



LUX IM

Sustainability-related product disclosure

(as per Article 10 (1) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector ("SFDR"), financial market participants shall publish and maintain on their websites the following information)

Disclosure Requirement SFDR Article 10 (1)	Disclosure
a) <i>A description of the environmental or social characteristics or the sustainable investment objective;</i>	This Sub-fund promotes, among other characteristics, environmental and social characteristics, provided that the target investments' issuers follow good governance practices and qualifies under Article 8(1) of Regulation (EU) 2019/2088 on sustainability-related disclosure requirements in the financial services sector.
b) <i>Information on the methodologies used to assess, measure and monitor the environmental or social characteristics or the impact of the sustainable investments selected for the financial product, [...]</i>	The majority of the sub-fund's net assets will be managed according to the ESG policy and approach defined hereafter. Corporate and sovereign target issuers are assessed by the Investment Manager for their ESG risks using a proprietary UBS ESG Risk Recommendation, which rates issuers using a five-point scale (1 – negligible, 2 – low, 3 – medium, 4 – high and 5 – severe ESG risk). The Investment Manager employs a proprietary ESG Risk Dashboard that combines multiple ESG data sources in order to identify companies with material ESG risks. Furthermore, the Investment Manager identify target issuers within the investment universe with a strong environmental and social profile through a proprietary ESG score, the UBS ESG consensus score, being a weighted average of ESG score data from internal and recognized external providers on a scale of 1 to 10 (with 10 having the best sustainability profile). The UBS ESG consensus score assesses sustainability factors, such as the performance of these issuers with regard to ESG aspects. These ESG aspects relate to the main areas in which the issuers operate and their efficiency in managing ESG risks. Environmental and social factors can include (amongst others) the following: environmental footprint and operational efficiency, environmental risk management, climate change, natural resource usage, pollution and waste management, employment standards and supply chain monitoring, human capital, diversity within the board of directors, occupational health and safety, product safety, as well as anti-fraud and anti-corruption guidelines. The proprietary framework applied to sovereign issuers addresses (i) material governance strengths and weaknesses through data such as political stability, rule of law, corruption control, and government effectiveness; (ii) social indicators which address how each country provides personal safety, meets the basic needs and health and well-being of its people, and provides both education and the access to opportunities; (iii) while in the environmental dimension, it focuses on the positioning of each country with respect to climate change transition, such as the carbon intensity of the economy and the sustainability of energy production, as well as physical climate change risks.
b) <i>[...] including its data sources, [...]</i>	The ESG analysis of the target investments relies on internal research activity complemented with external research and data from specialised external providers.
b) <i>[...] screening criteria for the underlying assets and the relevant sustainability indicators used to measure the environmental or social characteristics or the overall sustainable impact of the financial product;</i>	The results of the above mentioned ESG assessment are incorporated within the investment process according to the following approach: (i) the Investment Manager apply exclusion rules to the target issuers involved in cluster munitions, anti-personnel mines, chemical and biological weapons, thermal coal mining, and issuers in breach of the Treaty on the Non-Proliferation of Nuclear Weapons; (ii) the Sub-fund will invest at least 70% of its net assets in target issuers marked by an UBS ESG Risk Recommendation between 1 and 3; (iii) the security selection process aim to promote ESG characteristics by pursuing a weighted average UBS ESG Risk Recommendation between 1 and 3 at the portfolio level. The Investment Manager shall consider the development of the ESG ratings of existing investments on an ongoing basis. Further to negative changes in such ESG ratings the Investment Manager may, depending on the change in the ESG rating, decide to partially or totally divest the concerned investment, always acting in the best interests of the Sub-fund's final investors. The Sub-Fund has not designated a reference benchmark for the purpose of the Regulation (EU) 2019/2088.
c) <i>The information referred to in Articles 8 and 9; (i.e. pre-contractual disclosure)</i>	See above.

Source of information: Prospectus LUX IM – Appendix C, Investment policy of the Sub-fund