

18 August 2023

Co Reg. No. 198600120Z

NOTICE TO UNITHOLDERS OF:

- **United Smart Sustainable Singapore Bond Fund**
(a sub-fund of United ESG Advanced Fund Series)
- **United Sustainable Asia Top-50 Fund**

(each, a “Fund” and collectively, the “Funds”)

Dear Unitholder

CLASSIFICATION OF FUNDS AS ESG¹ FUNDS

Thank you for investing in the Funds, which are managed by us, UOB Asset Management Ltd (“**UOBAM**”).

We are writing to inform you that, from the date of this letter (the “**Effective Date**”), each Fund has been classified as an ESG Fund under Circular CFC 02/2022 (Disclosure and Reporting Guidelines for Retail ESG Funds)² issued by the Monetary Authority of Singapore.

The investment focus and approach of each Fund has been concurrently updated in the manner set out in Appendix 1 and Appendix 2 to this letter to include additional disclosures on each Fund’s ESG focus and strategy. We would also like to draw your attention to the updated risk disclosures for the Funds’ ESG strategy set out in Appendix 5 to this letter.

For the avoidance of doubt, there is no change to the investment objective of each Fund, and each Fund is already being managed in accordance with the investment focus and approach of the relevant Fund as set out in Appendix 1 and Appendix 2.

The following options are available to you:

Option 1

You may continue holding your units in the relevant Fund (“**Units**”). If you choose to do so, no action is required of you.

Option 2

You may switch your Units (at the prevailing net asset value per Unit) to units in any other authorised collective investment scheme managed by us (each a “**UOBAM Fund**” and collectively, the “**UOBAM Funds**”), subject to the provisions on switching of units in the trust deed and the prospectus of the relevant Fund, and the trust deed and prospectus of the relevant UOBAM Fund you wish to switch into.

Applications for switching of Units may be made by submitting the relevant form to any of our authorised agents or distributors.

¹ “ESG” stands for “Environmental, Social and Governance”.

² The Circular may be found at: www.mas.gov.sg/regulation/circulars/cfc-02-2022---disclosure-and-reporting-guidelines-for-retail-esg-funds



Units purchased using Central Provident Fund ("**CPF**") or Supplementary Retirement Scheme ("**SRS**") monies may only be switched to UOBAM Funds included under CPF Investment Scheme ("**CPFIS**") or which are available for subscription using SRS monies respectively. A list of CPFIS-included funds managed by us which are available for switching is set out in Appendix 6 of this letter.

This document is not to be construed as an offer of units in any UOBAM Fund and does not constitute investment advice or a recommendation on any investment. Before deciding whether to switch your Units to units in any of the UOBAM Funds, you should read the prospectus of the relevant UOBAM Fund carefully and consult your financial adviser to help you assess the suitability of the relevant UOBAM Fund for you. Electronic copies of the prospectuses of the UOBAM Funds are available at <http://www.uobam.com.sg>, and hard copies may be obtained from us or any of our authorised agents or distributors.

Option 3

You may realise your Units by submitting a completed realisation form to any of our authorised agents or distributors. Please note that the realisation of your Units is subject to the provisions of the trust deed and prospectus of the relevant Fund. Currently, there is no realisation charge imposed for realisations of Units.

If you maintain an account directly with UOBAM (and not through one of our authorised agents or distributors), please contact us at our number set out at the end of this letter by **25 August 2023** for assistance on switching your Units and we will refer you to one of our authorised agents or distributors to effect the switch.

If you choose either Option 2 or Option 3 between the date of this letter and **1 September 2023** (both days inclusive) (the "**Switching Period**"), there will be no switching fee or any other fees and charges imposed in respect of cash, CPF or SRS units. In addition, you will not be required to bear any CPF agent bank charges or SRS operator charges for Units that were subscribed for using CPF or SRS monies respectively. If you wish to use this free switch, you may approach the authorised agent or distributor from whom you originally purchased your Units during the Switching Period. For the avoidance of doubt, normal fees and charges (including the prevailing switching fee of 1% for Funds which are not CPFIS-included funds) will apply for switches of Units before or after the Switching Period.

The above will be reflected in an updated prospectus of the Funds registered (or to be registered) by the Monetary Authority of Singapore on or around the date of this notice. Thereafter, you may obtain a copy of it from us or any of our authorised agents or distributors, or from our website at uobam.com.sg.

This notice is for your information only. You do not need to take any action. These changes have no effect on your current holding of Units.

We look forward to your continued support. Should you have any queries, please call our hotline number at 1800 222 2228 from 8 a.m. to 8 p.m. daily (Singapore time) or email us at uobam@uobgroup.com.

Yours sincerely



Rachel Ong
Chief Marketing Officer

APPENDIX 1

United ESG Advanced Fund Series – United Smart Sustainable Singapore Bond Fund

From the Effective Date, the investment focus and approach of United Smart Sustainable Singapore Bond Fund will be updated as shown below:

Investment focus and approach

The Fund seeks to achieve its investment objective by investing primarily in bonds denominated in SGD (issued by entities incorporated or domiciled globally) and bonds denominated in foreign currencies (issued by entities with country of risk or domiciled in Singapore). ~~All bonds are assessed with the consideration of Sustainability and ESG factors. In doing so, the Fund aims to achieve on a portfolio basis, the following:~~

- a) All companies which meet at least one of the sustainability investment themes of the Fund, namely, “Preparing for Climate Change”, “Green, Clean and Smart Singapore”, and “Sustainable Production”;
- b) Minimum of 90% of the Fund’s non-cash NAV being invested in companies that have strong ESG practices (UOBAM ESG Ratings of A & B) relative to companies’ peers as determined by our ESG scoring methodology (the “UOBAM ESG Scoring Methodology”) which is outlined in our Sustainable Investment Framework set out in Appendix 3. This is designed to tilt the Fund’s portfolio towards companies that are rated better by the UOBAM ESG Scoring Methodology;
- c) No investment in companies that have very weak ESG practices (UOBAM ESG Rating of D) relative to companies’ peers as determined by the UOBAM ESG Scoring Methodology;
- d) An average portfolio ESG score in line with the ESG score of JP Morgan Asia Credit Investment Grade ESG Index (the “ESG Index”); and
- e) A limitation of 10% of the Fund’s NAV being invested in companies allowed under the Energy Transition Provision which is outlined in our Sustainable Investment Framework set out in Appendix 3.

The Fund aims to invest in high quality Singapore fixed income securities to provide Sustainable Income (i.e. long term consistent payouts). All bonds are hence assessed with the consideration of Sustainability and ESG factors.

~~The concept of Sustainability is tied closely to ESG factors. Environmental factors examine a company’s influence on the environment as a result of its operations. Social factors consider how a company manages its relationships with employees, suppliers, customers and the communities where it operates. Governance factors examine a company’s management structure and internal controls. We believe companies that incorporate Sustainability/ESG factors/frameworks are more resilient, more focused on their long-term business viability and hence are more likely to remain competitive in the long-term. Accordingly, the Fund will invest in bonds issued by companies that are successful in incorporating Sustainability/ESG factors/frameworks, are competitive, well managed and offer attractive growth prospects over a multi-year investment horizon.~~

Generally, the Fund will be investing in investment grade bonds (“**IG bonds**”) with a rating of BBB-/Baa3 or higher by Standard & Poor’s, Fitch Inc or Moody’s Investor’s Service. In the event of a difference between the ratings issued by the different credit ratings agencies, the lowest rating will apply. Notwithstanding the foregoing, the Fund may from time to time invest in non-IG bonds and unrated bonds. However, the Fund’s allocation in non-IG bonds will be limited in aggregate to a maximum of 30% of the Fund’s NAV. For the purpose of unrated bonds, the Fund will only be investing in unrated bonds with the Managers’ internal credit rating of IG.

~~The Fund will be actively managed with a focus on yield at an acceptable risk premium. There is no bias towards sovereign or corporate bonds. The emphasis is on the credit spread as the main source of incremental return. Credit analysis and credit diversification by us are important as a source of added value and in helping to reduce unsystematic risks inherent in such investments, respectively.~~

~~Our investment style is based on the credit fundamentals and Sustainability/ESG quality of the relevant company and the extent to which the pricing has been reflected in the credit in question. The Fund's portfolio of investments will be reviewed regularly so as to enable the Fund to switch out of overvalued securities to undervalued securities. A long-term view is taken when assessing an investment opportunity. Our policy is to have the Fund fully invested save where there is overwhelming evidence to suggest that the markets are excessively overvalued.~~

FDIs such as futures and forwards may be used for the purposes of hedging existing positions, efficient portfolio management, or a combination of such purposes.

In the event of extreme market conditions or severe market stress or disruptions, or if there are no suitable investment opportunities for the Fund at any time, the Fund may temporarily invest up to 100% of its assets into cash and/or cash deposits, money market instruments and/or short-term debt securities. A portion of the Fund's assets may also be retained in liquid investments or cash for liquidity purposes.

The UOBAM ESG Scoring Methodology incorporates a good governance assessment, which considers a non-exhaustive list of factors such as management structure, internal controls, business ethics, board independence. This system rates and scores companies on a range of ESG factors, including but not limited to the establishment of carbon emissions management, the implementation of diversity and inclusion best practice policies, fair labour practices, business ethics principles and record of violations, and the degree of governing board independence.

Through this sustainable investment strategy, the Fund seeks to achieve an average portfolio ESG score in line with the ESG score of the ESG Index. For the avoidance of doubt, the ESG Index is used for ESG score comparison, and we have not designated any benchmark index to measure the Fund's attainment of its ESG focus as there is currently no appropriate sustainability-related benchmark which is closely aligned to the investment universe of the Fund.

We have discretion to implement enhanced, stricter sustainable requirements and exclusions from time to time.

What sustainability indicators³ are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The Fund uses the following sustainability indicators in order to measure the attainment of the ESG characteristics that it promotes:

- a) the percentage of the Fund invested in companies that have strong ESG practices (UOBAM ESG Ratings of A & B) relative to companies' peers as determined by the UOBAM ESG Scoring Methodology;
- b) in respect of its direct investments, the percentage of the Fund invested in securities or issuers allowed under the Energy Transition Provision.

What is the policy to assess good governance practices of the investee companies?

The governance practices of companies are assessed using fundamental research, including our ESG Ratings and ESG Controversy Alert System.

This includes a non-exhaustive list of factors such as management structure, internal controls, business ethics, board independence.

How is that strategy implemented in the investment process on a continuous basis?

The ESG focus of the Fund is implemented on a continuous basis as part of the investment process. Adherence to the ESG binding elements and Environmental Policy is monitored with strict pre-trade restrictions.

³ Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Pre-trade restrictions are placed on the allocation to companies with UOBAM ESG Ratings A-D and allocation to companies with thermal coal revenue \geq 20% within the Energy Transition Provision. Restrictions are placed on companies with thermal coal \geq 20% and outside of the Energy Transition Provision. Portfolio managers are notified of any breach with respect to the ESG restrictions and rectification (e.g. trimming of holdings, divestment, etc.) is required, taking into account a grace period.

Where can I find more product specific information online?

More product-specific information can be found on the website:

www.uobam.com.sg/uobam/sustainability/solutions/united-smart-sustainable-singapore-bond-fund.page

Further information on the approaches and methodologies set out herein is available on the website:

[Sustainable Investment Framework \(www.uobam.com.sg/sustainability/sustainable-investment-and-active-ownership-approach.page#sustainableinvestmentframework\).](http://www.uobam.com.sg/sustainability/sustainable-investment-and-active-ownership-approach.page#sustainableinvestmentframework)

APPENDIX 2

United Sustainable Asia Top-50 Fund

From the Effective Date, the investment focus and approach of United Sustainable Asia Top-50 Fund will be updated as shown below:

Investment focus and approach

~~The concept of Sustainability is tied closely to ESG factors. Environmental factors examine a company's influence on the environment as a result of its operations. Social factors consider how a company manages its relationships with employees, suppliers, customers and the communities where it operates. Governance factors examine a company's management structure and internal controls. We believe companies that incorporate Sustainability/ESG factors/frameworks are more resilient, more focused on their long-term business viability and hence are more likely to remain competitive in the long term.~~

~~The Fund will invest~~ seeks to achieve its investment objective by investing in companies that are successful in incorporating Sustainability/ESG factors/frameworks, are competitive, well managed and offer attractive growth prospects over a multi-year investment horizon. In doing so, the Fund aims to achieve on a portfolio basis, the following:

~~These companies will already or are expected to be among the leaders in Asia and have the ambition and ability to use and profit from these success factors.~~

~~These companies will likely exhibit some or all of the following characteristics:~~

- ~~(a) a focus on maximising value for shareholders & stakeholders, using techniques such as Sustainability/ESG frameworks;~~
- ~~(b) a focus on industry sectors that exhibit high growth globally (in both mature and developing economies);~~
- ~~(c) the presence of a local or regional leadership with expansion and growth ambitions;~~
- ~~(d) high quality professional management at both senior and mid-level;~~
- ~~(e) a base in the more economically advanced / politically mature Asian countries; and~~
- ~~(f) a focus on products or services with a high added value competitive edge (such as technology), and the ability and desire to invest in the development of that advantage.~~

~~These companies are likely to be found in Japan, Korea, Taiwan, Hong Kong S.A.R. and Singapore. However, there are others in China, India, Indonesia, the Philippines, Thailand, Malaysia and other Asian countries that also possess unique strengths and competitive edges which may be included for investment.~~

- a) Minimum of 90% of the Fund's non-cash NAV being invested in companies that have **strong ESG practices** (UOBAM ESG Ratings of A & B) relative to companies' peers as determined by our ESG scoring methodology (the "**UOBAM ESG Scoring Methodology**") which is outlined in our Sustainable Investment Framework set out in Appendix 3. This is designed to tilt the portfolio towards companies that are rated better by the UOBAM ESG Scoring Methodology;
- b) No investment in companies that have very weak ESG practices (UOBAM ESG Rating of D) relative to companies' peers as determined by the UOBAM ESG Scoring Methodology;
- c) An average portfolio ESG score above the ESG score of the Fund's benchmark, MSCI AC Asia Index (the "**Benchmark**"); and
- d) A limitation of 10% is imposed on companies allowed under Energy Transition Provision.

The Fund aims to invest in companies that are strong and competitive on a global or regional basis, or strong within their domestic markets. While the main focus will be on long-term growth, the Fund aims to invest in companies where valuation levels can be justified. Competitive edge will be defined in terms of:

~~The Fund's investments will be based on a combination of strong fundamental screening and comprehensive ESG/Sustainability considerations to identify these investment opportunities.~~

~~(a) The Fund will invest in companies that possess some of the following factors:~~

- ~~(i) successfully incorporating Sustainability/ESG frameworks. To assess a company's suitability for investment, we will consider the company's Sustainability/ESG framework and policies, including the material ESG issues that affect the company's Sustainability outlook and the policies/frameworks that the company has put in place to address such issues.~~
- ~~(ii) strong and competitive on a global or regional basis, or strong within their domestic markets.~~

~~(b) While the main focus will be on long-term growth, we will only invest in companies where valuation levels can be justified.~~

~~(c) Competitive edge will be defined in terms of:~~

- ~~(i) superior products and service;~~
- ~~(ii) developed business franchise;~~
- ~~(iii) superior distribution capability;~~
- ~~(iv) forward-looking management;~~
- ~~(v) shareholder value oriented management policy;~~
- ~~(vi) superior financial strength;~~
- ~~(vii) proven research and development capability; and~~
- ~~(viii) high entry barriers to competitors; and~~
- ~~(ix) strong ESG performance and practices~~

The UOBAM ESG Scoring Methodology incorporates a good governance assessment, which considers a non-exhaustive list of factors such as management structure, internal controls, business ethics, board independence. This system rates and scores companies on a range of ESG factors, including but not limited to the establishment of carbon emissions management, the implementation of diversity and inclusion best practice policies, fair labour practices, business ethics principles and record of violations, and the degree of governing board independence.

ESG momentum⁴ tilt is also considered in the portfolio construction process.

Through this sustainable investment strategy, the Fund seeks to achieve an average portfolio ESG score above the ESG score of the Benchmark. The Fund's investible universe is not constrained by the Benchmark. For the avoidance of doubt, the Benchmark is used for ESG score comparison, and we have not designated any benchmark index to measure the Fund's attainment of its ESG focus as there is currently no appropriate sustainability-related benchmark which is closely aligned to the investment universe of the Fund.

We have discretion to implement enhanced, stricter sustainable requirements and exclusions from time to time.

What sustainability indicators⁵ are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The Fund uses the following sustainability indicators in order to measure the attainment of the ESG characteristics that it promotes:

- a) the percentage of the Fund invested in companies that have strong ESG practices (UOBAM ESG Ratings of A & B) relative to companies' peers as determined the UOBAM ESG Scoring Methodology;
- b) in respect of its direct investments, the percentage of the Fund invested in securities or issuers allowed under the Energy Transition Provision.

⁴ "ESG momentum" refers to how the ESG characteristics and profile of companies are changing over time. Companies with positive momentum can be seen to be improving in their ESG practices.

⁵ Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What is the policy to assess good governance practices of the investee companies?

The governance practices of companies are assessed using fundamental research, including our ESG Ratings and ESG Controversy Alert System.

This includes a non-exhaustive list of factors such as management structure, internal controls, business ethics, board independence.

How is that strategy implemented in the investment process on a continuous basis?

The ESG focus of the Fund is implemented on a continuous basis as part of the investment process. Adherence to the ESG binding elements and Environmental Policy is monitored with strict pre-trade restrictions.

Pre-trade restrictions are placed on the allocation to companies with UOBAM ESG Ratings A-D and allocation to companies with thermal coal revenue \geq 20% within the Energy Transition Provision. Restrictions are placed on companies with thermal coal \geq 20% and outside of the Energy Transition Provision. Portfolio managers are notified of any breach with respect to the ESG restrictions and rectification (e.g. trimming of holdings, divestment, etc.) is required, taking into account a grace period.

Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.uobam.com.sg/uobam/our-funds/highlights/united-sustainable-asia-top-50-fund/index.page>

Further information on the approaches and methodologies set out herein is available on the website:

Sustainable Investment Framework (www.uobam.com.sg/sustainability/sustainable-investment-and-active-ownership-approach.page#sustainableinvestmentframework).

APPENDIX 3

UOBAM Sustainable Investment Framework

In our commitment towards advancing and supporting the UN Principles for Responsible Investment ("PRI"), we have put in place our sustainable investing policy as part of our sustainable investment framework, as set out in the table below.

SUSTAINABLE INVESTMENT FRAMEWORK		
ESG issues will be incorporated into existing investment practices using a combination of two approaches: integration and screening (when applicable in investment mandate).		
Sustainable Investing Strategies	Integration	Screening
UOBAM's Sustainable Investing Policy	✓	✓
Description	Explicitly and systematically including ESG issues in investment analysis and decisions, to better manage risks and improve returns of investments.	Application of filters to lists of potential investments to rule companies in or out of contention for investment, based on best-in-class and negative screening approaches.

We believe that ESG issues are financially material to a company's performance and will translate to material financial impact on the investments that we make. As part of our fiduciary duty to our investors, we have put in place our Sustainable Investment Framework and process which focuses on deep fundamental research, augmented by the use of technology and leveraging on our local expertise.

UOBAM ESG Scoring Methodology

Below is an overview of how ESG is incorporated into our investment process.



Identification of material ESG factors

The process of ESG evaluation begins firstly with the assessment of material ESG factors of companies which is determined by a materiality map.

The materiality map is developed by referencing the Sustainability Accounting and Standards Board ("**SASB**") materiality map (see Appendix 4 for information on the SASB). This materiality map also assigns specific E, S and G pillar weights to companies across 11 sectors that are classified using Global Industry Classification Standard ("**GICS**").

Formulation of ESG score

Following the identification of relevant material E, S and G issues with their respective E, S and G pillar weights, ESG scores are formulated based on third party data provided by vendors such as MSCI. Adjustments are then made by country and sector for relative comparison.

In order to make the scores comparable across sectors and countries, and for a company's ESG score and practices to be made comparable against its peers, adjustments are made through normalisation methodology.

Although the key features of these third-party data sources include their high issuer coverage and wide market acknowledgement, we complement this through independent ESG analysis and research by our various ESG analysts and investment professionals across regional offices. In the absence of complete ESG data coverage by vendors, ESG manual scoring is conducted by our ESG analysts and investment professionals. Analysts will gather information according to the materiality map and ESG scoring guidelines and assess a company's risk and management of environmental, social and governance issues.

UOBAM ESG Controversy Alert System

In addition, the ESG scores are supplemented by our ESG Controversy Alert System which is an artificial intelligence machine learning model that combs through news reports daily and assigns controversy scores.

ESG data typically originates from Sustainability Reports, Integrated Reports and Task Force on Climate-related Financial Disclosure Reports published by companies. These reports are infrequent and typically published annually. Hence, such ESG data are infrequent, static, point-in-time data and typically backwards-looking.

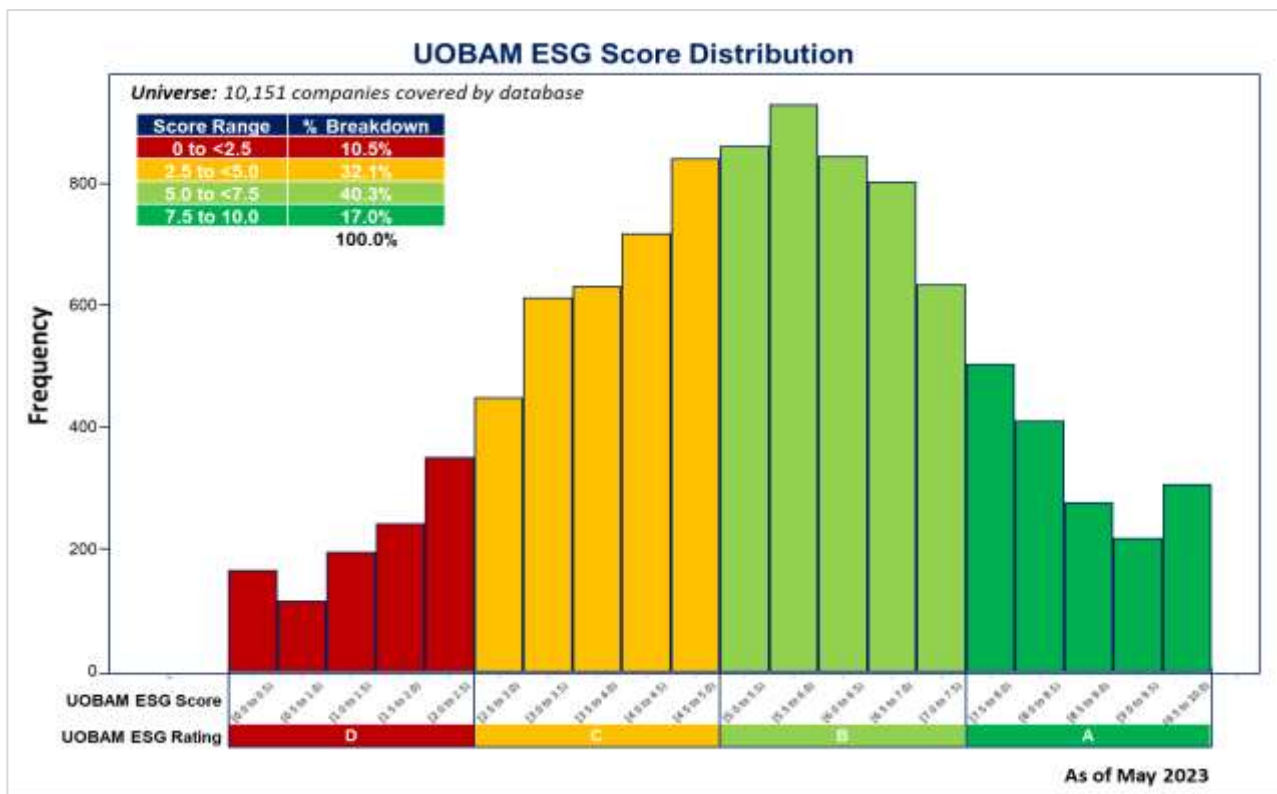
Incorporation of ESG controversy alert system aims to include dynamic ESG data.

UOBAM ESG Rating scale

The final adjusted ESG Score will be mapped to a letter rating as follow:

Letter Rating	Final Adjusted ESG Score	Definition
A	7.5 to 10.0	Very strong ESG performance and practices (ESG Leaders)
B	5.0 to below 7.5	Above average ESG performance and practices (Potential ESG Leaders)
C	2.5 to below 5.0	Below average ESG performance and practices
D	0.0 to below 2.5	Very weak ESG performance and practices

Based on the coverage universe of 10,151 companies, we have obtained an UOBAM ESG Score distribution as follows:



Environmental Policy

Furthermore, we adopt a thermal coal exclusion (via our Environmental Policy as described below) due to our recognition of the double materiality⁶ of environmental and climate risks within the thermal coal industry. The thermal coal industry presents significant environmental risk to the world and as the world transitions to a lower carbon economy, driver of environmental risk will translate to financially material economic risk. Being an Asian fund house with a regional footprint throughout Asia, we recognise that many Asian countries continue to rely heavily on conventional sources of energy, including thermal coal, and the transition away requires both time and money. Hence, our Environmental Policy includes a provision to support companies committed to transition toward cleaner energy sources (“**Energy Transition Provision**”).

Components of our Environmental Policy include:

- Exclusion of companies that derive $\geq 20\%$ of their revenue from thermal coal mining and/or power generation;
- Energy Transition Provision to include companies that while, currently derive $\geq 20\%$ of their revenue from thermal coal mining and/or power generation, have initiatives and policies to transition towards cleaner energy sources; and
- Limitation of companies allowed under Energy Transition Provision to 10% of total portfolio weight to ensure that only high quality names committed to energy transition is held within our portfolios.

What is the asset allocation planned for the Fund?

Each Fund uses the following sustainability indicators in order to measure the attainment of the ESG characteristics that it promotes:

⁶ Double materiality is a concept introduced by the Task Force on Climate-related Financial Disclosures (TCFD). It refers to the consideration of both the financial impacts of climate change on a company (financial materiality) and the impacts of the company's activities on climate change and the broader environment (environmental materiality).

- (a) the percentage of the Fund invested in companies that have strong ESG practices (UOBAM ESG Ratings of A & B) relative to companies' peers as determined the UOBAM ESG Scoring Methodology;
- (b) in respect of its direct investments, the percentage of the Fund invested in securities or issuers allowed under the Energy Transition Provision.

Investments			
Thermal Coal Exclusion	ESG Rating		
	A and B	C	D
Thermal Coal Revenue < 20%	(1)	(3)	0%
Thermal Coal Revenue ≥ 20% within Energy Transition	(2)	(4)	0%
Thermal Coal Revenue ≥ 20% outside of Energy Transition	0%	0%	0%

□ (1) + (2): Minimum 90% in companies with UOBAM ESG ratings of A or B
□ (3) + (4): Maximum 10% in companies with UOBAM ESG ratings of C
□ (2) + (4): Limitation 10% is imposed on companies allowed under Energy Transition provision

For example, with reference to the table above:

- (i) Category (1) (i.e. companies with UOBAM ESG Rating of A/B and < 20% thermal coal revenue): Company XYZ has a UOBAM ESG Rating of B and 0% thermal coal revenue. Company XYZ can be held within the Fund's allocation and allocations with similar characteristics as Company XYZ are allowed to be held by the Fund.
- (ii) Category (2) (i.e. companies with UOBAM ESG Rating of A/B and ≥ 20% thermal coal revenue with Energy Transition): Company ABC has a UOBAM ESG Rating of A and 20% thermal coal revenue with Energy Transition. Company ABC can be held within the Fund's allocation and allocations with similar characteristics as Company ABC are allowed to be held by the Fund.

Each Fund must have a minimum asset allocation of 90% in allocations that fall under categories (i) and (ii).

- (iii) Category (3) (i.e. UOBAM ESG Rating of C and < 20% thermal coal revenue): Company DEF has a UOBAM ESG Rating of C and 0% thermal coal revenue. Company DEF can be held within the Fund's allocation and allocations with similar characteristics as Company DEF are allowed to be held by the Fund.
- (iv) Category (4) (i.e. UOBAM ESG Rating of C and ≥ 20% thermal coal revenue with Energy Transition): Company GHI has a UOBAM ESG Rating of C and 20% thermal coal revenue with Energy Transition. Company GHI can be held within the Fund's allocation and allocations with similar characteristics as Company GHI are allowed to be held by the Fund.

In view of the requirement that each Fund must invest a minimum of 90% of the Fund's NAV in companies that have strong ESG practices, a maximum asset allocation of 10% is imposed for allocations that fall under categories (iii) and (iv).

In view of the 10% limit imposed on companies allowed under the Energy Transition Provision, a maximum asset allocation of 10% is imposed for allocations that fall under categories (ii) and (iv).

- (v) Company JKL has a UOBAM ESG Rating of D. Regardless of its thermal coal revenue, Company JKL **cannot** be held within the Fund's allocation.
- (vi) Company MNO has a UOBAM ESG Rating of B and 20% thermal coal revenue but falls outside the Energy Transition Provision. Regardless of its UOBAM ESG Rating, Company MNO **cannot** be held within the Fund's allocation.

Active Ownership Approach

To complement ESG incorporation into our investment process, we also have in place an Active Ownership Approach. The Active Ownership Approach serves to facilitate dialogue, engagement, and proxy voting. We leverage our regional footprint and the local expertise of our regional investment teams to execute meaningful dialogues and engagement which will drive strategic investment decisions for the sustainable investments we make.

Active ownership at UOBAM consists of company engagement and proxy voting activities. These activities form a key component of our responsible investment approach and fulfils UOBAM's fiduciary duty as an investment manager to act in the best long-term interests of our clients.

We consider ESG issues that are financially relevant to a company when voting proxies and engaging the management of that company.

Engagement

The holdings of each Fund are subject to the selection process of our engagement approach, comprising dialogue with investee companies on material ESG issues that can affect investee companies in the long run. Although engagement is not directly related to the ESG focus of the Fund, it may be that material ESG issues of holdings are addressed through engagement.

We believe in the value of engagement and aim to enhance risk-adjusted returns of our investments and shareholders' value in the long run. We identify a range of thematic and material ESG issues that can affect our investee companies in the long run and engage them to ensure that they are well prepared to mitigate these issues.

Throughout the engagement process, we gain valuable insights into our investee companies' propensity deal with ESG issues and whether they will take the appropriate measures to manage these issues. Engagement acts as an important information source to aid our investment decision.

By engaging with companies, we can also encourage improvement in their ESG disclosure, identify the need to advocate positive change, communicate our concerns and improve its practices on ESG issues, where necessary.

We prioritise our engagement based on geography of companies and size of holdings, severity of identified material ESG issue, potential to generate long-term value following a successful engagement, and specific client request(s).

We engage with companies through a variety of channels and also considers collaborative engagement with other stakeholders in the event we believe that the efficacy and chance of success of the engagement can be enhanced.

Escalation strategy

Over the course of the engagement process, we would pursue a number of courses of action should the company constantly fail to meet the standards expected.

We will vote against management at the annual company meetings if we are not satisfied with managements' response to the ESG issues raised and ability to mitigate the identified risks. We may also consider voting for shareholder resolutions initiated in response to the ESG issues.

Ultimately, if the company still continuously fails to meet the standards expected after the engagement timeline, we will decide to reduce our exposure to investment holdings size or divest our investment in the company.

Proxy voting for United Sustainable Asia Top-50 Fund

We aim to vote on the vast majority of proposals raised at every company meeting in a timely manner. We have engaged the services of proxy voting agent, Institutional Shareholder Services Inc. (“ISS”) to provide us with proxy voting services and proxy voting research and recommendations. Proxy voting by ISS also references internationally recognised sustainability-related initiatives and supports ESG resolutions.

While UOBAM has authorised ISS to vote on its behalf, UOBAM retains full discretion over all voting decisions and reserves the right to vote contrary to the recommendations of ISS. This can occur when we have a differing view that these vote recommendations are not in the best interest of our clients, after taking into account relevant information in its decision e.g. engagement outcome, internal research, etc.

There may be situations where UOBAM may choose not to vote or abstain from voting:

- (a) where administrative or other procedures result in the costs of voting outweighing the benefits;
- (b) the voting securities are part of a securities lending program and we are unable to vote securities that are out on loan;
- (c) a meeting notice is delivered close to the meeting date and we have insufficient time to adequately assess the issues being tabled at the shareholders’ meeting and / or process the vote;
- (d) we sell shares prior to a company’s meeting date and decide not to vote those shares, on the basis that we shall not be restricted from trading in a security due to an upcoming shareholder meeting; and
- (e) voting securities have been blocked from trading in order to be tendered for voting purposes and we believe that preserving the ability to trade the security is in the best interest of the beneficiaries;
- (f) in the event of a situation where regulatory obligations and rulings of the relevant regulatory body imposed on the UOB Group that also apply to us, may prohibit us from voting on securities due to its deemed affiliation for a corporate action.

ESG monitoring and trade restrictions

The ESG focus of each Fund is implemented on a continuous basis as part of the investment process. Adherence to the ESG binding elements and Environmental Policy is monitored with strict pre-trade restrictions.

Pre-trade restrictions are placed on the allocation to companies with UOBAM ESG Ratings A-D and allocation to companies with thermal coal revenue $\geq 20\%$ within Energy Transition. Restrictions are placed on companies with thermal coal $\geq 20\%$ and outside of the Energy Transition. Portfolio Managers are notified of any breach with respect to the ESG restrictions and rectification (e.g. trimming of holdings, divestment, etc.) is required, taking into account a grace period.

ESG data sources and usage

We use the following data sources:

1. UOBAM ESG Rating uses several data sources such as MSCI in conjunction with data from internal process assessments.
2. The exclusion process uses several data sources such as ISS in conjunction with data from internal process assessments.
3. Engagement uses data derived from internal process assessments.
4. For United Smart Sustainable Singapore Bond Fund, green bonds, social bonds, sustainability and sustainability-linked bonds use data from Bloomberg in conjunction with data from internal process assessments.

We evaluate the data quality of each provider which includes reviewing the methodology, data model, and coverage.

APPENDIX 4

Sustainability Accounting Standards Board

The Sustainability Accounting Standards Board (SASB) is an independent non-profit organization that develops and maintains sustainability accounting standards for publicly traded companies in the United States. SASB aims to help companies identify, manage, and communicate financially material sustainability information to investors.

SASB's materiality map⁷ is a key tool to identify and prioritize sustainability issues that are financially material to companies within specific industries. SASB's materiality map is widely respected and used by investors and companies.

1. Industry-specific focus: SASB's materiality map is tailored to different industries, recognizing that the material sustainability issues can vary significantly across sectors. By considering industry-specific factors, the map provides a more accurate and relevant framework for assessing materiality.
2. Stakeholder involvement: SASB engages with a wide range of stakeholders, including investors, companies, and subject matter experts, during the development and review of its standards and materiality map. This collaborative approach ensures that different perspectives are considered, increasing the credibility and robustness of the final outcomes.
3. Evidence-based approach: SASB relies on a rigorous research process to inform its standards and materiality map. They conduct extensive industry analysis, review academic research, consult with experts, and consider input from stakeholders. This evidence-based approach strengthens the credibility and objectivity of the materiality map.
4. Financial materiality focus: SASB's primary objective is to identify sustainability issues that are financially material to companies. They prioritize issues that have a direct or indirect impact on a company's financial performance. By aligning sustainability with financial materiality, SASB provides a framework that resonates with investors and integrates sustainability considerations into mainstream financial analysis.

⁷ The materiality map may be found at: <https://www.sasb.org/standards/materiality-map/>

APPENDIX 5

Risks associated with the ESG strategy

ESG investing may lead to companies being screened out based on their ESG evaluation. As such, the Fund's exposure to certain sectors and industries may be affected and could lead to the Fund foregoing certain investment opportunities.

The regulatory framework with respect to sustainable investments is constantly developing and evolving. The lack of common or harmonised definitions and labels regarding ESG and sustainability criteria or clear guidelines on the required level of disclosure may result in different approaches by asset managers when integrating ESG and sustainability criteria into investment decisions and updating the marketing documentation of an investment vehicle. Therefore, a degree of subjectivity is required and this will mean that the Fund may invest in a security that another asset manager or an investor would not and the level of disclosure in the Managers' marketing documentation may be more or less detailed than the disclosure inserted in the marketing documentation of other investment vehicles. Hence, it may be difficult to compare investment vehicles, with ostensibly similar objectives as these investment vehicles will employ different security selection and exclusion criteria. Consequently, the performance profile of otherwise similar investment vehicles may deviate more substantially than might otherwise be expected. This also means that the approach which has been subjectively selected may potentially differ from positions adopted at a later stage by regulatory authorities, which might entail a reputational risk or be considered as involuntary greenwashing.

APPENDIX 6

List of CPFIS-included funds managed by UOBAM which are available for switching as at 18 August 2023:

1. **United Global Quality Growth Fund – Class C SGD Acc (Hedged)** (a sub-fund of United Global Diversified Portfolios)

Investment Objective: It seeks to provide long-term total return by investing in equity and equity-related securities of companies listed and traded on stock exchanges globally.

2. **United SGD Fund – Class A (Acc) SGD** (a sub-fund of United Choice Portfolios II)

Investment Objective: To achieve a yield enhancement over Singapore dollar deposits.

3. **United Singapore Bond Fund – Class A SGD Acc** (a sub-fund of United Global Portfolios)

Investment Objective: To maximise returns over the longer term by investing mainly in bonds denominated in Singapore Dollars (issued by entities incorporated or domiciled globally) and bonds denominated in foreign currencies (issued by entities incorporated or domiciled in Singapore). Apart from investments in bonds, the United Singapore Bond Fund may also invest in money market instruments (denominated in SGD or foreign currencies), bond funds (including funds managed by us) and time deposits in any currency. Investments shall be made in accordance with the CPF Investment Guidelines. There is no target industry or sector.

"bonds" include, without limitation, fixed income/debt securities of all maturities, zero coupon bonds, callable bonds, equity-linked bonds and convertible bonds, whether issued by governments, statutory bodies or public or private entities.