



EUROPEAN
COMMISSION

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ANNEX 5

ANNEX

to the

Commission Delegated Regulation (EU) .../....

supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

ANNEX V

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name:	Legal entity identifier
UBS (Lux) Fund Solutions – Sustainable Development Bank Bonds UCITS ETF	54930010AOY87UJZRG60

Sustainable investment objective

Did this financial product have a sustainable investment objective?	
<div> <input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> Yes </div> <div> <input type="checkbox"/> It made sustainable investments with an environmental objective: ____% <div> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy </div> </div> <div> <input checked="" type="checkbox"/> It made sustainable investments with a social objective: 99.03% <div> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy </div> </div>	<div> <input type="radio"/> <input type="radio"/> <input type="checkbox"/> No </div> <div> <input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments <div> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective </div> </div> <div> <input type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments </div>



To what extent was the sustainable investment objective of this financial product met?

This financial product has sustainable investment as its objective and aims to track, before expenses, the price and income performance of the Solactive Global Multilateral

Development Bank Bond USD 25% Issuer Capped Index (Total Return) (the "Index"). An independent research-driven screening is used by the Index provider to evaluate index-eligible issuer which must be a Multilateral Development Bank (known as supranationals), having a credit quality rating of AA- (S&P) or Aa3 (Moody's) and higher (if several ratings are available, the lowest rating is considered).

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

● ***How did the sustainability indicators perform?***

The Reference Benchmark (the "Index") designated for the purpose of attaining the sustainable investment objective of this financial product is the Solactive Global Multilateral Development Bank Bond USD 25% Issuer Capped Index (Total Return).

The following indicators are used to measure the attainment of the sustainable investment objective

- Whether the issuer of the securities is classified as a Multilateral Development Bank.

A minimum of 90% of the financial product's assets were invested in securities of the reference benchmark. As per 30 December 2022 the investments in Multilateral Development Banks was more than 98%

● ***...and compared to previous periods?***

2022 was the first period the indicators were calculated.

● ***How did the sustainable investments not cause significant harm to any sustainable investment objective?***

The financial product is passively managed and tracks an Index, securities are only eligible for the Index if they meet the rule set by the index methodology that the index-eligible issuer which must be a Multilateral Development Bank, having a credit quality rating of AA- (S&P) or Aa3 (Moody's) and higher (if several ratings are available, the lowest rating is considered).

Unlike commercial banks, MDBs do not seek to maximize profits for their shareholders. Instead, they prioritize development goals (aligned with the SDG 17), such as ending extreme poverty and reducing economic inequality. They often lend at low or no interest or provide grants to fund projects in infrastructure, energy,

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

education, environmental sustainability, and other areas that promote development.

— *How were the indicators for adverse impacts on sustainability factors taken into account?*

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Unlike commercial banks, MDBs do not seek to maximize profits for their shareholders. Instead, they prioritize development goals (aligned with the SDG 17), such as ending extreme poverty and reducing economic inequality. They often lend at low or no interest or provide grants to fund projects in infrastructure, energy, education, environmental sustainability, and other areas that promote development.

The investment strategy of the Fund is aligned with the methodology of the index which considers environmental and social factors.

Indeed, the index considers environmental factors such as the Greenhouse gas (GHG) Intensity defined as Scope 1 + Scope 2 GHG emissions (tons CO₂E) per million USD of revenue and calculated as the weighted average GHG intensity of individual index components. Furthermore, the Index also considers social factors such as Social Violations which indicates issuers with a verified failure to respect established norms regarding human rights or labor rights.

The investments are therefore aligned with the index, taking into account GHG intensity and Investee countries subject to social violations.

— *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

There is no controversies screening on the index issuers.



How did this financial product consider principal adverse impacts on sustainability factors?

Unlike commercial banks, MDBs do not seek to maximize profits for their shareholders. Instead, they prioritize development goals (aligned with the SDG 17), such as ending extreme poverty and reducing economic inequality. They often lend at low or no interest or provide grants to fund projects in infrastructure, energy, education, environmental sustainability, and other areas that promote development.



What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
<i>European Bank for Reconstruction & Development</i>	<i>Supranational</i>	<i>3.76</i>	<i>Supranationals</i>
<i>European Bank for Reconstruction & Development</i>	<i>Supranational</i>	<i>3.72</i>	<i>Supranationals</i>
<i>African Development Bank</i>	<i>Supranational</i>	<i>3.66</i>	<i>Supranationals</i>
<i>African Development Bank</i>	<i>Supranational</i>	<i>3.55</i>	<i>Supranationals</i>
<i>African Development Bank</i>	<i>Supranational</i>	<i>3.15</i>	<i>Supranationals</i>
<i>European Bank for Reconstruction & Development</i>	<i>Supranational</i>	<i>2.44</i>	<i>Supranationals</i>
<i>International Bank for Reconstruction & Asian Development Bank</i>	<i>Supranational</i>	<i>1.91</i>	<i>Supranationals</i>
<i>Asian Development Bank</i>	<i>Supranational</i>	<i>1.79</i>	<i>Supranationals</i>
<i>Inter-American Development Bank</i>	<i>Supranational</i>	<i>1.77</i>	<i>Supranationals</i>
<i>Asian Development Bank</i>	<i>Supranational</i>	<i>1.66</i>	<i>Supranationals</i>
<i>African Development Bank</i>	<i>Supranational</i>	<i>1.64</i>	<i>Supranationals</i>
<i>Inter-American Development Bank</i>	<i>Supranational</i>	<i>1.63</i>	<i>Supranationals</i>
<i>Inter-American Development Bank</i>	<i>Supranational</i>	<i>1.62</i>	<i>Supranationals</i>
<i>European Bank for Reconstruction & Development</i>	<i>Supranational</i>	<i>1.62</i>	<i>Supranationals</i>
<i>Inter-American Development Bank</i>	<i>Supranational</i>	<i>1.54</i>	<i>Supranationals</i>

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is:

What was the proportion of sustainability-related investments?

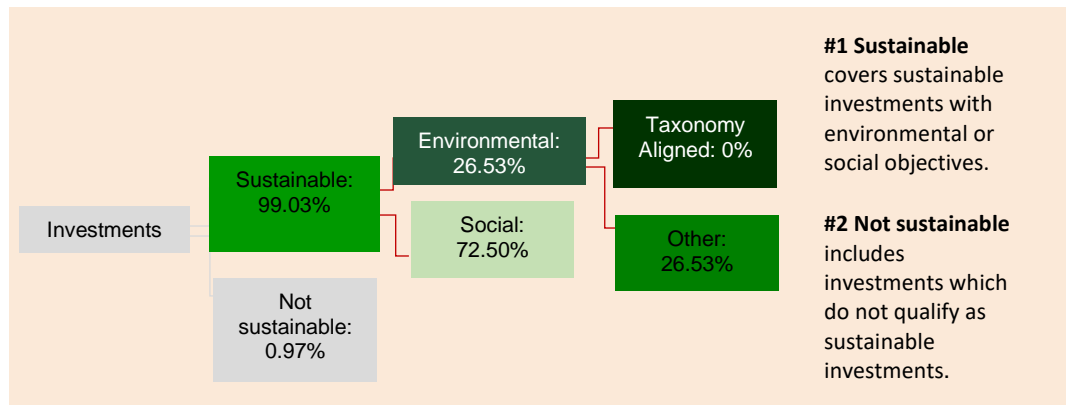


As per the end of the reference period the proportion of the investments used to attain the sustainable investment objective of the financial product was 99.03%. The proportion of sustainable investments of the financial product was 97.67%.

● What was the asset allocation?

The proportions of investments of the financial product were calculated as per the end of the reference period, which is: 31 December 2022

Asset allocation describes the share of investments in specific assets.



● **In which economic sectors were the investments made?**

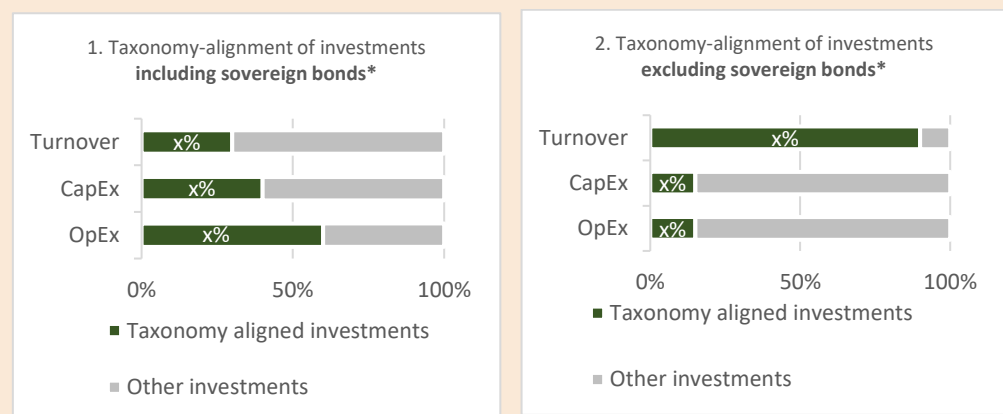
Please refer to the section “Structure of the Securities Portfolio” of the relevant sub-fund of this Annual report to review the breakdown of the economic sectors where the investments were made.



To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

The financial product had 0% Taxonomy Aligned Investments.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



**For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures*

● **What was the share of investments made in transitional and enabling activities?**

There were no investments in transitional and enabling activities.

- ***How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods***

Not applicable. This is the first reference period.



What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

The financial product had a proportion of sustainable investment with an environmental objective not aligned with the EU Taxonomy as stated in the asset allocation section of this annex.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What was the share of socially sustainable investments?

The financial product had a proportion of socially sustainable investment as stated in the asset allocation section of this annex of 72.50%.



What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards?

Included in “#2 not sustainable” are cash, cash equivalents, money market instruments and derivatives or other instruments for hedging purposes including in the event of a re-balance of the index constituents by the index provider.



What actions have been taken to attain the sustainable investment objective during the reference period?

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 the fund.

The financial product has initially selected the reference benchmark for its relevance to its investment strategy and the attainment of the investment objective it seeks to achieve.

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 replicate the Index by applying stratified sampling managing 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.



How did this financial product perform compared to the reference sustainable benchmark?

- ***How did the reference benchmark differ from a broad market index?***

The Solactive Global Multilateral Development Bank Bond USD 25% Issuer Capped Index offers investors exposure to Multilateral Development Banks (known as supranationals) which are backed by multiple sovereigns incl. all G7 countries. Bonds issued by the MDBs are mostly AAA-rated and the credit risk profile and returns are comparable to US Treasuries while the MDB providing guarantees and knowledge for developing countries to end global poverty and to promote sustainable economic growth (aligned to the SDG 17).

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?***

A minimum of 90% of the financial product's assets were invested in securities of the reference benchmark. As per 30 December 2022 the investments in Multilateral Development Banks was more than 98%

- ***How did this financial product perform compared with the reference benchmark?***

A minimum of 90% of the financial product's assets were invested in securities of the reference benchmark. As per 30 December the investments in Multilateral Development Banks more than 98%.

- ***How did this financial product perform compared with the broad market index?***

Not applicable

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.