

UBS (Irl) ETF plc – UBS Climate Aware Global Developed Equity CTB UCITS ETF

No sustainable investment objective

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 do not qualify as environmentally sustainable under the EU Taxonomy

The financial product will exclude issuers identified as violating The UN Global Compact principles without credible corrective action. Furthermore, the financial product does not invest in companies that failed in the UBS AM climate-related engagement program. In addition, the exclusions include:

- Companies that generate greater than 20% of their revenues from thermal coal mining (including lignite, bituminous, anthracite and steam coal) and its sale to external parties are excluded. Additionally, companies that generate greater than 20% of their revenues from oil sands extraction (reserves associated with extraction revenues and extraction) are excluded.

- UBS Asset Management does not invest in companies involved in controversial weapons i.e. cluster munitions, anti-personnel mines, chemical and biological weapons, nor does it invest in companies in breach of the Treaty on the Non-Proliferation of Nuclear Weapons.

- In addition, Depleted Uranium Manufacturers are excluded, i.e. companies involved in the production of depleted uranium weapons, ammunition, and armour, including companies that manufacture armour piercing, fin stabilized, discarding sabot tracing rounds Kinetic Energy Missiles made with depleted uranium penetrators and depleted uranium enhanced armour, including composite tank armour.

- Companies violating the United Nations Global Compact (UNGC) principles, which do not demonstrate credible corrective action will be excluded from the Investment universe

- In addition to these exclusions, the rules-based strategy applies a UBS ESG consensus score to the Fund and to the Index. The UBS ESG Consensus score uses data from internal and external providers to rate the sustainability profile and environmental and social performance of constituents of the Index. In seeking to achieve a higher overall UBS ESG consensus score for the Fund relative to the Index, the rules-based strategy will seek to overweight companies which have a higher sustainability exposure.

Companies violating the United Nations Global Compact (UNGC) principles, which do not demonstrate credible corrective action, will be excluded from the investment universe of the financial product.

Environmental or social characteristics of the financial product

The following characteristics are promoted by the financial product:

Weighted Average Carbon Intensity Scope 1: 20% lower than benchmark

- Weighted Average Carbon Intensity Scope 2: lower than benchmark

- Weighted Average Carbon Intensity Scope 3: lower than benchmark

- Coal Energy indicator Score

- Glide Path indicator Score

- Fossil Fuel Reserves indicator Score: lower than benchmark

- Coal Energy indicator Score: lower than benchmark

- Glide Path indicator Score: higher than benchmark

- Renewable Energy indicator Score: higher than benchmark

- UBS ESG Consensus score: higher than benchmark

- UBS ESG Consensus score

Investment strategy

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:

The financial product will take an exposure on the components of its Index but will apply a rule-based climate awareness focus over the weights of the constituents of the reference index. This rules-based investment approach (the "Climate Awareness Overlay") is applied on a quarterly basis.

After applying the Climate Awareness Overlay, the Fund's exposure to scope 1 carbon emissions will be at least 20% better than that of the investable universe being the Index. At least 90% of the securities in the Fund have a scope 1 carbon intensity score

Good corporate governance is a key driver of sustainable performance and is therefore embedded in the portfolio manager's investment strategy. The investment universe is screened Companies violating the United Nations Global Compact (UNGC) principles, which do not demonstrate credible corrective action will be excluded from the investment universe.

In addition to these exclusions, the rules-based strategy applies a UBS ESG consensus score to the Fund and to the Index. The UBS ESG Consensus score uses data from internal and external providers to rate the sustainability profile and environmental and social performance of constituents of the Index. In seeking to achieve a higher overall UBS ESG consensus score for the Fund relative to the Index, the rules-based strategy will seek to overweight companies which have a higher sustainability exposure.

The Fund aims to exclude companies perceived to violate key issues related to 'Good Governance' as measured with an appropriate indicator used by the Asset Manager

Assessment of good governance practices of the investee companies are performed by the index provider.

ISS ESG analysts gather information through the media and other public sources, conduct interviews with stakeholders, and collect information on company policies and practices. Extensive company and stakeholder dialogue, coupled with strict verification, ensures objectivity and exhaustiveness of the research.

ISS ESG Assesses companies' adherence to international norms on human rights, labor standards, environmental protection and anti-corruption set out in the UN Global Compact and OECD Guidelines.

Proportion of investments

The financial product tracks an ESG index and may replicate the performance of the index by the use of derivatives. 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 portfolio manager has data indicators and a systematic pre-trade guideline control in place to monitor the stated environmental or social characteristics promoted by the financial product, specifically the binding targets stated in the investment strategy, there is a monitoring oversight control. There are also independent controls and audit by our delegated fund administrators.

Methodologies

The performance of the indicators used to measure the environmental or social characteristics promoted by the financial product are measured daily, assessed quarterly and reported annually.

Data sources and processing

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

The MSCI ESG Score, supplied by the index provider

Data is consumed from leading providers, processed in accordance with defined guidelines and supplemented with analyst recommendation.

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 < 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 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 Investment 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 investment 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 is designed to reflect the performance of an investment strategy that, by tilting away from free-float market cap weights, seeks to gain exposure to those companies demonstrating both a robust Environmental, Social and Governance (ESG) profile as well as a positive trend in improving that profile, using minimal exclusions from the Parent Index.

The Index constituent selection is based on research provided by MSCI ESG Research which provides research, ratings and analysis of ESG-related business practice. The Index Provider excludes companies facing controversies (MSCI Red Flag, being an indication of at least one very severe controversy), companies which have a poor ESG Rating (rating of CCC), companies which have revenues in certain business activities (controversial weapons, nuclear weapons, civilian firearms, tobacco, thermal coal, fossil fuel extraction), as well as the top 5% companies by number based on carbon emission intensity levels (being scope 1 and 2 emissions as categorised by the Greenhouse Gas Protocol) up to a cumulative weight of less than 30% of the weight of that sector in the Parent Index. The index also selects companies with low exposure to fossil fuel reserves and ranks the Parent Index constituents in descending order of the potential carbon emissions per dollar of the market capitalization of the company. Securities are then excluded until the cumulative potential carbon emission of the excluded securities reaches 50% of the sum of the potential carbon emission of the constituents of the Parent Index.