

Swiss Climate Scores

UBS (Lux) Fund Solutions – MSCI Europe Socially Responsible UCITS ETF

Data as of the end of December 2023

UBS Asset Management

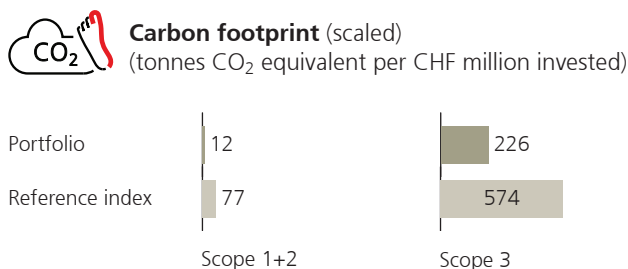
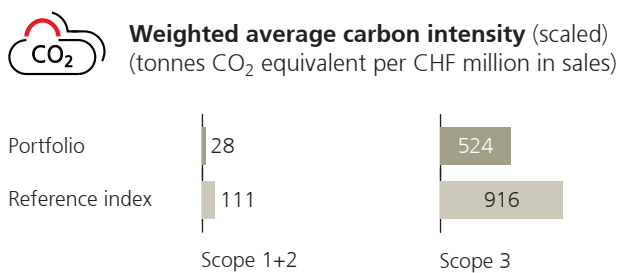
Switzerland and its financial market are committed to transitioning to net zero greenhouse gas emissions by 2050. This is needed to honor its obligations under the Paris Agreement of holding the increase in the global temperature to well below 2°C and pursuing efforts to limit it to 1.5°C. Current science 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

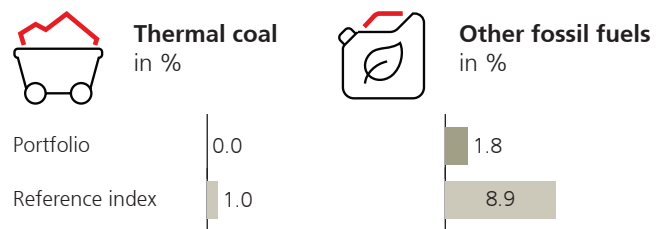
Greenhouse gas emissions

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



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

i Medium estimation uncertainty¹

Reference index: MSCI Europe (net div. reinv.)
 Proportion of eligible portfolio covered by assessment: 100%
 Proportion of eligible index covered by assessment: 100%

The portfolio and reference index assets covered by the assessment reflect the lowest coverage of the carbon footprint or the carbon intensity metrics (for scope 1+2 and scope 3).

¹ Indicates the overall accuracy of the individual scores as per the original Swiss Climate Scores template published by the Swiss State Secretariat for International Finance (SIF). 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 – MSCI Europe Socially Responsible UCITS ETF – portfolio assets position data sourced as at 29.12.2023

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Transition to net zero

Management to net zero

Financial institutions can contribute to the transition to net zero, by aligning their investment strategy with a consistent 1.5°C decarbonisation pathway.

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 (5 years) targets?

No Yes

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

No Yes

Credible climate stewardship

Financial institutions can contribute to the transition to net zero, 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

Share of companies currently under active climate engagement: **0.3%**

Share of climate votes supported*: **6.2%**

* 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

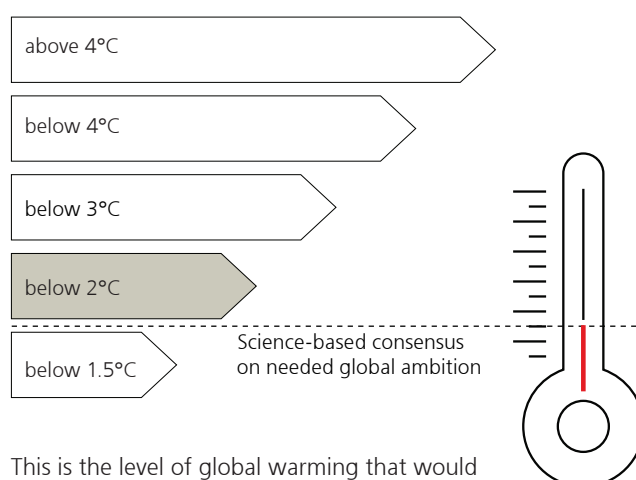
Verified commitments to net zero

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: **58.0%**

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: **100%**

Climate scenarios used: Intergovernmental Panel on Climate Change (IPCC)

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.

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This report contains the data on the last date of the reporting period or the latest available data for the period.

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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 in asset management based on current data availability and quality (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. Reporting looks to limit exposure to sovereign bonds. However, it should be noted that portfolios that have minimal exposure to sovereign bonds, typically less than 5% by value may be included. Portfolios for which we report the SCS may include cash.

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% where the minimum portfolio data coverage of 40% is reached. Data coverage values are not scaled.

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.

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.

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

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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.

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

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.

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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:

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Important Information

UBS funds under Luxembourg 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.

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