

UBS (Irl) ETF plc – Factor MSCI USA Quality ESG UCITS ETF

No sustainable investment objective

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

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Environmental or social characteristics promoted by the financial product

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

1. tracks/tracking of a benchmark with a sustainability profile (MSCI ESG Score) that is higher than the parent benchmark's sustainability profile.
2. a Carbon Intensity (scope 1 & 2) emissions indicator lower than parent benchmark (MSCI).

The Reference Benchmark designated for the purpose of attaining the characteristic promoted by the financial product is the MSCI EMU Prime Value ESG Low Carbon Select.

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

1. MSCI ESG Score (key issues scores and weights combine to an overall ESG score (0-10) relative to industry peers).
2. weighted average Carbon Intensity (scope 1 & 2) (MSCI).

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. a sustainability profile (MSCI ESG Score) that is higher than the parent benchmark's sustainability profile.
2. a Carbon Intensity (scope 1 & 2) emissions indicator that is lower than parent benchmark (MSCI).

The calculations do not take account of cash, derivatives and unrated investment instruments.

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 of business days' values in the quarter.

Assessment of good governance practices of the investee companies is performed by the index provider. MSCI analysis begins with an evaluation of each company's Corporate Governance, taking into consideration the company's ownership and control structures, the composition and effectiveness of its board, the effectiveness of its incentive practices and the integrity of its accounting. Corporate Behavior is also monitored, including any controversies that might have a significant negative impact on the company's value.

Proportion of investments

The minimum proportion of the investments used to meet the environmental and/or social characteristics promoted by the financial product is 90%.

The minimum proportion of sustainable investments of the financial product is 10%.

Derivatives will only be used in case that a) the investment objective cannot be achieved by investments index components, in particular in order to reflect the performance of a currency hedge where a sub-fund replicates a currency-hedged index, or b) to generate efficiencies in gaining exposure to the constituents of the index, in particular where there are legal or practical obstacles to gaining direct access to a market to which the index refers. The financial product may namely enter into a range of index related swaps (excluding funded swaps) and derivative instruments (futures, forwards, currency swaps, p-notes, options, warrants and foreign exchange contracts) in order to replicate the index.

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 supplied from a leading industry vendor

Data is consumed from leading data providers, processed in accordance with defined guidelines. Data coverage for the above is consistent with industry best practice.

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 semi-annual basis. More details on the index methodology applied by the index provider can be found below.

The alignment of the investment strategy with the methodology of the index is ensured on a continuous basis as the index provider rebalances the index on a regular basis and the Portfolio manager will track the Index in line with the limits set out in the investment policy of Fund. 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 investment strategy of the fund is to track the benchmark's return and its characteristics, including ESG characteristics, as closely as reasonably possible. The investment strategy is to fully replicate the index and to minimize the tracking error. The portfolio manager reviews the index methodology when the product is set up and the Index provider may be contacted if the Index methodology is no longer in line with the investment strategy of the financial product.

The Index draws its constituents from the MSCI EMU Index (the "Parent Index"), being an equity index calculated, maintained and published by international index supplier MSCI and denominated in Euro. The Index tracks the total return net dividend performance of large and mid-capitalisation companies across 10 Developed Markets (DM) in the EMU.

The methodology of the construction of the Index can be found in the fund supplement. <https://www.msci.com/index-methodology>
https://www.msci.com/eqb/methodology/meth_docs/MSCI_Prime_Value_ESG_Low_Carbon_Select_Indexes_Methodology_Apr2023.pdf
<https://www.msci.com/equity-fact-sheet-search> <https://www.msci.com/documents/10199/6cddff8e-7770-6da5-8c73-dee76372d919>
<https://www.msci.com/indexes>