of the promoted characteristics:

1.3 "GHG intensity of investee companies"

- The Portfolio Manager selects investments based upon a low scope 1+2 carbon intensity, either absolute or relative to a benchmark

When assessing "do no significant harm" (DNSH), we consider selected principal adverse impact indicators based on availability and appropriateness. These indicators are combined into a signal based on individual thresholds defined per indicator. A fail on a single indicator leads to an investment failing the DNSH criteria. The following PAI indicators are additionally part of this signal:

1.7 "Activities negatively affecting bio-diversity-sensitive areas"

1.13 "Board gender diversity"

1.15. "GHG Intensity"

1.16. "Investee countries subject to social violations"

Information on consideration of PAIs on sustainability factors is also available in the sub-fund's annual report.


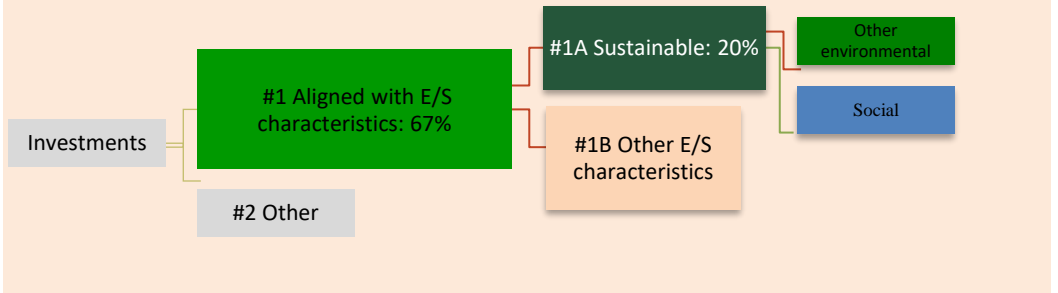
**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.



	<input type="checkbox"/> No
	<p><b>What investment strategy does this financial product follow?</b></p> <p><b>ESG Integration:</b></p> <p>ESG Integration is driven by taking into account material ESG risks as part of the research process. ESG integration enables the Portfolio Manager to identify financially relevant sustainability factors that impact investment decisions and to incorporate ESG considerations when implementing investment decisions, and allows ESG risks to be systematically monitored and compared to risk appetite and constraints. It also assists in portfolio construction through securities selection, investment conviction and portfolio weightings.</p> <ul style="list-style-type: none"> <li>• For corporate issuers, this process utilizes an internal UBS ESG material issues framework which identifies the financially relevant factors per sector that can impact investment decisions. This orientation toward financial materiality ensures that analysts focus on sustainability factors that can impact the financial performance of the company and therefore investment returns. ESG integration can also identify opportunities for engagement to improve the company's ESG risk profile and thereby mitigate the potential negative impact of ESG issues on the company's financial performance. The Portfolio Manager employs an internal UBS ESG risk dashboard that combines multiple internal and external ESG data sources in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process.</li> <li>• For non-corporate issuers, the Portfolio Manager applies a qualitative or quantitative ESG risk assessment that integrates data on material ESG factors.</li> </ul> <p>The analysis of material sustainability/ESG considerations can include many different aspects, such as the following among others: the carbon footprint, health and well-being, human rights, supply chain management, fair customer treatment and governance.</p> <p><b>Fund specific exclusions:</b></p> <p>The sub-fund excludes companies with a sustainability profile that indicates high or severe ESG risk.</p> <p><b>Sustainability Exclusion Policy:</b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the section headed "Sustainability Exclusion Policy" in the main body of the Sales Prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b><i>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?</i></b></li> </ul>
	<p>The following binding element(s) of the investment strategy are used to select the investments to attain the characteristic(s) promoted by this financial product:</p> <p>Characteristic 1):</p> <p>A sustainability profile that is higher than its benchmark's sustainability profile or a UBS ESG consensus score between 7 and 10 (indicating a strong sustainability profile).</p> <p>Characteristic 2):</p> <p>A lower Scope 1 and 2 Weighted Average Carbon Intensity (WACI) than its benchmark or a low absolute carbon profile.</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.


	<p>The calculations do not take account of cash, derivatives and unrated investment instruments.</p> <p>The characteristic(s), the minimum proportion of sustainable investments and the minimum proportion of investments used to meet the environmental and/or social characteristics promoted by the financial product are calculated at quarter end using the average of all business days' values in the quarter.</p> <p><b>Fund specific exclusions:</b></p> <p>The sub-fund excludes companies with a sustainability profile that indicates a high or severe ESG risk as described above in the section "What investment strategy does this financial product follow?".</p> <p><b>Sustainability Exclusion Policy:</b></p> <p>The Sustainability Exclusion Policy of the Portfolio Manager outlines the exclusions applied to the investment universe of the financial product. The link to the Sustainability Exclusion Policy can be found in the section headed "Sustainability Exclusion Policy" in the main body of the sales prospectus.</p>
	<ul style="list-style-type: none"> <li>• <b>What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?</b></li> </ul>
	<p>Not applicable.</p>
	<ul style="list-style-type: none"> <li>• <b>What is the policy to assess good governance practices of the investee companies?</b></li> </ul>
	<p>Good corporate governance is a key driver of sustainable performance and is therefore embedded in the Portfolio Manager's investment strategy. The Portfolio Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources from internal and recognized external providers in order to identify companies with material ESG risks. An actionable risk signal highlights ESG risks to the Portfolio Manager for incorporation in their investment decision making process. The assessment of good governance includes consideration of board structure and independence, remuneration alignment, transparency of ownership and control, and financial reporting.</p>
	<p><b>What is the asset allocation planned for this financial product?</b></p> <p>The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 67%. The minimum proportion of sustainable investments of the financial product is 20%.</p>
	 <pre> graph LR     Investments --&gt; N1["#1 Aligned with E/S characteristics: 67%"]     Investments --&gt; N2["#2 Other"]     N1 --&gt; N1A["#1A Sustainable: 20%"]     N1 --&gt; N1B["#1B Other E/S characteristics"]     N1A --&gt; N1A1["Other environmental"]     N1A --&gt; N1A2["Social"]     </pre>

**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.

	<p><b>#1 Aligned with E/S characteristics</b> includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.</p> <p><b>#2 Other</b> 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 <b>#1 Aligned with E/S characteristics</b> covers:</p> <ul style="list-style-type: none"> <li>-The sub-category <b>#1A Sustainable</b> covers sustainable investments with environmental or social objectives.</li> <li>-The sub-category <b>#1B Other E/S characteristics</b> covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.</li> </ul>
	<ul style="list-style-type: none"> <li>● <b>How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?</b></li> </ul>
	<p>Derivatives are not used for the attainment of the characteristics promoted by this financial product. Derivatives are primarily used for hedging and liquidity management purposes.</p>
	<p><b>To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?</b></p>
	<p>It has not been possible to collect data on the environmental objective(s) set out in Article 9 of the Taxonomy Regulation and on how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation (“Taxonomy Aligned Investments”). On that basis, the financial product has 0% Taxonomy Aligned Investments.</p>
	<ul style="list-style-type: none"> <li>● <b>Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>27</sup>?</b></li> </ul>
	<p><input type="checkbox"/> Yes:</p> <p style="padding-left: 40px;"><input type="checkbox"/> In fossil gas    <input type="checkbox"/> In nuclear energy</p> <p><input checked="" type="checkbox"/> No</p>
<p><b><i>The two graphs 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 graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.</i></b></p>	

<sup>27</sup> 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.

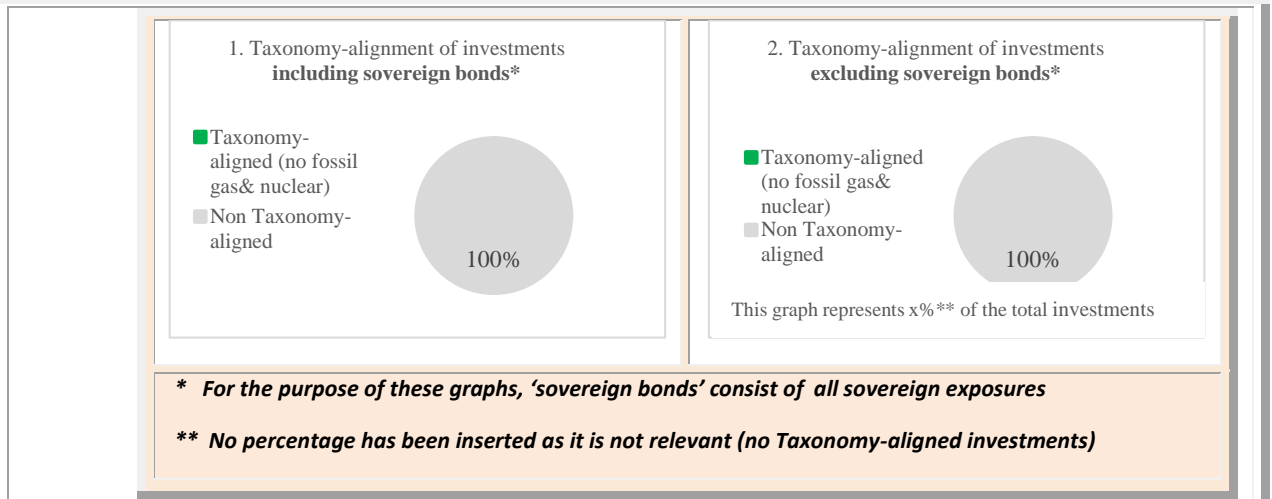
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.




**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.


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

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



	<ul style="list-style-type: none"> <li>● <b>What is the minimum share of investments in transitional and enabling activities?</b></li> </ul>
	There is no commitment to a minimum proportion of investments in transitional and enabling activities.
	<p><b>What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?</b></p>
	The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit to a predetermined combination of environmental or social objectives, and therefore there is no minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. Where the financial product does invest in environmentally sustainable investments that are not Taxonomy-aligned, this is due to the absence of necessary data to determine Taxonomy-alignment.
	<p><b>What is the minimum share of socially sustainable investments?</b></p>
	The sustainable investments made by the financial product will contribute to either environmental or social objectives or both. The financial product does not commit a predetermined combination of environmental or social objectives, and therefore there is no minimum share of socially sustainable investments.
	<p><b>What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?</b></p>
	Included in “#2 Other” are cash and unrated instruments for the purpose of liquidity and portfolio risk management. Unrated instruments may also include securities for which data needed for the measurement of attainment of environmental or social characteristics is not available.
	<p><b>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?</b></p>



	No ESG reference benchmark has been designated for the purpose of determining whether the financial product is aligned with the characteristics that it promotes.
	<ul style="list-style-type: none"> <li>• <b><i>How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?</i></b></li> </ul>
	Not applicable.
	<ul style="list-style-type: none"> <li>• <b><i>How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?</i></b></li> </ul>
	Not applicable.
	<ul style="list-style-type: none"> <li>• <b><i>How does the designated index differ from a relevant broad market index?</i></b></li> </ul>
	Not applicable.
	<ul style="list-style-type: none"> <li>• <b><i>Where can the methodology used for the calculation of the designated index be found?</i></b></li> </ul>
	Not applicable.
	<p><b>Where can I find more product specific information online?</b></p> <p>More product-specific information can be found on the website: <a href="http://www.ubs.com/funds">www.ubs.com/funds</a></p>