

Swiss Climate Scores

UBS (Lux) Fund Solutions – Bloomberg US Liquid Corporates 1-5 Year UCITS ETF

Data as of the end of September 2024
UBS Asset Management

Switzerland and its financial market are committed to transitioning to net zero greenhouse gas emissions by 2050. This is needed to honor its obligations under the Paris Agreement of holding the increase in the global temperature to well below 2°C and pursuing efforts to limit it to 1.5°C. Current science indicates that global warming beyond 1.5°C has potentially catastrophic impacts on the natural world and human society. The Swiss climate scores establish best-practice transparency on the Paris-alignment of financial investments to foster investment decisions that contribute to reaching the climate goals.

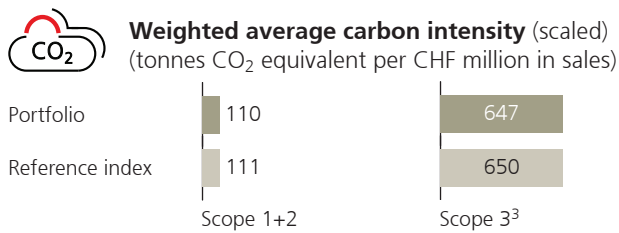
This report provides transparency on key climate metrics that may be of interest to investors but may not be part of the fund’s investment process. The following metrics inform investors more broadly on their exposure to selected climate-related topics.

Current state (applicable to the eligible portfolio)

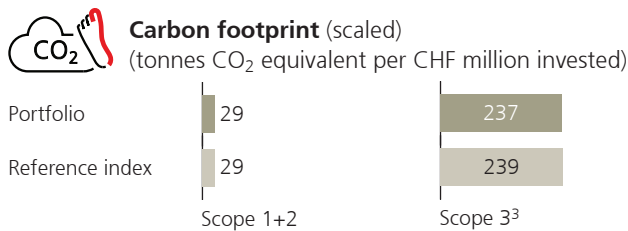
Proportion of eligible portfolio² vs total portfolio: 100%

Greenhouse gas emissions

Encompasses all sources of greenhouse gas emissions from invested companies (scope 1-3), including relevant emissions of their suppliers and products.



Proportion of eligible portfolio covered by assessment:
 Scope 1+2: 100%, Scope 3: 100%
 Proportion of eligible index covered by assessment:
 Scope 1+2: 100%, Scope 3: 100%



Proportion of eligible portfolio covered by assessment:
 Scope 1+2: 99%, Scope 3: 97%
 Proportion of eligible index covered by assessment:
 Scope 1+2: 99%, Scope 3: 97%

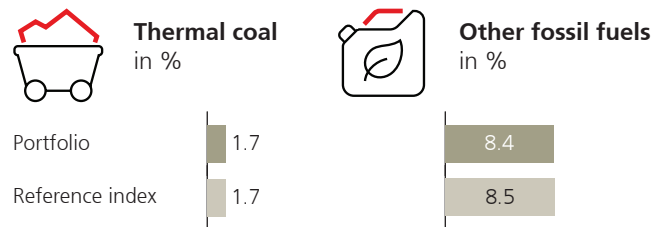
i **Medium** estimation uncertainty¹

Reference index: Bloomberg US Liquid Corporates 1-5 Year

Exposure to fossil fuel activities

There is scientific consensus of the need to phase-out coal and stop financing new fossil fuel projects. Below figures show the share of investments into companies that earn more than 5% of their revenues from such business activities.

Share of investments into companies with activities in:



i **Low** estimation uncertainty¹

¹ Indicates the overall accuracy of the individual scores as per Swiss State Secretariat for International Finance (SIF)

² Indicates the proportion of corporate within the portfolio, with corporate and sovereign issuers being defined as per an external industry classification framework

³ For further details on scope 3 emissions please refer to the glossary

This report contains the data on the last date of the reporting period or the latest available data for the period. UBS Asset Management – Swiss Climate Scores for: UBS (Lux) Fund Solutions – Bloomberg US Liquid Corporates 1-5 Year UCITS ETF – portfolio assets position data sourced as at 30.09.2024

Swiss Climate Scores

UBS (Lux) Fund Solutions – Bloomberg US Liquid Corporates 1-5 Year UCITS ETF

Transition to net zero

Management to net zero

Financial institutions can align their investment strategy with a consistent 1.5°C decarbonisation pathway.

Is the portfolio part of a third-party verified commitment to net zero by the financial institution, including credible interim targets?

No Yes

Does the investment strategy include a goal to reduce the greenhouse gas emissions of its underlying investments through concrete short (1-3 years) or mid-term (4-7 years) targets?

No Yes

Credible climate stewardship

Financial institutions can contribute to the transition to net zero, notably by utilising their shareholder voting rights at general meetings of investee companies and bringing climate-resolutions into being, as well as by engaging with invested companies on third-party verified, science-based net zero aligned transition plans until 2050.

Are companies in the portfolio subject to credible stewardship on climate transition?

No Yes

Proportion of portfolio currently under active climate engagement: **11.8%**

Share of climate votes supported*: **not applicable**

* This data is referring to a different time-period than the one in Annual Stewardship report. See glossary "Credible climate stewardship".

[Link to the Annual Stewardship Report](#)

Is the financial institution a member of a climate engagement initiative?

No Yes

Name: Climate Action 100+

i **Medium** estimation uncertainty¹

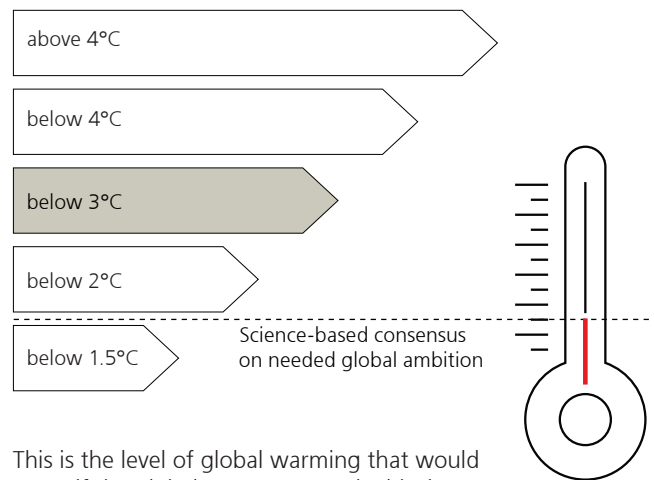
Verified commitments to net zero

Companies are increasingly committing voluntarily to transitioning to net zero and setting interim targets. The effectiveness of such commitments depends on whether interim targets are credible, science-based, and transparent.

Share of companies in portfolio with verified commitments to net zero and credible interim targets: **26.4%**

i **Low** estimation uncertainty¹

Global warming alignment (optional)



This is the level of global warming that would occur if the global economy acted with the same ambition as the companies in the portfolio. Some portfolios with climate objectives may intentionally include investments in companies that are not yet on track to 1.5°C, but seek to contribute actively to climate goals by improving the alignment of investee companies to bring a larger share of the economy into alignment over time.

Portfolio assets covered by assessment: **97%**

Climate scenarios used: Network for Greening the Financial System (NGFS)

Data provider: MSCI ESG Research LLC

UBS may use alternative methodologies and metrics to construct or measure portfolio performance across specific strategies, and these may not be directly comparable to ITR. For more details on how the product is managed, please refer to the product documentation.

i **High** estimation uncertainty¹

The combined set of indicators above, their display, and the below minimum criteria for these indicators are considered by the Swiss government as current best practice to establish transparency on the alignment with global climate goals. The Federal Council recommends to all financial institutions such transparency on all investment products and investment management mandates, where applicable.

¹ Indicates the overall accuracy of the individual scores as per Swiss State Secretariat for International Finance (SIF)

Swiss Climate Scores

UBS (Lux) Fund Solutions – Bloomberg US Liquid Corporates 1-5 Year UCITS ETF

Glossary

Certain metrics and data points that are contained within this report are directly impacted by factors that UBS cannot influence directly or can only influence in part. These include pertinent governmental or regulatory actions; the quality and availability of standardized data (e.g., carbon emissions); the development and enhancement of required methodologies and methodological tools (e.g., climate related risks); or the furthering of transparency (e.g., pertaining to company disclosures of data). Areas where these dependencies are of particular relevance are explained in the relevant sections below.

Evolving climate-related metrics

We have developed methodologies that we use to show metrics such as carbon intensity and footprint or management to net zero, at portfolio level. These methodologies underly the metrics that are disclosed in this report. Standard-setting organizations and regulators continue to provide new or revised guidance and standards, as well as new or enhanced regulatory requirements for climate disclosures. Our disclosed metrics are based upon data available to us, including estimates and approximations where actual or specific data is not available. We intend to update our methodologies, metrics and disclosures to comply with new guidance and regulatory requirements as they become applicable to UBS. Such updates may be substantial.

Portfolio coverage and scaling

The Swiss Climate Scores (SCS) are particularly suited to diversified equity and corporate bond portfolios (while less suited to asset classes such as cash, sovereign bonds, real estate, hedge funds, private debt or private equity). We look to produce the SCS report for equities and fixed income asset class portfolios as outlined above. Therefore, metrics that would be impacted (e.g., carbon intensity and carbon footprint) are measured for the corporate issuer portion of the portfolio (or reference index) only, where data coverage requirements are met, as defined in the SCS scope.

To provide a figure representative of the portfolio that can be compared with the reference index, greenhouse gas emission metrics (carbon intensity and carbon footprint), portfolio and reference index values, are scaled up to 100% of the corporate portion only, where the minimum portfolio data coverage of 40% is reached. Where relevant, it should be noted that in particular instances, where the reference index and the portfolio have a different corporate/sovereign mix, reporting only on the corporate portion of the portfolio can lead to a disproportionate measure of the exposure. Data coverage values are not scaled up to the full portfolio.

The vendor specific formula to calculate the global warming potential portfolio score leads to the same results for scaled and unscaled portfolio weights. For implementation purposes, the unscaled number is applied, which remains comparable with the reference index.

Corporate bonds

The classification system used to separate corporate and sovereign issuers is the Bloomberg Barclays Methodology. Securitized bonds are excluded from the calculation. Strictly speaking, corporate bonds are those issued by companies. Generally, however, the term is used to cover all bonds other than those issued by governments in their own currencies. Therefore the "credit" sector, as it is often known, includes issues by companies, supranational organizations and government agencies. The key feature that distinguishes corporate bonds from government bonds is the risk of default.

Derivatives investments exposure

Derivatives used in the portfolio, directly or in fund of fund investments, are treated as an actual net investment in the underlying securities for purposes of carbon and forward looking climate risk metric calculations. Derivatives have an effect on all metric calculations and as many of the reporting frameworks available to investors today do not cover the intricacies of derivatives, metrics are provided on a reasonable efforts basis.

Scope 1 greenhouse gas emissions

Direct emissions that occur from sources owned or controlled by the companies the portfolio invests in.

Scope 2 greenhouse gas emissions

Indirect emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the companies the portfolio invests in. Scope 2 emissions physically occur at the facility where the electricity, steam, heating, or cooling is generated.

Scope 3 greenhouse gas emissions

Indirect emissions that are not included in scope 2 and that occur in the value chain of a company, including both upstream and downstream emissions. For example, the emissions from extraction, production and transportation of purchased materials needed to produce a product and the emissions from use and disposal of the product after being sold by the company. Please note that where a fund has a lower than benchmark target, this commitment is made at scope 1+2 emissions level only (and not scope 3). Additionally, due to the high presence of estimated data in scope 3, combined with concerns about overlapping emissions between companies in the same portfolio, scope 3 metrics may be misleading to the reader. For example, double counting may occur when reporting scope 3 greenhouse gas emissions aggregated at portfolio level, because one company's value chain greenhouse gas emissions may be another company's direct greenhouse gas emissions. Thus, scope 3 needs to be interpreted with caution.

Swiss Climate Scores

UBS (Lux) Fund Solutions – Bloomberg US Liquid Corporates 1-5 Year UCITS ETF

Carbon intensity (scaled) (tCO₂ equivalent per CHF million in sales)

The weighted average carbon intensity measures a portfolio's exposure to carbon-intensive companies. The metric provides insight into potential risks related to the transition to a lower carbon economy because companies with a higher carbon intensity are likely to face more exposure to carbon related market and regulatory risks (transition risk). It is the sum product of the portfolio weights and individual carbon intensities (carbon emissions scope 1+2 and 3/CHFm sales). Data provider: MSCI ESG Research

Carbon footprint (scaled) (tCO₂ equivalent per CHF million invested)

Expresses the greenhouse gas footprint of an investment sum. The carbon emissions scope 1+2 and 3 are allocated to investors based on an enterprise value including cash ownership approach and normalized by the current portfolio value. It is the sum product of the portfolio weights and individual EVIC intensities (carbon emissions scope 1+2 and 3/CHFm EVIC). Data providers: UBS Asset Management, MSCI ESG Research

Exposure to Fossil Fuel Activities

For the exposures to thermal coal and other fossil fuels, the threshold of 5% of revenues (reported or estimated) applies to activities directly linked with the exploration and production of fossil fuels. The scope of activities includes the whole value chain where data is available. "Other fossil fuels" refer here to oil and gas as coal is measured separately. The 5% threshold is required by the SCS template for disclosure purposes and may not reflect how the product is managed. For thresholds as to how the product is managed, please refer to the product documentation.

Net Zero

At global level, net zero emissions are achieved when emissions of greenhouse gases (GHGs) from human activities to the atmosphere are balanced by anthropogenic removals, meaning withdrawal of GHGs from the atmosphere as a result of deliberate human activities over a specified period (Source: IPCC).

Credible climate stewardship

The Swiss Climate Scores (SCS) show the engagement activity targeting relevant companies not meeting our climate expectations or the exercising of our shareholder rights to vote on climate-related topics.

The voting and engagement activity shown in the SCS discloses only climate related activity and not the complete voting and engagement activity relevant for the portfolio. Therefore, information in this SCS might deviate from reports which show the overall applicability of the UBS AM Stewardship Policy to the portfolio.

For a full list of climate initiatives where UBS is engaged,

please refer to the relevant appendix of the Annual Stewardship Report. This report also includes information about voting activities with specific companies. The annual stewardship report is available under:

<https://www.ubs.com/global/en/assetmanagement/capabilities/sustainable-investing/stewardship-engagement.html>

The time-period for the Annual Stewardship Report is 1st January to 31st December of the referring calendar year. The engagement activity in this SCS report for the share of companies currently under active climate engagement is aligned to this. The voting activity in this SCS report for the share of climate votes supported is taken from 1st February 2023 to 31st December 2023, accounting for enhancements to the UBS Voting Policy that were made to better align to net zero. These enhancements were effective as of 1st February 2023. This engagement and voting activity is applied against the portfolio composition data which is taken at the 'as of date' relevant for this report (quarter end).

For the share of climate votes supported, positions that have a weighting of less than 0.5 basis point are excluded from the voting calculation.

Global warming alignment (°C)

This metric reports the Implied Temperature Rise (ITR) and provides an indication of how companies and investment portfolios align to global climate targets. For further information on ITR, refer to the MSCI methodology document. Data provider: MSCI ESG Research.

ITR is reported, when applicable (data coverage >40%), for transparency purposes and may not be used to manage a product.

Currency conversion

USD/CHF conversion is applied on product level as per last business day of the closest quarter end spot rate according to the UBS Conversion Table. Note that fluctuation in currency conversion can have an effect on the metrics that are converted from USD to CHF (weighted average carbon intensity and carbon footprint).

Swiss Climate Scores

UBS (Lux) Fund Solutions – Bloomberg US Liquid Corporates 1-5 Year UCITS ETF

Glossary

Reference index

Active ESG: Benchmark selection is driven by portfolio implementation considerations, in particular to closely reflect the financial objectives of the fund. For actively managed strategies, generally a traditional benchmark is selected to provide a broad investment universe to which active management is applied. This enables an assessment of the magnitude of ESG improvements against the traditional benchmark, and allows the costs and benefits of investing sustainably to be assessed. For non ESG funds, the ESG metrics are compared against the traditional benchmark which provides a broad investment universe to which active management is applied.

Passive ESG: Benchmark selection is driven by portfolio implementation considerations, in particular to closely reflect the financial and ESG objectives of the fund. For passively managed strategies, an ESG benchmark would be selected for the purpose of balancing between reasonable tracking error and high ESG alignment. In order to assess the magnitude of ESG improvements, the fund's ESG performance is also shown against a selected broad market index which closely represents the parent investment universe on which the ESG benchmark is based on. For passive non ESG funds, ESG metrics are shown against the broad market index that the fund is tracking.

Reconciliation of Asset under Management (AuM)

This report does not contain reconciled AuM positions, it only takes into consideration positions with settlement date as of report date. This means that traded but not yet settled positions are not included. Therefore, the AuM figures in this report may differ from other UBS reports produced on the same date.

Swiss Climate Scores

UBS (Lux) Fund Solutions – Bloomberg US Liquid Corporates 1-5 Year UCITS ETF

Disclaimer

Notice to investors

This report and the information contained herein are provided solely for information purposes and, are not to be construed as solicitation of an offer to buy or sell any securities or other financial instruments in Switzerland, the United States or any other jurisdiction. No investment decision relating to securities of or relating to UBS Group AG, UBS AG or their affiliates should be made on the basis of this report. Refer to UBS's Annual Report 2022, available at ubs.com/investors, for additional information.

Rounding | Numbers presented throughout this report may not add up precisely to the totals provided in the tables and text. Percentages and percent changes are calculated on the basis of unrounded figures. Information about absolute changes between reporting periods, which is provided in text and which can be derived from figures displayed in the tables, is calculated on a rounded basis.

Data sources | In compiling this report we have relied, without verification, on certain information and data received from third parties. We do not accept any responsibility for the accuracy or completeness of such data. Our primary data sources are as follows:

Sources: ©2023 MSCI ESG Research LLC, reproduced by permission

Important Information

UBS funds under Irish, Luxembourg and Swiss law.

The benchmark is the intellectual property of the index provider. The Share Class is not sponsored or endorsed by the index provider. Please refer to the Fund's prospectus or supplement for the full disclaimer.

Before investing in a product please read the latest prospectus and key information document carefully and thoroughly. Any decision to invest should take into account all the characteristics or objectives of the fund as described in its prospectus, or similar legal documentation. Investors are acquiring units or shares in a fund, and not in a given underlying asset such as building or shares of a company. The information contained in this report is based on material that UBS Asset Management believes to be reliable and in good faith, but is not guaranteed as being accurate, nor is it a complete statement or summary of the securities, markets or developments referred to in the document. Assumptions, estimates and opinions contained in this report constitute information we received from reliable sources and are subject to change without notice. The details and opinions contained in this document are provided by UBS without any guarantee or warranty and are for the recipient's personal use and information purposes only. This document contains statements that constitute "forward-looking statements", including, but not limited to, statements relating to our future business development. While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. Units of UBS funds mentioned herein may not be eligible for sale in all jurisdictions or to certain categories of investors and may not be offered, sold or delivered in the United States. The information mentioned herein is not intended to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not a reliable indicator of future results. This document may not be reproduced, redistributed or republished for any purpose without the written permission of UBS Asset Management Switzerland AG or a local affiliated company.

CH (for EU domiciled funds):

Representative in Switzerland for UBS funds established under foreign law and offered to non-qualified investors: UBS Fund Management (Switzerland) AG, P.O. Box, CH-4002 Basel. Paying agent: UBS Switzerland AG, Bahnhofstrasse 45, CH-8001 Zurich.

CH (for EU and CH domiciled funds):

Prospectuses, key information document, the articles of association or the management regulations as well as annual and semi-annual reports of UBS funds are available in a language required by the local applicable law free of charge from UBS Asset Management Switzerland AG, c/o UBS AG, Bahnhofstrasse 45, 8001 Zürich, Switzerland or from UBS Fund Management (Switzerland) AG, P.O. Box, CH-4002 Basel.

Certain information contained herein (the "Information") is sourced from/copyright of MSCI Inc., MSCI ESG Research LLC, or their affiliates ("MSCI"), or information providers (together the "MSCI Parties") and may have been used to calculate scores, signals, or other indicators. The Information is for internal use only and may not be reproduced or disseminated in whole or part without prior written permission. The Information may not be used for, nor does it constitute, an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product, trading strategy, or index, nor should it be taken as an indication or guarantee of any future performance.

Some funds may be based on or linked to MSCI indexes, and MSCI may be compensated based on the fund's assets under management or other measures. MSCI has established an information barrier between index research and certain Information. None of the Information in and of itself can be used to determine which securities to buy or sell or when to buy or sell them. The Information is provided "as is" and the user assumes the entire risk of any use it may make or permit to be made of the Information. No MSCI Party warrants or guarantees the originality, accuracy and/or completeness of the Information and each expressly disclaims all express or implied warranties. No MSCI Party shall have any liability for any errors or omissions in connection with any Information herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.