



# CLIMATE TRANSPARENCY REPORT

## 2019

UBS Asset Management

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here ([https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-28AD3F86-DC98-47F3-BA56-CA10BD6ED403/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C\\*complete\\*%7C\\*public\\*/Merged/](https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-28AD3F86-DC98-47F3-BA56-CA10BD6ED403/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/)). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

## TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	-	Public				
SG 14.5	-	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	UBS Asset Management
<b>Signatory Category</b>	Fund Management - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ > 50 billion AUM
<b>Main Asset Class</b>	Multi-Asset
<b>Signed PRI Initiative</b>	2009
<b>Region</b>	Europe
<b>Country</b>	Switzerland
<b>Disclosure of Voluntary Indicators</b>	16% from 38 Voluntary indicators

# UBS Asset Management

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 01.1**

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

**SG 01.2**

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**SG 01.3**

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

**SG 01.4**

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

We believe that Sustainable and Impact Investing ('SI') can protect and enhance the value of our clients' investments by adding value to portfolios within the same risk /return profile. Sustainable investing is grounded in the broader use of material, ESG information in the investment analysis process and the belief that such information will lead to better informed investment decisions. By identifying long-term investment opportunities, anticipating and managing financially material risks, engaging with corporate management and creating products and services that take into account ESG factors, we believe companies will be more successful and our investments will positively impact society and the environment.

UBS Asset Management (UBS-AM) is a large scale asset manager, providing traditional, alternative, real estate, infrastructure and private equity investment solutions to private clients, financial intermediaries and institutional investors worldwide. With a number of investment areas and a range of strategies within each area, the approach to environmental, social and governance (ESG) issues necessarily varies across the firm and, to some extent, across countries/regions according to local market customs and client needs.

**SG 01.5**

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

UBS-AM's SI policy sets the firm's common vision on the integration of ESG material factors in investment decisions and stewardship activities across asset classes globally. The policy summarizes the general approach to ESG factors across each of the investment areas, subject always to any client-specific instructions or restrictions and following any local laws or standards applicable in the domiciles of assets or funds. Such policy is not applicable to UBS-AM's hedge funds' business (i.e. O'Connor and Hedge Funds Solutions).

The investment teams, including over 900 investment professionals, drive ESG integration within their investment processes and engagement activities linked to value drivers. The extent of ESG integration may vary given our diverse range of investment capabilities across Equities, Fixed income, Multi-Asset and Currency, Real Estate and Private Markets.

Portfolio managers and analysts have access to a variety of ESG data, proprietary internal data as well as external data. They are supported by the Sustainable and Impact Investing team, a global team of 18 sustainability experts dedicated to research, stewardship activities and product innovation. The SI team collaborates with the investment teams, educating them on best practices in using ESG material data to inform forward-looking analysis and preparing corporate engagement activities. In addition, the SI team is responsible for proxy voting, thematic engagements, reactive engagements and SI reporting.

Note that our SI policy includes reference to our proxy voting and stewardship policies which include specific provisions on ESG issues.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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<b>SG 01.6 CC</b>	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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UBS AM believes that combining sustainability considerations with traditional financial analysis leads to better informed investment decisions, and we regard the inclusion of material ESG data as being additive to traditional fundamental financial analysis, as well as helping to manage risks and exploit opportunities. Such issues may have a direct impact on the future revenues and costs of companies, and thereby the long-term risk adjusted rate of return to investors and their beneficiaries or clients. For this reason, we seek to ensure that such factors are assessed and integrated into our overall research process within Equities and Fixed Income.

We use ESG integration to embed our understanding of climate change causes and effects into our investment decision making. This enables us to focus on the investment decisions where we see climate change and related issues as material financial factors.

In our work identifying material ESG issues across sectors we have identified climate change transition issue in a range of sectors with an especially significant relevance to energy, electric utilities, metals & mining, food & beverage, chemicals, construction materials and building products, automotive, aerospace & airlines. We have also identified sectors where there is a particular exposure to climate change physical risks either immediately or increasing over time.

We recognise that how the investments we make could be affected by climate change depends on a combination of business models and activities, regulatory jurisdictions, asset locations, technologies and innovation, among other factors. These lead to a specific set of climate related risks and opportunities which will unfold depending, in part, on the preparedness of companies and the decisions of their management teams.

Areas we assess (at individual investment or issuer level) are:

- Regulation Risks: For example, the effect on costs of carbon pricing on large GHG emitting companies
- Market Risks: Such as the move away from products with high carbon- and energy- intensity
- Technology Risks: Such as the large scale substitution of products and services
- Physical Risks: Such as the risk to fixed assets and/or supply chains

The extent to which these factors affect the business models, revenues, profitability, capital efficiency, and risk profile of companies is taken into account in individual investment cases and decision-making.

Furthermore, we recently launched our Climate Aware Rules-Based Equity investment strategy, which specifically focuses on climate-related risks and opportunities. We identify and underweight companies exposed to climate risks through large GHG emissions, high GHG intensity, negative emissions reduction trends, as well as power generators dependent on coal, and extractive industries companies with large fossil fuel reserves. We also identify and overweight companies exposed to climate risks especially through their generation of renewable energy or support of renewable energy generation. The strategy's investments are selected using a transparent, rules-based and optimised portfolio construction methodology. This includes proprietary calculation of a Glide Path Probability which assesses how individual companies compare to peers in their convergence on a two degree scenario.

We also integrate climate considerations into our real estate investments. Please refer to the following: <https://www.ubs.com/global/en/asset-management/insights/sustainable-and-impact-investing/insights/2018/great-gresb-results.html>

**SG 01.7  
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

**SG 01.8  
CC**

Indicate the associated timescales linked to these risks and opportunities.

We believe that climate change will have an increasingly negative impact on the global economy. The Stern Review ("The Economics of Climate Change: The Stern Review, 2006) estimated the present value of the future social costs of climate change to be equivalent to 5-20% of global GDP. The Economist Intelligence Unit has estimated an average expected loss to the world's current stock of manageable assets of US\$ 4.2 tln (2.9%) ("The Cost of Inaction", EIU, 2015). One investment consultant has concluded that climate change will inevitably have an impact on investment returns ("Investing in a time of climate change", Mercer, 2015).

Climate impacts on aggregate macroeconomic outcomes are however difficult to measure and model (Bank of England "Staff Working Paper No. 706: Climate change and the macro-economy: a critical review" January 2018). At the same time, there are a wide variety of scenarios relating to the scale and pace of climate transition and physical risks.

Against this background, UBS-AM recognizes that the prevailing "green growth" view holds that there are trade-offs between income growth and the environment, where appropriate policies can soften this trade-off. Within this, optimal climate change policies prescribe a slightly lower rate of growth of consumption and GDP to deliver higher expected growth over the longer term ("Green Growth: An Assessment" Oxford Review of Economic Policy, 30(3): 407-422. Bowen and Hepburn, 2014). This helps to explain the resistance in some quarters to more accelerated climate transition policies.

We do not see significant costs to the global economy over the next five year but this is because we do not view government policies as sufficiently strong to limit climate change to the ambitions of the Paris Agreement. Both the International Energy Agency's New Policies Scenario and the work of Carbon Action Tracker point to a probable outcome of 3-4 degrees by the end of the century. With the date for assessing (and accelerating) national commitments under the Paris Agreement set for 2023 there are currently limited channels for more ambitious policies to be introduced in the next five years. This may change with a co-ordinated response to recent work by the Intergovernmental Panel on Climate Change ("Global Warming of 1.5 Degrees Celsius", IPCC, Oct18).

We believe the costs of climate change are limited in the short-term but can be expected to rise over the next ten years, and over the next 20 years there is likely to be a bigger effect on economic growth. Stronger climate policies are likely to lead to higher economic costs of transition. This may be limited to the extent that polices are able to induce innovation in low-carbon technologies, support new industries and further technological deployment. At the same time, the physical risks of climate change are likely to be more prevalent. Based on the Intergovernmental Panel on Climate Change ("Impacts, Adaptation and Vulnerability" Assessment Report Five, IPCC 2014), we believe there is a reasonable probability that physical risk impacts will increase over the coming decade.

No

**SG 01.9  
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.10  
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

Our parent, UBS Group AG is supporting the transition to a low-carbon economy through its comprehensive climate change strategy. The strategy is based on four themes: (i) protecting our assets; (ii) protecting our clients' assets; (iii) mobilizing private and institutional capital; and (iv) reducing our direct climate change impact. UBS Group has detailed this climate strategy in the "GRI Document 2018 - Sustainability Reporting Information" published in March 2019. The climate strategy is overseen across the group by the Board of Directors' Corporate Culture and Responsibility Committee and reporting is aligned with UBS's public support of the recommendations of the Taskforce on Climate-related Financial Disclosure ("TCFD").

UBS AM reflects this approach in its role as a large scale asset manager with well diversified businesses across regions, capabilities and distribution channels, and offering investment capabilities and investment styles across all major traditional and alternative asset classes. This includes a strong connection to protecting our clients' assets, and mobilizing private and institutional capital. Examples include:

- Developing the capability for equity portfolio managers to examine the carbon footprint of their portfolios and comparing the relative carbon footprints of their company holdings to that of the relevant benchmark. Carbon emissions data is also made available to all equity portfolio managers through the Portfolio Optimization Platform, which allows portfolio managers and analysts to download carbon and carbon intensity data on over 6,000 companies.
- Launching the innovative Climate Aware rules-based passive strategy now available across countries oriented towards companies that are better prepared for a low carbon future while reducing exposure to, rather than excluding, companies with higher carbon risk, in order to pursue strategic engagement with these companies.
- Engaging with companies in which it invests on behalf of clients to discuss approaches to mitigating climate change risk, as well as actively voting on shareholder resolutions to improve transparency and disclosure around climate-related reporting. This includes participation in the global Climate Action 100+ collaboration.
- Integrating climate considerations into our real estate investments. The 2017 Global Real Estate Sustainability Benchmark (GRESB) awarded ten of UBS Asset Management's real estate and infrastructure funds 5-star ratings, and seven funds ranked first in their respective peer groups.
- Supporting the CDP as an investor member in their aim to improve company disclosure of risks and opportunities related to natural resources.
- Closely following relevant industry discussions, as well as ongoing policy and technology developments. In 2018 UBS AM participated in the Institutional Investors Group on Climate Change ("IIGCC") working group on climate change scenario analysis.
- Providing members of the TCFD, and the IIGCC Climate Action 100+ Advisory Group.

No

**SG 1.12  
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Annual GRI Document available at <https://www.ubs.com/global/en/ubs-society/our-documents.html>

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>SG 02.1</b>	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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Policy setting out your overall approach

	URL/Attachment
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URL

	URL
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{hyperlink:https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability/\_jcr\_content/mainpar/toplevelgrid\_401696984/col1/accordionbox\_1787345959/linklist/link\_619338053.0114533119.file/bGluay9wYXRoPS9jb250ZW50L2RhbS91YnMvZ2xvYmFsL2Fzc2V0X21hbmFnZW11bnQvcGRmL3doeS1pbnZlc3QvY29ycG9yYXRILWdvdMvYmFuY2UtYW5kLXB5b3h5LXZvdGluZy1wb2xpY3ktcHJvY2VkdXJlcy0yMDE4LnBkZg==/esg-policy-brochure-a4-final.pdf}

Attachment (will be made public)

Formalised guidelines on environmental factors

	URL/Attachment
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URL

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{hyperlink:https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability/\_jcr\_content/mainpar/toplevelgrid\_401696984/col1/accordionbox\_1787345959/linklist/link\_1658598645.1655713995.file/bGluay9wYXRoPS9jb250ZW50L2RhbS91YnMvZ2xvYmFsL2Fzc2V0X21hbmFnZW11bnQvcGRmL3doeS1pbnZlc3QvY29ycG9yYXRILWdvdMvYmFuY2UtYW5kLXB5b3h5LXZvdGluZy1wb2xpY3ktcHJvY2VkdXJlcy0yMDE4LnBkZg==/corporate-governance-and-proxy-voting-policy-procedures-2018.pdf}

Attachment (will be made public)

Formalised guidelines on social factors

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Attachment (will be made public)

Formalised guidelines on corporate governance factors

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Attachment (will be made public)

Asset class-specific RI guidelines

URL/Attachment

URL

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Attachment (will be made public)

Screening / exclusions policy

URL/Attachment

URL

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{hyperlink:https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability.html}

Attachment (will be made public)

Attachment

[File 1:esr-framework-2018.pdf](#)

Engagement policy

URL/Attachment

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Attachment (will be made public)

Attachment

[File 1:global-stewardship-statement-2018.pdf](#)

(Proxy) voting policy

URL/Attachment

URL

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Attachment (will be made public)

Attachment

[File 1:Corporate Governance and Proxy Voting Policy.pdf](#)

We do not publicly disclose our investment policy documents

**SG 02.2** Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

{hyperlink:https://www.ubs.com/global/en/asset-management/investment-capabilities/sustainability/\_jcr\_content/mainpar/toplevelgrid\_401696984/col1/accordionbox\_1787345959/linklist/link\_619338053.0114533119.file/bGluay9wYXRoPS9jb250ZW50L2RhbS91YnMvZ2xvYmFsL2Fzc2V0X21hbmFnZW1lbnQvcGRmL3doeS1pbnZlc3QvZXNnLXBvbGljeS1icm9jaHVyZS1hNC1m aW5hbC5wZGY=/esg-policy-brochure-a4-final.pdf}

Attachment

Your investment objectives that take ESG factors/real economy influence into account

Governance structure of organisational ESG responsibilities

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ESG incorporation approaches

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Active ownership approaches

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Reporting

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Climate change

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Attachment

We do not publicly disclose any investment policy components

**Governance and human resources**

SG 07 CC	Voluntary	Public	Descriptive	General
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<b>SG 07.5 CC</b>	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Board members or trustees
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Other Chief-level staff or head of department
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Portfolio managers
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Investment analysts
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Dedicated responsible investment staff
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

<b>SG 07.6 CC</b>	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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On a group wide level, our climate change strategy is overseen by the Corporate Culture and Responsibility Committee (CCRC) as part of the UBS in society governance. The CCRC is Chaired by Axel Weber (UBS Chairman). Within the parameters set by the CCRC, climate-related opportunities are overseen by the UBS in society Operating Committee and climate change risks by the Global Environmental & Social Risk (ESR) Committee. The CCRC regularly and critically reviews the assessments and steps taken by these management bodies toward executing the climate change strategy. It approves UBS's annual climate change objectives and plans and decides on the progressive alignment of our climate change disclosure pathway with TCFD's recommendations. These annual objectives and plans are managed as part of UBS's ISO 14001 certified environmental management system (EMS) with defined management accountabilities across the firm.

<b>SG 07.7 CC</b>	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
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**UBS Group**

The Group Chief Executive Officer (Group CEO) proposes the UBS in society strategy and annual objectives to the CCRC, supervises their execution and informs the Group Executive Board (GEB) and CCRC, as appropriate. Reporting to the Group CEO, the Head UBS in society is UBS's senior-level representative for sustainability issues. The Group CEO and the Head UBS in society are permanent guests of the CCRC.

UBS's management publicly supports international, collaborative action against climate change. Our Chairman is signatory to the European Financial Services Round Table's statement in support of a strong, ambitious response to climate change. Our Group CEO is a member of the Alliance of CEO Climate Leaders, an informal network of CEOs convened by the World Economic Forum and committed to climate action. The Head of our Sustainable Investors team is a member of the TCFD.

## UBS-AM

Our Sustainable and Impact Investing strategy is overseen by an Executive Management Committee comprised of senior leaders across the business. The committee addresses a range of topics including our response to climate change.

Our SI Analysts work with our portfolio managers (specifically across our equity platform) to assess and manage climate-related. Over the past year, the team has worked to develop the capability for equity portfolio managers to examine the carbon footprint of their portfolios and comparing the relative carbon footprints of their company holdings to that of the benchmark. Carbon emissions data is also made available to all equity portfolio managers through the Portfolio Optimization Platform, which allows portfolio managers and analysts to download carbon and carbon intensity data on over 6,000 companies.

Moreover, the SI Analysts and investment analyst work together to engage with companies on behalf of clients to discuss approaches to mitigating climate change risk, as well as actively voting on shareholder resolutions to improve transparency and disclosure around climate-related reporting. This includes participation in the global Climate Action 100+ collaboration.

<b>SG 07.8 CC</b>	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
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- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

## ESG issues in asset allocation

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 13.1</b>	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities

<b>Describe</b>
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UBS Group estimates the vulnerability to climate change risks using scenario-based stress testing approaches and other forward-looking portfolio analysis. This scenario analysis is based on a 2°C or lower scenario.

- No, not to assess future ESG/climate-related issues

<b>SG 13.2</b>	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
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**We do the following**

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

**SG 13.3** Additional information. [OPTIONAL]

UBS Group manages its environmental program through an Environmental Management System (EMS), in accordance with the ISO 14001 standard. The Group manages climate change risks and opportunities via this certified EMS and monitors implementation on an ongoing basis. The EMS helps to systematically reduce environmental risks, seize climate change / environment-related market opportunities and to continuously improve UBS's climate change/environmental performance and resource efficiency. UBS Group developed its first climate change strategy in 2006. So far, the strategy has been updated in 2012, 2015 and 2018.

<b>SG 13 CC</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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**SG 13.4 CC** Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.

- Initial assessment
- Incorporation into investment analysis
- Inform active ownership

**Describe**

We have developed a methodology for alignment with a 2-degree scenario which we use in the management of our rules-based Climate Aware equity strategy. This takes into account the probability that a company that the strategy invests in is aligned to the IEA Energy Technology Perspectives (ETP) 2 Degrees scenario and the transitional pathway for the appropriate sector. This is complemented by other data on transition risks and opportunities.

We use the outcomes of the Climate Aware methodology to inform our identification of companies that we engage with on climate change as part of our stewardship activities.

We are at an early stage of exploring how we could use this more widely for the purposes of risk management across our products and services.

- Other

**specify**

Potential use as a risk management tool.

**Describe**

Early stages, remains in development.

**SG 13.5**  
**CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

specify

The information is used by our Sustainable and Impact Investing team as well as by the portfolio management team executing our Climate Aware Equity strategy.

**SG 13.6**  
**CC**

Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.

- Yes
- No

Please explain the rationale

n.a.

**SG 13.7**  
**CC**

Indicate whether a range of climate scenarios is used.

- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

**SG 13.8**  
**CC**

Indicate the climate scenarios the organisation uses.

Provider	Scenario used
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input checked="" type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input type="checkbox"/> New Policy Scenario (NPS)
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)
IRENA	<input type="checkbox"/> RE Map
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	<input type="checkbox"/> BNEF reference scenario
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5
IPCC	<input type="checkbox"/> RPC 6
IPCC	<input type="checkbox"/> RPC 4.5
IPCC	<input type="checkbox"/> RPC 2.6
Other	<input type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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**SG 14.1** Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

Growing populations, Ageing populations, and urbanization.

- Other, specify(2)
- None of the above

**SG 14.2** Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		1	200	000	000
Currency	USD				
Assets in USD		1	200	000	000

Specify the framework or taxonomy used.

The Climate Aware rules-based equity strategy aims to deliver an innovative, rules-based equity solution for investors looking to mitigate the risk of climate change, including the transition to a low-carbon economy. We identify and underweight companies exposed to climate risks through large GHG emissions, high GHG intensity, negative emissions reduction trends, as well as power generators dependent on coal, and extractive industries companies with large fossil fuel reserves. We also identify and overweight companies exposed to climate risks especially through their generation of renewable energy or support of renewable energy generation. The strategy's investments are selected using a transparent, rules-based and optimised portfolio construction methodology. This includes proprietary calculation of a Glide Path Probability which assesses how individual companies compare to peers in their convergence on a two degree scenario.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

Our Global Sustainable Equity strategies have reduced portfolio exposure to emissions intensive or fossil fuel holdings.

- None of the above

**SG 14.3**

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

**SG 14 CC**

Voluntary

Public

General

**SG 14.6  
CC**

Please provide further details on these key metric(s) used to assess climate related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Climate-related targets</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Achieve range of climate related goals for our Climate Aware Rules-Based Equity strategy.	Various	Proprietary glide path probability methodology which employs a variety of inputs. Outputs are compared to a specified benchmark for funds implementing this strategy.
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Increased transparency available within custom client reporting for our equity strategies.	tons of CO2e	(i) Carbon Emissions Scope 1 All direct GHG emissions from sources owned or controlled by the portfolio companies for which an investor is responsible. The GHG emissions are allocated to the investor based on an ownership share perspective. (ii) Carbon Emissions Scope 2 Indirect GHG emissions from consumption of purchased utilities (including T&D losses) by portfolio companies for which an investor is responsible. The GHG emissions are allocated to the investor based on an ownership share perspective.
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Increased transparency available within custom client reporting for our equity strategies.	tons of CO2e per invested million	Carbon Emissions Scope 1 and 2 normalized by the Portfolio Market Value expressed in millions. As a normalized metric, the Carbon Footprint can be used to accurately compare portfolios of any size.
<b>Total carbon emissions</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	n.a.	n.a.	n.a.
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Increased transparency available within custom client reporting	tons of CO2e per invested million	(i) Carbon Intensity Carbon emissions per million sales generated by portfolio companies, allocated to the investor based on an ownership share perspective. This metric adjusts for company size and is an accurate measurement of portfolio's carbon efficiency. (ii) Weighted Average Intensity Weighted average of the Carbon Intensity of each portfolio company. This metric measures a portfolio's exposure to carbon intensive companies and can serve as a proxy for a portfolio's exposure to climate change-related risks.

SG 14.7  
CC

Describe in further detail the key targets.

Targettype	Time Frame	Description	Attachments
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			

**SG 14.8  
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

- Process for climate-related risks is integrated into overall risk management

Please describe

UBS Group manages its environmental program through an Environmental Management System (EMS), in accordance with the ISO 14001 standard. The Group manages climate change risks and opportunities via this certified EMS and monitors implementation on an ongoing basis. The EMS helps to systematically reduce environmental risks, seize climate change / environment-related market opportunities and to continuously improve UBS's climate change/environmental performance and resource efficiency. UBS Group developed its first climate change strategy in 2006.

The EMS, structured in an annual cycle consisting of planning, implementation, controlling and review including corrective actions, applies world-wide to all transactions, services and activities involving climate change issues entered into by or on behalf of UBS, with quarterly reporting. Banking activities and in-house operations must be conducted in compliance with this policy. All types of material risks and opportunities are in-scope (including regulatory, customer behavior changes, reputational and weather-related). Climate change risks and opportunities are identified on company and on asset level across the principles of "how we do business" and "how we support clients" of the UBS in society policy. At company level, such as for UBS Asset Management, climate change risks and opportunities are brought to the UBS in society Operating Committee that oversees the implementation of UBS in society Policy and climate change strategy and defines company level objectives to be submitted to the CCRC, a Board of Directors Committee, for approval.

With a two year live track record for the Climate Aware methodology we are exploring how this could be used to integrate consideration of climate change transition risks into our overall risk management framework. We are at an early stage of exploring the feasibility and practicality of this approach

- Process for climate-related risks is not integrated into our overall risk management

**SG 14.9  
CC**

Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.

- Yes

Please describe
-----------------

UBS-AM has been actively engaging with approximately 50 companies in the oil & gas and utility sectors to encourage uptake of TCFD recommendations. We have aligned a number of these engagements with the Climate Action 100+ collaborative engagement and we are (co-)leading several coalitions under this initiative.

No, we do not engage

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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	%
--	---

2

SG 15.3	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.
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	Area
--	------

Energy efficiency / Clean technology

	Asset class invested
--	----------------------

Listed equity

	% of AUM
--	----------

5

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Hedge funds
- Other (1)

## Brief description and measures of investment

With respect to our Global Sustainable Impact Equity strategy, we aim to invest in companies that provide solutions to significant global challenges, honing in on climate change, air pollution, clean water and water scarcity, treatment of disease, alleviation of poverty and food security through the impact of their products and services. We have developed over 100 impact measurement models for individual technologies, e.g. insulation, rail transport, diabetes drugs, water meters, energy meters, car components and fertilizers that fall within the impact categories we are focused on: climate change/air pollution, water, health and food security. These are applied to companies that have identifiable revenue to any one or more of these 100 technologies. Our impact framework was developed by UBS AM's Global Sustainable Equities team in collaboration with leading scientists from Harvard, City University of New York (CUNY), and the University of Wageningen.

Impact is measured in absolutes. For example: CO2 avoided (M metric tons), air pollution avoided (PM2.5 tons), lives extended (#), sick days avoided (#), water treated (m3).

In addition, our Long Term Themes Equity strategy seizes thematic opportunities by investing in companies whose products and services are solutions to megatrend challenges, defined as population growth, ageing and urbanization.

Renewable energy

## Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

## % of AUM

15

- Hedge funds
- Other (1)

## Brief description and measures of investment

With regards to portfolio companies, specific ESG considerations include the following:

**Environmental management systems and compliance** - A company which demonstrates superior commitment, capacity and track record to its peers in the management of environmental risks presents a lower risk for investors. Robust systems, practices and controls reduce the regularity and consequences of operational incidents that impact the environment and reduce the costs of managing and resolving incidences.

**Environmental efficiency (waste, water, energy)** - Reducing waste and minimizing the use of finite natural resources, particularly clean water and energy, will support continued growth, support the prosperity of future generations and reduce current and future costs of resources used by the company.

For example, one of our wind farm investments displaces approximately 480,000 to 660,000 tons of greenhouse gas emissions each year, which is equivalent to taking circa 120,000 to 160,000 cars off the road.

- Green buildings

#### Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property

#### % of AUM

83

- Infrastructure
- Hedge funds
- Other (1)

#### Brief description and measures of investment

Our quantitative and qualitative goals benefit our investors, our tenants and UBS and its shareholders. Our goals are a 20% reduction of greenhouse gas emissions by 2020 and a 10% reduction of the energy consumption of our properties by 2020. In conjunction with this strategy we are increasing our share of renewable energy in the energy mix of our suppliers and implementing various property-specific improvements. Our quantitative goals include reducing residual waste, increasing the recycling rate by 50% and reducing the water consumption of our properties by monitoring consumption and developing specific water saving measures in different properties.

We measure the sustainability performance of our properties and funds with external (GRESB Performance Indicator) benchmarks and certifications (BREEAM, LEED, Energy Star, DGMB, Minergie). Based on these results we are able to define specific measures for each property. A holistic approach on sustainability also includes strategic and qualitative objectives. We improve the sustainability performance of our business by implementing action plans and best practice measures.

In 2018, 96% of our direct pooled assets participated in the GRESB Assessments, equal to 83% of our total direct real estate assets.

- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health

Asset class invested
----------------------

Listed equity

% of AUM
----------

5

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Hedge funds
- Other (1)

Brief description and measures of investment
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With respect to our Global Sustainable Impact Equity strategy, we aim to invest in companies that provide solutions to significant global challenges, honing in on climate change, air pollution, clean water and water scarcity, treatment of disease, alleviation of poverty and food security through the impact of their products and services. We have developed over 100 impact measurement models for individual technologies, e.g. insulation, rail transport, diabetes drugs, water meters, energy meters, car components and fertilizers that fall within the impact categories we are focused on: climate change/air pollution, water, health and food security. These are applied to companies that have identifiable revenue to any one or more of these 100 technologies. Our impact framework was developed by UBS AM's Global Sustainable Equities team in collaboration with leading scientists from Harvard, City University of New York (CUNY), and the University of Wageningen.

Impact is measured in absolutes. For example: CO2 avoided (M metric tons), air pollution avoided (PM2.5 tons), lives extended (#), sick days avoided (#), water treated (m3).

In addition, our Long Term Themes Equity strategy seizes thematic opportunities by investing in companies whose products and services are solutions to megatrend challenges, defined as population growth, ageing and urbanization.

Water

Asset class invested
----------------------

Listed equity

% of AUM
----------

3

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

	% of AUM
--	----------

4

- Hedge funds
- Other (1)

	Brief description and measures of investment
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With respect to our Global Sustainable Impact Equity Strategy, we aim to invest in companies that provide solutions to significant global challenges, honing in on climate change, air pollution, clean water and water scarcity, treatment of disease, alleviation of poverty and food security through the impact of their products and services. We have developed over 100 impact measurement models for individual technologies, e.g. insulation, rail transport, diabetes drugs, water meters, energy meters, car components and fertilizers that fall within the impact categories we are focused on: climate change/air pollution, water, health and food security. These are applied to companies that have identifiable revenue to any one or more of these 100 technologies. Our impact framework was developed by UBS AM's Global Sustainable Equities team in collaboration with leading scientists from Harvard, City University of New York (CUNY), and the University of Wageningen.

Impact is measured in absolutes. For example: CO2 avoided (M metric tons), air pollution avoided (PM2.5 tons), lives extended (#), sick days avoided (#), water treated (m3).

Our Infrastructure Funds hold investments in a water utility firm. Since acquisition, we have implemented several long term incentive plans focusing on areas of operation and asset improvement and customer service.

- Other area, specify

Climate Change

	Asset class invested
--	----------------------

- Listed equity

	% of AUM
--	----------

1

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Hedge funds
- Other (1)

#### Brief description and measures of investment

Our Climate Aware Rules-Based Equity investment strategy specifically focuses on climate-related risks and opportunities. We identify and underweight companies exposed to climate risks through large GHG emissions, high GHG intensity, negative emissions reduction trends, as well as power generators dependent on coal, and extractive industries companies with large fossil fuel reserves. We also identify and overweight companies exposed to climate risks especially through their generation of renewable energy or support of renewable energy generation. The strategy's investments are selected using a transparent, rules-based and optimised portfolio construction methodology. This includes proprietary calculation of a Glide Path Probability which assesses how individual companies compare to peers in their convergence on a two degree scenario.

No