



SUSTAINABILITY- RELATED DISCLOSURES

UBAM – US Dollar Bond

Date: December 31, 2022



SUSTAINABILITY-RELATED DISCLOSURE

UBAM – US DOLLAR BOND – ARTICLE 8

Summary

This Sub-Fund invests the majority of its net assets in bonds and other debt securities, primarily denominated in EUR. A minimum of 50% of this Sub-Fund's allocation to sovereign bonds will be invested in issuers deemed to maintain E/S characteristics as measured by MSCI ESG research, that is bearing an ESG rating equal or superior to BBB for developed markets issuers and equal or superior to BB for non-developed market issuers. In the absence of a rating from MSCI, an internal rating may be assigned by the Investment Manager.

It promotes environmental and social characteristics but does not have as its objective sustainable investment.

In terms of the social characteristics, this Sub-Fund promotes, via investments in sovereign bonds, the sustainability of a country's economic performance given its efficacy meeting the basic needs of its population and reducing poverty, management of social and equity issues and investment in human capital and productivity.

In terms of the environmental characteristics, this Sub-Fund promotes, via investments in sovereign bonds, the sustainability of a country's economic performance given its natural resource endowment, management and supplementation and its risk or resilience to climate change and other natural hazards.

The sustainability indicators used to assess social and environmental characteristics are based on internal environment and social scores built using data from external providers.

The indicator used to measure the attainment of the social characteristics will disclose the percentage of countries in this Sub-Fund that are in the bottom 10% of the considered universe on the internal social score.

The indicator used to measure the attainment of the environmental characteristics will disclose the percentage of countries in this Sub-Fund that are in the bottom 10% of the considered universe on the internal environmental score.

The ESG approach starts with exclusions, in line with the Investment Manager's Responsible Investment Policy. This is followed by ESG Integration, which aims at assessing sovereign issuers' environmental and social performance through a proprietary model and qualitative checks. Finally, the Investment Manager prefers Green and Sustainability Bonds, subject to availability, liquidity, and relative value analysis.

ESG analysis covers at least 80% of the Sub-Fund's allocation to bonds.

This Sub-Fund invests at least 51% in bonds aligned with the environmental and social characteristics promoted by the strategy.

The binding criteria used to attain each of the environmental and/or social characteristics promoted by the Sub-Fund are integrated in control systems, to ensure pre- and post-trade checks. Compliance is monitored by the Risk department on an ongoing basis.

The Investment Manager primarily uses the World Bank as a source of data on sovereign ESG performance.

Depending on the metric considered, some data may be estimated by data providers. Although the Investment Manager applies a thorough selection process of third-party providers, their processes and proprietary ESG methodology may be flawed. As a result, there is a risk of incorrectly assessing an issuer, resulting in an inappropriate capture of ESG risks and potential incorrect inclusion or exclusion in the product. This is expected to have limited impact on the overall environmental and/or social characteristics promoted by the product.

The investment due diligence process ensures that the investment decisions comply with the objectives and the investment strategy of the Sub-Fund. The consideration of sustainability-related risks is integrated into the investment decision-making process to ensure better-informed investment decisions as well as awareness of the risk exposure. The first level of due diligence is conducted by the Investment Manager, while the second level is conducted by the Risk department.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Sub-Fund.

No sustainable investment objective

This Sub-Fund promotes environmental or social characteristics but does not have as its objective sustainable investment.

Environmental or social characteristics of the financial product

In terms of the social characteristics, this Sub-Fund promotes via investments in sovereign bonds the sustainability of a country's economic performance given its efficacy meeting the basic needs of its population and reducing poverty, management of social and equity issues and investment in human capital and productivity.

In terms of the environmental characteristics, this Sub-Fund promotes via investments in sovereign bonds the sustainability of a country's economic performance given its natural resource endowment, management and supplementation and its risk or resilience to climate change and other natural hazards.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Sub-Fund.

The sustainability indicators used to assess social and environmental characteristics via investments in sovereign bonds (derivatives are out of scope as described in below) are based on internal environment and social scores built using data from an external provider. The external provider incorporates data relevant to all 17 UN's Sustainable Development Goals.

The indicator used to measure the attainment of the social characteristics will disclose the percentage of countries in this Sub-Fund that are in the bottom 10% of the considered universe on the internal social score.

The indicator used to measure the attainment of the environmental characteristics will disclose the percentage of countries in this Sub-Fund that are in the bottom 10% of the considered universe on the internal environmental score.

The considered universe is currently made of more than 100 countries

Investment strategy

This Sub-Fund denominated in EUR and which invests its net assets primarily in securities denominated in this currency. At any time, this Sub-Fund invests a majority of its net assets in bonds and other debt securities.

This Sub-Fund is allowed to invest without limits in currencies other than its base currency (EUR). The currency risk is limited to 10% of the net assets of the Sub-Fund. This Sub-Fund's currency exposure can either come from direct exposures to currencies other than the base currency (EUR) (including via derivatives such as but not limited to FX Forwards), or by not hedging investments in currencies other than the base currency (EUR).

A minimum of 50% of this Sub-Fund's allocation to sovereign bonds will be invested in issuers deemed to maintain E/S characteristics as measured by MSCI ESG research or equivalent data providers. E/S characteristics are defined as an ESG rating equal or superior to BBB for developed markets issuers and equal or superior to BB for non-developed market issuers. In the absence of a rating from MSCI, an internal rating may be assigned by the Investment Manager.

The ESG investment strategy is based on three pillars that are bidding elements in the investment strategy with regards to the promotion of E/S characteristics:

- Exclusions applicable to this Sub-Fund, according to the UBP Responsible Investment policy (available on <https://www.ubp.com/en/investment-expertise/responsible->

investment). In addition, in line with UBP's Group policy, securities under EU, HK, OFAC, Swiss, UK and UN sanctions are also excluded from this Sub-Fund, as well as investments in FATF "high-risk countries", while any investment in FATF "jurisdictions under increased monitoring" are subject to due diligence and approval.

- ESG integration.

ESG integration is implemented on sovereign issuers through a two-step process:

□ External data sources provide information to an internal model to build a quantitative scoring system for each sovereign issuer.

□ A qualitative check follows this, where adjustments to the score are possible.

Sovereign issuers deemed to have severe ESG deficiencies, based on this approach, are excluded from the investment universe. ESG and financial views are combined to select the issuers. At least 80% of the Sub-Fund allocation to bonds is covered by the extra-financial analysis.

- Preference for Green and Sustainability bonds with environmental objectives. The preference for Green and Sustainability bonds should be considered as an objective and is conditional to availability, liquidity conditions and relative value analysis.

Proportion of investments

The planned asset allocation of this Sub-Fund will be a 51% minimum of bonds aligned with E/S characteristics.

Other investments will be cash, cash equivalents and derivatives for liquidity management and efficient portfolio management. Those instruments do not participate in attaining the environmental or social characteristics promoted by this Sub-Fund.

Other Investments included can also include bonds. In that case, the bond investments include minimum safeguards to the extent that they have to respect the exclusion rules applicable to the Sub-Fund.

Monitoring of environmental or social characteristics

The selection criteria used to attain each of the environmental and/or social characteristics promoted by the financial product have been implemented in our control systems. The Risk department (second level of control, fully independent) is in charge of the controls and of the coding of the defined elements within our control systems.

Blocking pre-alerts are automatically generated if a trade is initiated for an asset that is not authorised due to the binding elements of the financial product (e.g. exclusion rules).

Post-trade alerts are generated for excesses, and portfolio managers are notified the day after the breach.

In case of excess, rules are in place to ensure a return to compliance at the earliest possible moment and in the best interest of shareholders.

Methodologies

Sovereign Social Score

The Investment Manager has developed a proprietary model to assess a sovereign issuer' social performance. The Sovereign Social Score is calculated using over 20 World Bank indicators grouped in 6 themes

- Education & skills
- Employment
- Demography
- Poverty & Inequality
- Health & Nutrition
- Access to Services

Sovereign Environmental Score

The Investment Manager has developed a proprietary model to assess a sovereign issuer' environmental performance. The Sovereign Environmental Score is calculated using over 20 World Bank indicators grouped in 5 themes

- Emissions & pollution
- Natural capital endowment and management
- Energy use & security
- Environment/climate risk & resilience
- Food Security...

Data sources and processing

- (a) the data sources used to attain each of the environmental or social characteristics promoted by the financial product

The Investment Manager bases its Sovereign ESG analysis on the World Bank Sovereign ESG Data portal (BETA) (<https://datatopics.worldbank.org/esgf/>). In total, the portal covers over 70 ESG indicators with 40 additional indicators over 61 years and across 217 economies.

- (b) The measures taken to ensure data quality

The Investment Manager reviews regularly the service provided by third-party ESG data providers and engages with them when needed to address potential issues, get a better understanding of the methodologies used or to increase data coverage. This is under the joint responsibility of the Responsible Investment team and the Market data team.

Data providers are requested to provide audited reviews of their processes on an annual basis.

- c) how data are processed

The Investment Manager relies on the information they collect from the issuers they analyse (including due diligence reports, management meetings, annual and sustainability reports), as well as from brokers and rating agencies supplemented by external ESG service providers.

Where possible, data feeds are required from data providers and are automatically integrated within our portfolio management system. Where necessary, additional ad-hoc data may also be used.

- d) the proportion of data that are estimated

Since the extent of corporate disclosure might vary by region and currently still lacks content and completion, the Investment Manager relies among other things on data from external third-party providers which may be estimated.

The level of estimation per indicator varies significantly depending on the extent of direct disclosure by issuers.

The proportion of estimated data is expected to decrease over time as greater data disclosure regulations come into force.

Limitations to methodologies and data

Although the Investment Manager applies a thorough selection process of third-party providers, their processes and proprietary ESG methodology may be flawed. As a result, there is a risk of incorrectly assessing an issuer, resulting in an inappropriate capture of ESG risks and potential incorrect inclusion or exclusion in the product.

This is expected to have limited impact on the overall environmental and/or social characteristics promoted by the product.

Due diligence

The investment due diligence process ensures that the investment decisions comply with the objectives and the investment strategy of the Sub-Fund. The consideration of sustainability-related risks is integrated into the investment decision-making process to ensure better-informed investment decisions as well as awareness of the risk exposure.

The exclusion policy acts as a first screening in the due diligence process and for funds with sustainable investment objectives, the indicators of the principles of adverse impact are used to ensure that the sustainable investments "do not significantly harm" any environmental or social objectives. The first level of due diligence is conducted by the Investment Manager. The second level of due diligence is conducted by the Risk department, which ensures on-going monitoring.

Engagement policies

The Investment Manager does not currently engage with sovereign issuers.

Designated reference benchmark

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by this Sub-Fund.

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