

UBS (CH) Fund Solutions – Carbon Compensated Gold ETF

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or social characteristics promoted by the financial product

The following characteristic(s) are promoted by the financial product:

1. 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 neutralize the CO₂ emissions from the Gold mining, production, etc. For every ton CO₂ absorbed, one Verra Carbon Unit will be issued from Verra. MKS PAMP at the other hand buys 1 Verra Carbon Unit per ton CO₂, that has been emitted during the lifecycle of MKS Carbon neutral gold. The Verra Carbon Units purchased for the emission compensation will be retired in the Verra registry and cannot be traded anymore, they are removed from the market. This prevents from multiple offsetting of CO₂ emissions with the same Verra Carbon Unit.

The financial product references its performance against the benchmark []. The benchmark is aligned with the environmental and/or social characteristics promoted by this financial product.

The above characteristic(s) is / are measured using the following indicators respectively:

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

Investment strategy

The following binding element(s) of the investment strategy is / are used to select the investments to attain the characteristic(s) promoted by this financial product:

1. 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 from 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 following binding elements of the investment strategy are used to select investments that meet the characteristics advertised 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 from Carbon Trust and certified according to PAS 2060, British Standards (BSI).

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

Sub-Funds following an index are subject to good governance, therefore the assessment on a look-through basis should be applied. However, since the sub-fund invests in gold, and good governance assessment is not applicable to commodities, nor is the index with underlying asset class being a commodity, there is no policy against which it is assessed for this sub-fund.

Proportion of investments

The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 99%.

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.

Monitoring of environmental or social characteristics

The environmental / social characteristic of the financial product is that it tracks a benchmark with a sustainability profile. Attainment to this characteristic is ensured via the defined tracking error, which is monitored pre-trade by the Portfolio Manager and post-trade by the Fund Administration.

Methodologies Description

The methodology of the construction of the Index can be found in the annex to the prospectus or supplement.

Data sources & processing

The data sources used to attain the stated environmental or social characteristics are as follows:

LBMA carbon neutral Gold pm Fixing Index

Data is consumed from leading provider(s)

Limitations to methodologies and data

We apply a minimum coverage threshold for the data sources used to attain the stated environmental or social characteristics of the financial product, these thresholds ensure that the binding targets can be monitored and measured. Accuracy of data is dependent on 3rd party providers, coverage of data sources can be less than 100% due to uncovered asset types, incomplete or inconsistent data and gaps in the coverage of these 3rd party providers.

Due diligence

Due diligence is carried out on index providers and/or data providers. This financial product is passively managed and seeks to track the performance and the ESG profile of the Index. Sustainability characteristics and risks are considered as part of the Index selection process.

Engagement policies

In terms of passive strategies tracking sustainability indexes as is the case with this financial product, the engagement process helps us to identify companies where material ESG and sustainability factors may present a future negative risk. While the UBS AM engagement program is across all asset classes and portfolios, the impact on passively managed fixed income strategies might be reduced, mainly due to the lack of voting rights and that companies which failed in UBS AM's engagement process are typically not excluded due to the passive management style. Nevertheless, passively managed fixed income assets are part of the engagement with senior management, as all other assets the firm manages, in order to achieve the biggest possible impact.

Designated reference benchmark

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 Index rebalances on a quarterly basis. More details on the index methodology applied by the index provider can be found below.

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.

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.

The methodology of the construction of the Index can be found in the fund supplement <https://www.solactive.com/indices/?index=DE000SLOB798>
https://www.solactive.com/wp-content/uploads/solactiveip/en/ESG_Methodology_Statement_DE000SLOB798.pdf https://www.solactive.com/wp-content/uploads/solactiveip/en/Factsheet_DE000SLOB798.pdf