Summary

UBS Fund Management (Ireland) Ltd, (LEI: 549300TBYE6SH20B4I40) considers Principal Adverse Impacts (**"PAI")** of its investment decisions on sustainability factors since January 2023. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of UBS Fund Management (Ireland) Ltd. (hereinafter also known as **"UBS-FMI"** or **"the Management Company"**)

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

The EU Sustainable Finance Disclosure Regulations **("SFDR")** aims to provide more transparency on sustainability-related topics so that investors can make informed investment decisions. SFDR requires specific disclosures on how UBS-FMI considers PAI, which are defined as the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee concerns, respect for human rights, anti-corruption, and anti-bribery matters.

UBS acknowledges a need for transparency of PAI of investment decisions on sustainability factors, and therefore has defined and follows internal procedures on identification and prioritization of adverse impacts and considers these as part of its investment decision making process. UBS believes that material sustainability issues matter for financial performance and we know that clients have an interest in many of these topics.

UBS-FMI has delegated portfolio management to the following portfolio managers:

- UBS Asset Management (**"UBS-AM"**), a business division of UBS Group AG
- UBS Global Wealth Management (**"UBS-GWM"**)**,** a business division of UBS Group AG
- Third party portfolio managers

However, the Management Company remains ultimately responsible for the portfolio management function, hence, the delegation is subject to supervision and monitoring from the Management Company. In order to achieve this, the Management Company has implemented a robust control framework.

The assessment of PAI is performed for all funds managed by UBS-FMI and includes both, sustainable and non-sustainable strategies. The indicators provided in section 2 are based on PAI data from 3 May 2024.

UBS-FMI actively considers certain PAI indicators as part of its sustainable investing strategies (SFDR Article 8 / 9). **"Article 8"** & **"Article 9"** are references to the specific levels of product level disclosure prescribed by the EU regulation on sustainability related disclosures in the financial services sector (**"SFDR"**). Products have been positioned into these strategies during the reference period and will continue to be so in the future.

UBS-FMI will seek to improve data coverage as industry practice emerges and will assess indicators in order to have as broad a coverage as possible for future consideration into the investment process.

Specific considerations of PAI on product level by UBS AM and UBS GWM are further elaborated in the section 3.3 of the report.

UBS acknowledges that the PAI framework and data are still evolving, and that data availability for some of the indicators is still limited. This statement relates to the first year of reporting, which means no historical comparison is available.

Coverage was high for the majority of the PAI indicators, however, exceptions were found for three indicators (emissions to water, hazardous waste and gender pay gap) where many companies are still not reporting this data in earnest. This leads to an industry-wide gap in coverage for a large number of investee companies and, as a result, the metrics calculated for these indicators are both less accurate and less reliable. UBS-FMI expects that in subsequent years, and with the stabilization of data exchange mechanisms within the industry, both coverage and data quality will improve, as investment managers provide better data.

Regulators have indicated that additional PAI indicators and amendments to the methodology are to be expected. For the 2023 reporting, the latest industry guidance has been considered by applying a sub-portfolio approach. This approach involves dividing a portfolio into sub-portfolios for corporates, sovereigns and other investments, allowing for a more accurate calculation of indicators by only considering relevant positions for each indicator. The sub-portfolio approach has had immediate impacts, such as driving up the relative weights for each position in the portfolio. This approach allows for a more robust way of analysing portfolios.

If investors wish to better understand ESG and sustainability related aspects of their investments, we recommend that they consult the product specific documentation rather than this report at the level of the Management Company.