

# Real Estate Switzerland

Sustainability Report 2019/2020



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#### **Cover photo**

New building on the Rue de la  
Morâche in Nyon (VD)

# Facts and figures



## GRESB 2020

Standing investments:  
 Four and five-star ratings  
 1st place for UBS Direct Urban  
 in the category «Switzerland  
 mixed use»  
 Development properties:  
 Five-star ratings for all funds  
 1st place for six out of eight  
 products.

## A+ rating

received for the Principles for  
 Responsible Investment (PRI) initiative  
 reporting.

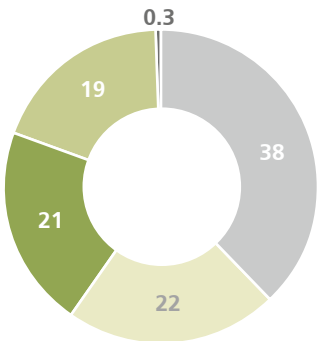
# 41

Installed photovoltaic systems  
 (end of 2020).



40 properties installed with  
 electric charging stations.

## Energy consumption by energy source in %

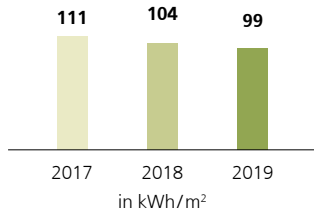


- Natural gas and biogas<sup>1)</sup>
- District heating
- Heating oil
- Electricity
- Wood chips/pellets

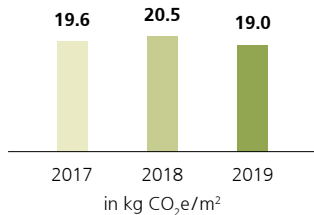
# 33%

of apartment tenants were surveyed  
 on their satisfaction.

## Energy intensity



## CO<sub>2</sub> intensity



38 certified properties and twelve  
 pre-certified properties.

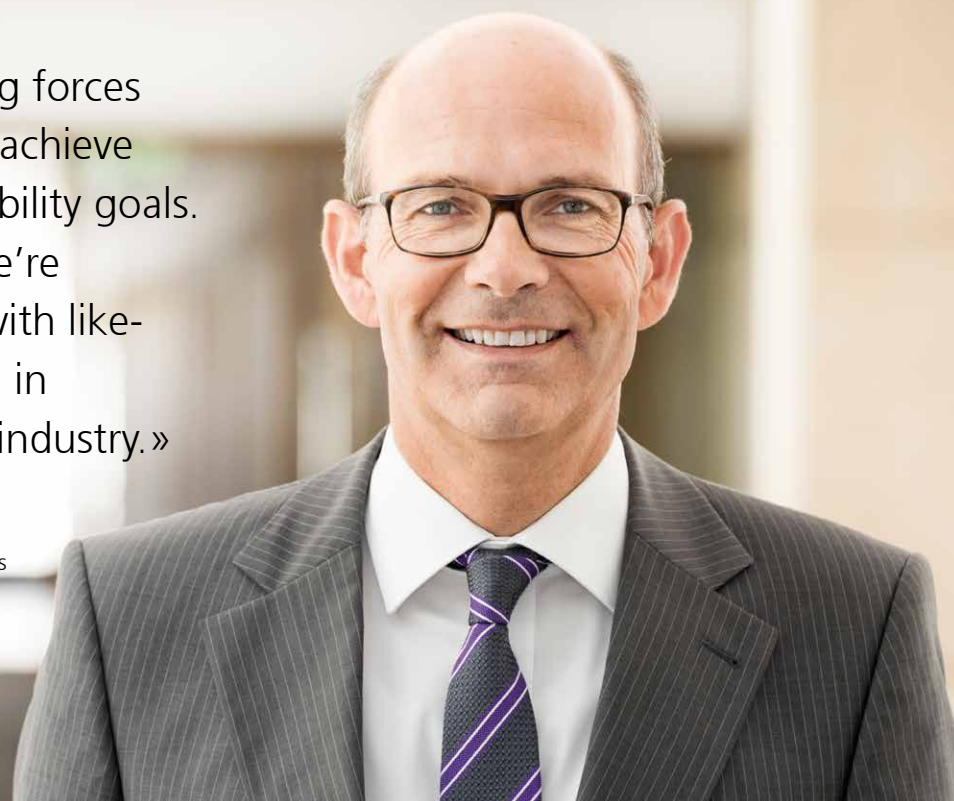
<sup>1)</sup> Since 2019, UBS has been using natural gas with  
 a biogas content of 5%.

## Interview with Urs Fäs

«Solely by joining forces are we able to achieve global sustainability goals. Accordingly, we're collaborating with like-minded people in the real estate industry.»

**Urs Fäs**

–  
Head of Investment Products



### **Real Estate Switzerland has been pursuing a clearly defined sustainability strategy since 2012. Where do you stand today?**

–  
Sustainability has become a firmly established component of our corporate culture. In principle, we not only consider the financial return but also the benefits for the environment and society. It's great to see that the continuous progress is supported by all teams and is also positively perceived by customers and our partners.

Over the past eight years, we've been on an ongoing learning mission and thereby built up a high level of expertise – especially when it comes to environmental issues such as the promotion of renewable energies. We see sustainability as a decisive driver of innovation and are keeping pace with current developments. For example, new technological solutions are helping to make mobility behavior more sustainable.

### **What topics were in focus in 2019/2020 and what success were you able to achieve?**

–  
Our major topic is the climate compatibility of our properties. We're consistently replacing fossil heating systems and increasingly promoting renewable energies. We've been able to make considerable progress with our photovoltaic project: today, more than 40 plants are already in operation and we're getting closer and closer to our goal – 100 plants by 2022. Concentrating on our tenants and their satisfaction is also a central theme: in order to make our portfolio attractive in the long

term, it's essential to understand the needs of our tenants – and to adapt our actions accordingly. Consequently, we conducted a tenant survey again in 2020.

The certification of our properties is another focal point. We critically examine sustainability and operational certifications in our new construction projects in particular. Today, 38 buildings in our portfolio meet the latest sustainability standards. In order to continuously improve, we systematically compare our performance with that of other real estate fund providers. Our current rating according to the Global Real Estate Sustainability Benchmark (GRESB) has once again confirmed that our effort has paid off: all of our funds have received four or five-star ratings.

### **In which areas would you like to become even better?**

–  
All of them (laughs)! Our priorities lie in CO<sub>2</sub> reduction and the related discussion on the path to reduction, renewable energies and – also very important – energy efficiency. Climate change is one of the greatest challenges of our time. Our goals until 2050 are clearly defined: net zero greenhouse gases and no more fossil fuels. Due to the relatively long renewal cycles for real estate, these challenges can only be met step by step; it takes time. Clearly and persistently pursuing objectives is all the more important.

Collecting data for our more than 1,100 properties remains a major, usually underestimated challenge. In order to better understand and communicate the effectiveness of our measures, we've set a focus on more efficient data collection and better data preparation.

### **How do new trends and developments affect sustainable property management?**

– We live in a rapidly changing world. At the same time, the decisions we're making today also affect the lives of our children and grandchildren. This requires an open attitude towards new topics and a flexible approach. We enjoy trying new things. In practice, this requires a constant assessment of pros and cons. For example, environmentally friendly heating systems may be more expensive in the short term, but they have a better risk-return profile in the long run.

We also understand sustainable real estate management as the improvement of working and living spaces. It's important to observe people's behavior and take it into due consideration – for example with regard to digitalization or socio-ecological changes. Successful solutions are not always complicated. Prime examples of this are the much sought-after parcel lockers or our tenant app.

### **How important is cooperation with stakeholders for you?**

– This is a very central aspect: in order to make impact measurable and comparable, we need common standards. Therefore, we want to bring our stakeholders on board and pursue cooperation models based on partnership. If everyone has the same understanding of sustainability, the integration of processes can be more easily realized – and we can achieve more together. We're considering further developments along the entire value chain. It gives me confidence that this aspect is progress-

ing: the issue of sustainability is not only being driven by the owner, but also by general contractors and developers. So in a way, we're all rowing in the same direction.

### **Sustainability is a hot topic for many providers of property funds. What sets Real Estate Switzerland apart from the competition?**

– Simply put: we have a clear plan – and are implementing it openly and with passion. In recent years, we've consistently done our homework and taken the issue of sustainability into account in all our decision-making processes. We know that this will have a positive impact on our results.

We're also proactively addressing issues that are becoming increasingly important – such as biodiversity or timber construction – and are committed to the progress of the entire industry. We want to be part of the solution in the wider context of the real estate industry. That's why we collaborate with like-minded people on the topic of sustainability and encourage each other.

# About us



**10**

Real estate investment products  
and external mandates.



Over

**75**

years of documented success.



**Sustainable and  
diversified strategies.**



More than

**1,100**

properties throughout  
Switzerland.



Over

**CHF 23 billion**

in fixed assets.



**The largest Swiss  
real estate fund:  
UBS «Sima».**



**The oldest Swiss  
real estate fund:  
UBS «Foncipars».**



More than

**80**

experienced employees in Basel,  
Zurich and Lausanne.

# Investment products

## UBS «Anfos»

Invests in residential real estate in attractive locations in German-speaking Switzerland.

GRESB Rating 2020

Standing investment: ★★★★★

Development: ★★★★★



## UBS «Foncipars»

Invests in residential real estate in attractive locations in Western Switzerland. Oldest real estate fund in Switzerland (since 1943).

GRESB Rating 2020

Standing investment: ★★★★★

Development: ★★★★★



## UBS «Sima»

Invests throughout Switzerland in residential, mixed and commercial real estate. Largest real estate fund in Switzerland.

GRESB Rating 2020

Standing investment: ★★★★★

Development: ★★★★★



## UBS «Swissreal»

Invests throughout Switzerland in commercial real estate.

GRESB Rating 2020

Standing investment: ★★★★★

Development: ★★★★★



## UBS Direct Residential

Invests directly in residential buildings in Switzerland.

GRESB Rating 2020

Standing investment: ★★★★★

Development: ★★★★★



## UBS Direct Urban

Invests directly in residential and commercial properties in urban locations in Switzerland.

GRESB Rating 2020

Standing investment: ★★★★★

Development: ★★★★★

Portfolio award: 1st place «Switzerland Diversified» category.



## UBS AST Real Estate Switzerland

An investment group under Swiss law with a mixed portfolio covering the whole of Switzerland.

GRESB Rating 2020

Standing investment: ★★★★★

Development: ★★★★★



## UBS AST Commercial Real Estate Switzerland

An investment group under Swiss law with a portfolio covering the whole of Switzerland focusing on commercial properties.

GRESB Rating 2020

Standing investment: ★★★★★

Development: ★★★★★



### GRESB

Global Real Estate Sustainability Benchmark: a real estate-specific, global sustainability platform that reviews and compares ESG (environmental, social, governance) performance for real estate vehicles every year. For the first time, two ratings were shown in the GRESB Rating 2020. As previously for the existing properties and now also for the construction projects.





# Responsible

## real estate management

Today we're building with an outlook on tomorrow – on the basis of a normative, strategically and operationally anchored sustainability strategy. Responsible property management increases the value of our properties in the interests of our stakeholders and ensures long-term business success.

### Integrated sustainability approach

We see sustainability as a central component of successful real estate management. With an «adding value by valuing others» approach, we can ensure that our real estate investment products remain profitable in the future. In concrete terms this means: alongside economic factors, social and environmental aspects are also taken into account in our decision making. Our holistic approach is based on real estate's «Responsible Property Investment» approach.

Our management processes are designed in such a way that sustainability considerations are taken into account in all day-to-day business decisions. We optimize the risk-return profile of our real estate investment products by considering sustainability aspects in risk management, and thus increase resilience for the future. Proactive decisions are supported by comprehensive data on our properties. We're able to fully live up to our claim at all times with this integral approach to sustainability: «Everything we do benefits future generations.»



### SDGs

Sustainable Development Goals of the United Nations: The 17 SDGs with their 169 sub-goals form the core of the agenda for sustainable development until 2030. The objectives were adopted by all UN member states in 2015 and take the economic, social and environmental dimensions of sustainable development into account. The global partnership between all countries as well as the contribution made by the private sector and non-governmental organizations are crucial for the achievement of the SDGs.

## On the way to a positive impact – our sustainability goals with a focus on the SDGs



### Well-being has priority

We aim to ensure greater satisfaction in our properties: we take our customers' concerns seriously, promote additional services, ensure better air and light quality, reduce noise and safety-related risks and develop meeting places.



### Water is a valuable asset

We reduce water consumption at our properties with water-saving fittings. Only energy and water-efficient appliances are used.



### Only renewable energy is sustainable

Photovoltaic systems on the roofs of our properties produce electricity that can be used by our tenants. We reduce energy consumption and thus ancillary costs through energy efficiency measures.



### Innovation drives us forward

In order to meet the most important needs of our customer groups, we're exploiting the possibilities and opportunities offered by new technologies. For example, we promote new digital communication channels, modern mobility concepts and electronic parcel lockers, and create recycling options.



### Certificates set standards

All new buildings are planned and constructed in accordance with the latest sustainability standards. In this way we optimize processes, quality and efficiency. The building materials used are aimed at maximum recyclability and a reduction in pollutant emissions.



### Eliminating fossil fuels

By using only renewable energies in new buildings, we can continually reduce the CO<sub>2</sub> emissions of our properties. Existing systems for fossil fuels are being successively replaced.



### Greater density rather than sprawl

By developing existing properties further, we're increasing the density and thus minimizing the use of additional land. We install natural landscaping in green spaces in order to promote biodiversity and enhance the quality of the space.



### Maintaining partnerships

To achieve our sustainability goals, we depend on close cooperation. We not only rely on existing partners who share our goals and values, but also on new partnerships that give us access to further expertise.

Source: Sustainable Development Goals, UN

# Responsible real estate management

«Sustainability is firmly anchored in our corporate culture as the foundation for successful property management.»



**Daniel Brüllmann**  
–  
Head of Real Estate – DACH

In developing our strategy, we followed the guidelines of the Syndicate of Private, Professional Developers (IBP) and the Coordination Group for Construction- and Property Services (KBOB). In addition, we ran interviews with experts and conducted market and competitor analyses. In 2019 we updated our sustainability strategy to reflect the most recent market developments. The topics of mobility and biodiversity were newly adopted into the strategy alongside corresponding objectives.

## Contribution to the Sustainable Development Goals

Our sustainability strategy is based on the Sustainable Development Goals (SDGs). We focus on eight particular goals with which we can make a direct positive contribution through our activities.

## Sustainability strategy

We've been pursuing our sustainability strategy since 2012 by focusing on ten economic, environmental and social goals. To put these into action, we've formulated 30 sub-goals and specified associated metrics.

## Material sustainability topics

Together with the standards of the Global Reporting Initiative (GRI), our sustainability goals have been incorporated into the determination of the material sustainability topics. In 2016, the topics were assessed and priorities were set in a workshop with internal and external sustainability experts. The main topics have been reviewed and adapted to current developments in 2020. Because we're increasingly concerned with the commitment of our ambitions to reduce CO<sub>2</sub> emissions, we have redefined «reduction path and modeling of climate risks» as a material sustainability topic.

## Progress Review

In addition to regular progress checks on each individual property with the use of sustainability fact sheets, we also have our comprehensive sustainability commitment assessed by external experts. By participating in the annual GRESB – Global Real Estate Benchmark – and in the UN PRI, we can compare our performance with that of other real estate fund providers and asset managers and continuously improve.

**Material sustainability topics** *GRI 102-47*

<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Attractive locations</li> <li>• Integrated planning in the construction process</li> <li>• Life cycle view of our properties</li> <li>• Risk-return profile</li> </ul>	<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Compliance and integrity</li> <li>• Integrated sustainability approach</li> <li>• Sustainability requirements placed on business partners and suppliers</li> <li>• Employee culture</li> </ul>
<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• CO<sub>2</sub> and use of renewable energy</li> <li>• Climate risk reduction path and modeling</li> <li>• Energy efficiency</li> <li>• Natural landscaping</li> <li>• Resource-efficient construction</li> <li>• Environmentally aware infrastructure</li> <li>• Water consumption</li> </ul>	<p><b>Social</b></p> <ul style="list-style-type: none"> <li>• Attractive places to live and work</li> <li>• Social trends and developments</li> <li>• Convenience, safety and emission control for tenants and users</li> <li>• Tenant needs</li> </ul>



#### PRI

UN Principles for Responsible Investment: an initiative launched in 2006 by investors, the UN Environment Finance Initiative and UN Global Compact with the aim of creating a sustainable global financial system. By signing the initiative and implementing the six principles in their processes, investors are making an important contribution to a sustainable financial system. 2020 the voluntary initiative already has over 3,000 signatories.

### Sustainability organization and responsibilities

We achieve our goals by living out the sustainability strategy and integrating sustainability as a principle of action into our day-to-day business.



**Alois Scherrer**

–  
Construction & Development

«We consistently question our planning process and involve all stakeholders in the project.

The result: the realization of our ambitious sustainability goals advances and the quality of the properties improves.»

Our Sustainability Committee, in which various departments are represented, sets the strategic direction. Cross-departmental management is the responsibility of the sustainability unit, which reports directly to the Executive Board.

The topic of sustainability is now firmly anchored within the company and accepted throughout. The commitment of all employees is decisive for the implementation of the sustainability strategy in the individual areas of responsibility. Across the respective property portfolio, the portfolio managers are responsible for the achievement of objectives.

### Employee culture

Our corporate culture is based on our Culture Charter, which defines our work ethic and is expressed in our credo:

«We live real estate.» We seek to create a culture in which all employees are passionate about their work. Because we're convinced that this is also reflected in the quality of our work.

### Workforce

(in persons, 31 December 2019)

	Total	Men	Women
<b>By employment contract</b>			
Permanent	82	63	19
Temporary	0	0	0
<b>By employment type</b>			
Full-time	73	62	11
Part-time	9	1	8

Our employees are not covered by collective bargaining agreements. *GRI 102-41*

### Cooperation with business partners and suppliers

SDG 17 calls for «partnerships to achieve the goals». Achieving sustainability is not a one-man show, therefore we develop it along our entire value chain. Accordingly, it's important that all business partners involved pull together – from the construction company to the manager. The more we involve our stakeholders, the greater the impact. To support our business partners, we've drawn up guidelines that make our requirements transparent.

# Responsible real estate management

## Compliance and integrity

For us, it goes without saying that we comply with the applicable laws, regulations and international conventions and are fully committed to integrity in our business conduct. Correspondingly, we're guided by industry-specific guidelines such as the building ecology recommendations of the Coordination Group for Construction and Property Services (KBOB) and the Syndicate of Private, Professional Developers (IBP), group-wide guidelines and directives on money laundering, fraud and corruption. Our conduct is also governed by the UBS Code of Conduct and Ethics. These measures serve to protect against corruption, damage to reputation, claims for damages and criminal consequences.

### Provisions

- Code of Business Conduct and Ethics of UBS
- Regulation on the prevention of money laundering, bribery, corruption and the financing of terrorism
- Anti-corruption policy
- Code of Conduct of the Swiss Funds & Asset Management Association (SFAMA)

Our direct suppliers are bound by the UBS Responsible Supply Chain Standard, which sets standards for the prevention of corruption, human and labor rights, environmental protection, and health and safety. Compliance with these specifications is monitored by Supply Chain Management.

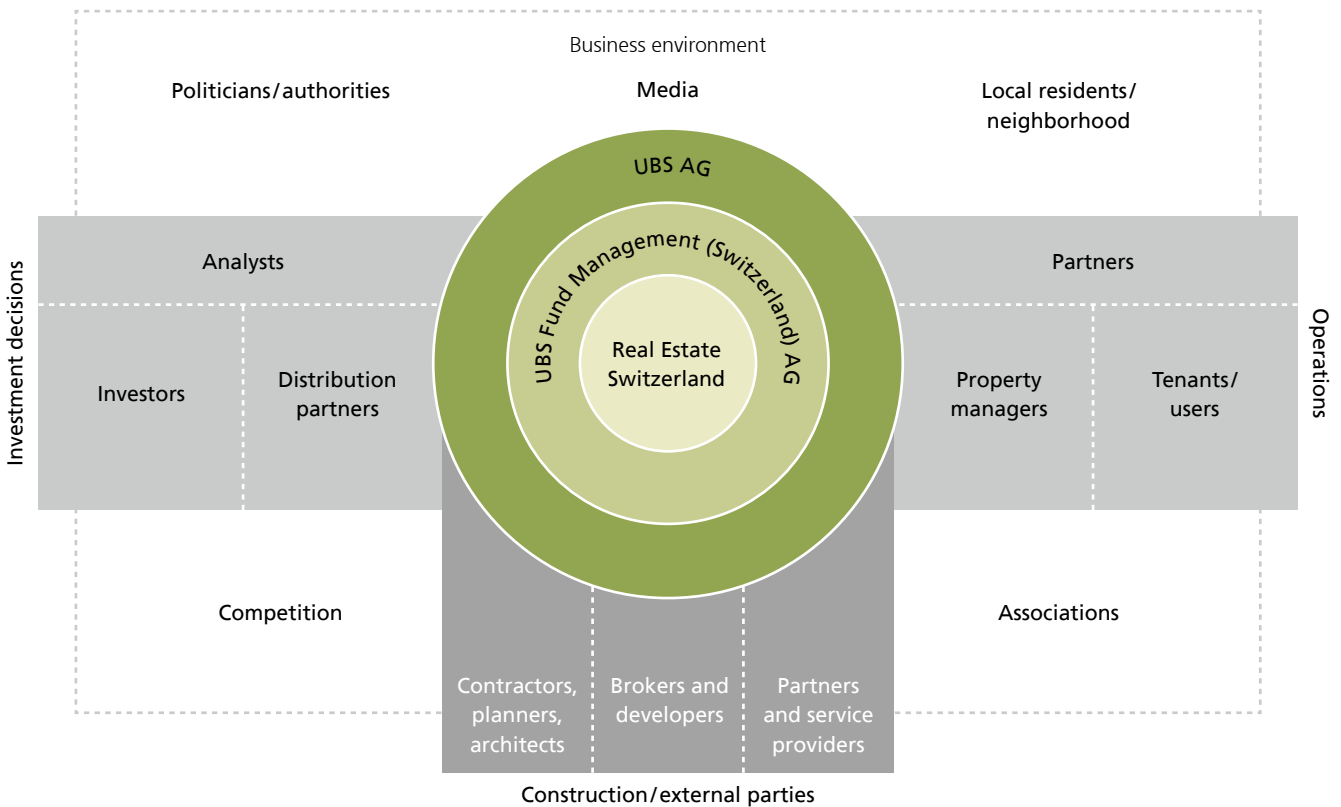
## Communication with our stakeholders *GRI 102-43, GRI 102-44*

Stakeholder	Concerns	Type of communication
Investors, distribution partners, analysts	<ul style="list-style-type: none"> <li>• Risk-return profile</li> <li>• Value of real estate investment products</li> <li>• Sustainable investment opportunities</li> <li>• Transparent reporting (energy consumption, CO<sub>2</sub> emissions, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Personal communication</li> <li>• Website and publications</li> <li>• Regular newsletter «Immo-Flash», «Immo-Update»</li> <li>• Annual reports</li> </ul>
Tenants and users	<ul style="list-style-type: none"> <li>• Provisions in rental contracts</li> <li>• Rents</li> <li>• Defects in rental properties</li> </ul>	<ul style="list-style-type: none"> <li>• Directly via Tenant Relation Management system</li> <li>• Indirectly through appointed property management companies</li> <li>• Distribution of brochures on sustainability</li> <li>• Tenant survey</li> </ul>
Business partners, suppliers (Brokers, developers, planners, architects, service providers, project managers, general contractors, estimation experts)	<ul style="list-style-type: none"> <li>• Good and professional collaboration</li> <li>• Fair prices</li> <li>• Fair tendering process and evaluation of tenders</li> </ul>	<ul style="list-style-type: none"> <li>• Close collaboration on construction and renovation projects</li> <li>• Regular coordination of services and planning, for example regarding building regulations and costs</li> </ul>
Property managers	<ul style="list-style-type: none"> <li>• Good and professional collaboration</li> <li>• Transparent communication</li> </ul>	<ul style="list-style-type: none"> <li>• Regular meetings to discuss matters that arise</li> </ul>
Authorities/politicians	<ul style="list-style-type: none"> <li>• Sustainable projects with added value which correspond to the local conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Dialog in the context of specialist associations and construction projects</li> </ul>
Residents/Neighborhood	<ul style="list-style-type: none"> <li>• Transparent and early communication about building projects</li> </ul>	<ul style="list-style-type: none"> <li>• Informative events, approval in the planning process</li> </ul>

Our established compliance management system contributes to risk minimization through regular checks and analyses. The Compliance and Operational Risk Control department provides us with support and ensures that all requirements are met. Regular training sessions – online training, awareness campaigns, seminars, etc. – sensitize employees to compliance risks.

Potential violations can be reported to line managers and the Compliance Officer in charge. We have a confidential whistle-blowing procedure that allows anonymous reporting of irregularities to the departments of Legal or Compliance and Operational Risk Control. No violations of internal or external regulations were registered during the reporting period.

**Our stakeholders** *GRI 102-40*



**Our stakeholders**

We interact with various stakeholders throughout our business activities. In order to meet their needs, we pay attention to an open and continuous dialog. The most important stakeholder groups that influence – or are influenced by – our business activities include investors, analysts, sales partners, tenants, property managers, planners, construction

companies, architects, general contractors and brokers. We’re involved in various associations, collaborate with stakeholders within politics and with the authorities and exchange information with the residents of neighboring properties. *GRI 102-42* ■



# Environmental responsibility

In addition to the conservative use of resources, the focus on green spaces with natural landscaping and environmentally friendly infrastructures, our priorities in climate protection are clear: increasing energy efficiency and reducing CO<sub>2</sub> emissions.

## Contribution to the national CO<sub>2</sub> reduction target

We have declared our goal to create climate-friendly real estate and to make a significant contribution to achieving the national CO<sub>2</sub> reduction target (net zero greenhouse gas emissions by 2050). Consequently, we began closely examining climate risks modeling and created a mitigation plan in 2020. In doing so, Real Estate Switzerland participated in the Federal Office for the Environment's 2020 climate compatibility test. The test, which is based on the PACTA (Paris Agreement Capital Transition Assessment) model, provides information on the climate compatibility of our property portfolio. Initial modeling of individual properties in relation to various climate scenarios will support

us in our ongoing work. The next step is to prioritize the development of individual reduction plans for each portfolio with binding targets.

## CO<sub>2</sub> and renewable energies

Our strategy is clear: we want to steer clear from heating systems with fossil fuels. By consistently reducing our energy consumption and increasing reliance on renewable energy sources – in new constructions as well as with replacements of existing heating systems – we can continuously reduce the CO<sub>2</sub> emissions of our properties. During the financial year, we replaced oil and gas heating systems with alternative systems (district heating, heat pumps, etc.) as part of 15 completed projects.



## Association of individual consumption (ZEV)

A ZEV facilitates the consumption of electricity produced on the roof of a property. When the sun is shining, the solar power is used for daily consumption. Excess electricity is fed into the grid. The local tenants contractually become part of a ZEV and benefit from lower electricity costs and green electricity from their roof.

Our photovoltaic projects are also being driven forward; more than 40 systems are already in operation today. The implementation of such projects and the development of individual solutions for own consumption is taking more time than intended. However, we're well underway to achieving our target of 100 systems by 2022 and thus supplying around 4,000 households with solar power. We've invested around CHF 25 million in the implementation of this project and are working closely with «Energie Zukunft Schweiz» to ensure that the project runs smoothly.

Photovoltaic systems contribute to the reduction of CO<sub>2</sub> emissions, reduce tenants' energy costs and are also attractive as an investment, as the sale of electricity can generate an additional return. Thanks to this threefold benefit, we achieve a «win-win-win situation» to a certain extent. When possible, we consume the electricity we produce on site – we have purposefully set up an association for our own consumption and supply general electricity or larger tenants.



**Daniela Jorio**

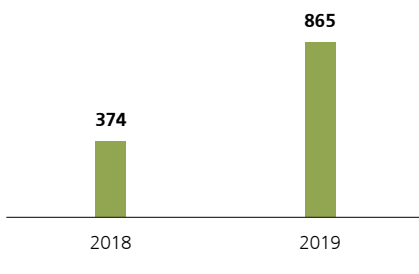
–  
Sustainability Manager

«By consistently replacing fossil heating systems, we're gradually approaching our net zero target.»

# Environmental responsibility

## Electricity from solar energy

in MWh



Real Estate Switzerland also operates solar thermal systems on various properties. The total heat production of these systems amounts to approximately 300 MWh.

Through structured and centralized energy procurement, we achieve better prices for our tenants through lower heating and ancillary costs. The purchase of origin guarantees from electricity and hydropower production allow us to meet the demand for renewable sources for energy supplied in the communal areas of our properties.

### Energy efficiency

By increasing energy efficiency, we not only reduce energy consumption and the resulting CO<sub>2</sub> emissions, but also lower our operating costs. The greatest impact in improving energy efficiency is achieved through renovation. Good examples are the implementation of insulation or the installation of intelligent and energy-efficient infrastructural

components such as LED lights and sensors. As part of our efforts to increase efficiency, we also implement operational optimization procedures for our operating buildings on an ongoing basis.

### Responsible water consumption

We're able to continuously reduce water consumption and wastewater volumes in our properties by using technical and planning procedures, which are beneficial in both environmental and economic terms. The reduction in water consumption is also an important component in energy efficiency, considering that roughly one third of the utilized energy in residential buildings is required for hot water preparation.

### Environmentally aware infrastructure

We strive to involve our tenants and direct their everyday lives toward making environmentally aware choices. We do this by providing charging stations

for electric vehicles, parcel lockers and structural initiatives, for example by supplying waste disposal systems (see figure on p. 17).

The accelerated trend of electromobility has also led to increased demand for charging stations on our properties. Bearing this in mind, we've drawn up a mobility guide. While the necessary number of charging stations are incorporated into our new buildings from the start, we're looking into retrofitting facilities when renovating existing properties. We've already built car sharing and bicycle stations at various locations, such as at the «Grossmatte» 2,000-Watt Site in Lucerne.

With modern infrastructure, we enable optimal disposal and consistent recycling of reusable materials.

### Natural landscaping

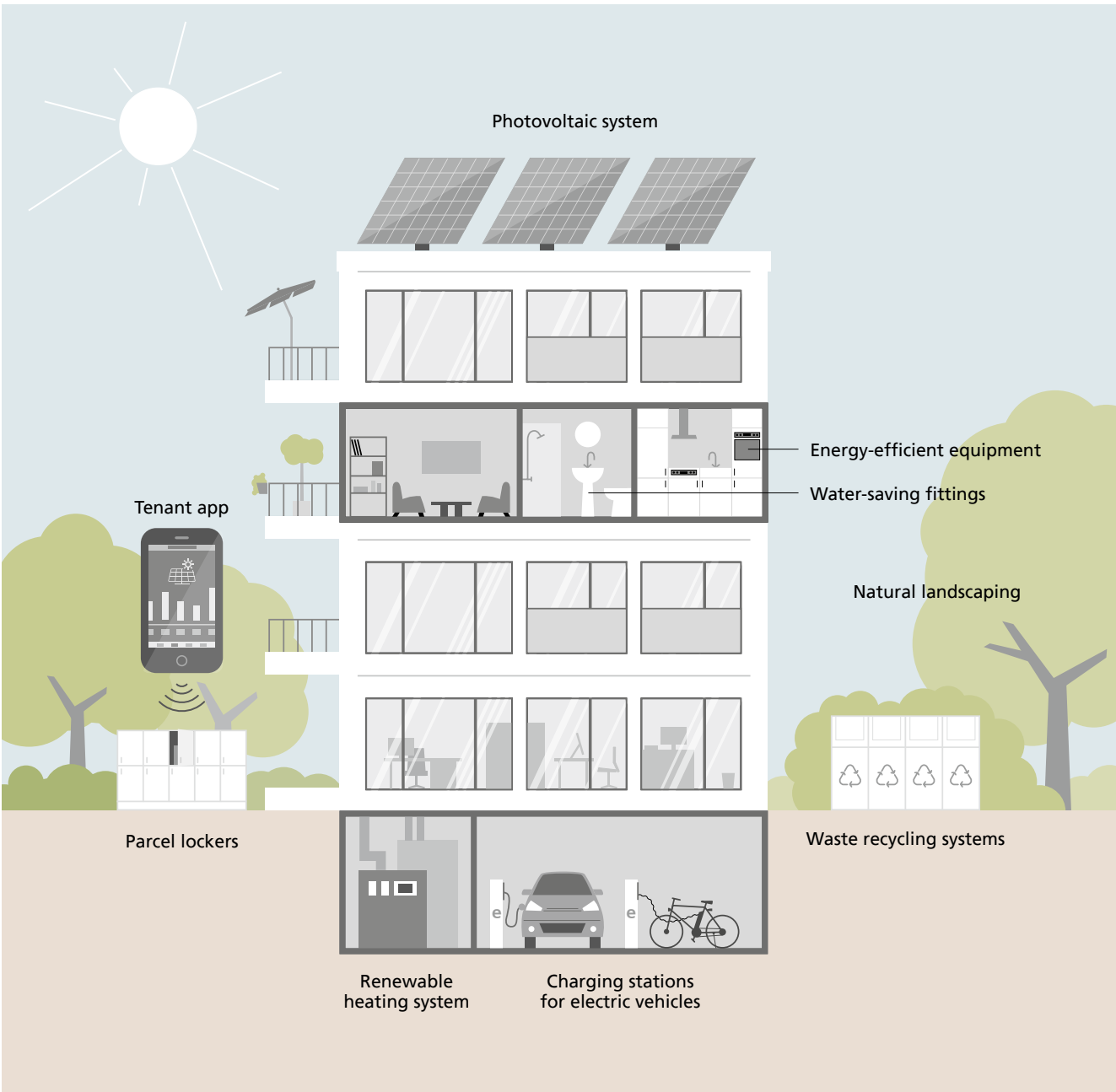
In view of climate change, the creation of new green space is becoming increasingly important in urban areas. Moreover, we now know that natural landscaping has a positive effect on productivity, recreation and people's well-being. Due to our activities, we're also responsible for landscaping on premises. Topics such as natural landscaping or biodiversity with a focus on native plants are integrated into the building specifications and are taken into account in all projects.

### Ongoing sensitization

User behavior plays a key role in the conservation of resources. On this account, we distribute information alongside the service charge statement to all of the roughly 25,000 tenants of our residential, office and commercial properties every year. Therein information on water and energy saving and on waste reduction and separation can be found. New tenants receive this information together with the rental agreement. With our app, tenants can view their own energy and water consumption at any time and retrieve information on sustainable mobility – as an incentive to conserve resources in everyday life.



**Environmentally aware infrastructure**



# Environmental responsibility



## UBS «Swissreal»

UBS «Swissreal» was able to install a photovoltaic system in the replacement building «Mercedes-City» on the Magnet Areal site in Pratteln BS. The solar power system with a module area of around 650 m<sup>2</sup> is used to cover the property's own consumption and improves the CO<sub>2</sub> footprint of the property and the tenant. Over the next three years, seven additional photovoltaic systems will be implemented on existing properties in the UBS «Swissreal» portfolio.

## UBS «Anfos»

UBS «Anfos» retrofitted a photovoltaic system with a capacity of 130 kWp on the new building on Bahnweg in Lausen BS. As the final requirement to achieve certification in the Minergie standard, a self-sufficient electricity production was required in addition to the existing ventilation systems and high insulation values of the building shell. The tenants benefit directly from this green electricity, around half of which is used locally – and we are able to generate an additional return by selling the environmentally friendly produced electricity.



## UBS AST-IS

In order to continue to offer tenants on Seefeldstrasse in Lucerne a high quality of living, the three apartment buildings were renovated. UBS AST-IS also redesigned the surrounding area: in addition to an underground car park, tenants now also have access to public spaces that mimic the natural environment. The new facades with high insulation values, controlled ventilation and triple-glazed windows make a significant contribution to improving the energy footprint. A new photovoltaic system supplies the property with green electricity. Although the living space has been expanded by around 50%, energy consumption is expected to increase by only 10% thanks to these measures.

## Key Environmental Figures

	2018	2019	Delta
<b>Energy consumption (MWh)</b>	<b>482,248</b>	<b>482,106</b>	<b>0%</b>
Electricity	90,409	91,367	1%
Heat	391,839	390,739	0%
Natural gas and biogas <sup>1)</sup>	177,682	181,365	2%
Heating oil	113,006	103,626	-8%
District heating	99,650	104,222	5%
Wood chips/pellets	1,500	1,526	2%
<b>Energy intensity (kWh/m<sup>2</sup>)</b>	<b>104.2</b>	<b>98.6</b>	<b>-5%</b>
<b>CO<sub>2</sub> emissions (t CO<sub>2</sub>e)<sup>2),3)</sup></b>	<b>81,102</b>	<b>79,617</b>	<b>-2%</b>
Scope 1	69,560	67,555	-3%
Natural gas and biogas <sup>1)</sup>	36,317	37,069	2%
Heating oil	33,224	30,466	-8%
Wood chips/pellets <sup>4)</sup>	20	20	2%
Scope 2	11,542	12,062	5%
Electricity <sup>5)</sup>	-	-	-
District heating	11,542	12,062	5%
<b>CO<sub>2</sub> intensity (kg CO<sub>2</sub>e/m<sup>2</sup>)</b>	<b>20.5</b>	<b>19.0</b>	<b>-7%</b>
<b>Water consumption (m<sup>3</sup>)</b>	<b>5,513,443</b>	<b>5,785,750</b>	<b>5%</b>
<b>Water intensity (m<sup>3</sup>/m<sup>2</sup>)</b>	<b>1.11</b>	<b>1.16</b>	<b>5%</b>

1) Since 2019, UBS has been using natural gas with a biogas content of 5%.

2) Calculated in accordance with the guidelines of the WRI/WBCSD Greenhouse Gas Protocol. Scope 1: CO<sub>2</sub> emissions from own heating. Scope 2: CO<sub>2</sub> emissions resulting from the production of electricity and district heating

3) Emission factors used: Defra (2016) and Frischknecht (2017)

4) Direct emissions resulting from the formation of methane and nitrous oxide. According to the GHG Protocol, biogenic CO<sub>2</sub> emissions are reported outside the Scopes and amounted to 1,251 t CO<sub>2</sub>e (2019, including biogas) and 525 t CO<sub>2</sub>e (2018), respectively.

5) Reported in accordance with the market-based approach pursuant to Greenhouse Gas Protocol Scope 2 Guidance (electricity for communal areas purchased 100% from renewable sources). According to the location-based approach (Swiss average mix), emissions would be 13,040 t CO<sub>2</sub>e (2019) and 12,883 t CO<sub>2</sub>e (2018), respectively.

### Data and calculation bases

Electricity for communal areas, total heat and total water; electricity purchased by tenants is not recorded. Absolute key figures are based on billing data. Consumption values for which figures were not available at the time of publication of the report have been extrapolated. Relative key figures were calculated on the basis of the properties in the portfolio throughout the financial year for which complete data sets were available.

The calculation of the energy and CO<sub>2</sub> intensity is based on 96% and that of the water intensity on 94% of the total energy reference area.

Thermal data was climate-corrected for the calculation of energy intensity.

Extrapolated values in the database for 2018 have been partly replaced by actual values, which is why some data differs from last year's report.

### Resource-efficient construction

In our construction activities we use building materials that are as low in pollutants and as recyclable as possible. In the project phase we not only focus on the careful selection of durable materials, but also assess the installation methods and consider the required recycling process. In order to improve our energy footprint and continue to reduce the consumption of resources in the

future, we will progressively focus on the topic of «embodied carbon.»

### Key figures year on year

We collect consumption data through bills and meter readings to monitor our resource consumption. The total heat and water consumption as well as the general electricity use are recorded, excluding electricity purchased by tenants.

Electricity and heat consumption changed minimally from 2018 to 2019. Greenhouse gas emissions were reduced by continually lowering the proportion of oil-fueled heating systems. Oil-fueled heating systems have mainly been replaced by district heating, wood, heat pumps and, in exceptional cases, gas heating systems, which is reflected in the increase in these energy sources in the portfolio. ■

# Environmental responsibility

## UBS «Foncipars»

UBS «Foncipars» has incorporated green elements on the flat roof and the facade of a property on Rue de la Morâche in Nyon VD. The facade creates an architecturally harmonic environment, standing in contrast to the clearly defined geometrical balcony elements made of white concrete. The vegetation also serves as a visual filter between adjacent balconies and preserves the privacy between residents. The plants have a positive influence on the microclimate and help to ensure a high level of comfort – even on hot summer days.



## UBS «Sima»

The redevelopment project on Buckhauserstrasse in Zurich-Altstetten is impressive from an environmental point of view in many ways. As part of the existing building structure can still be used. To save embodied carbon, existing concrete elements were preserved after demolition and reused on site (urban mining). The majority of wood for the building expansion is of local origin. With the electricity from the planned photovoltaic system, 20 tons of CO<sub>2</sub> can be saved annually in comparison to conventional consumer electricity from Switzerland.

# Social

## responsibility

We create attractive living and working spaces with our properties. To ensure this, we need to know our tenants and prepare for the needs of tomorrow in the present.

### Focus on tenant needs

We determine the needs of our tenants through regular surveys. By getting acquainted with them, we can make better decisions and transform our portfolio to become even more customer-oriented. At the beginning of 2020, we surveyed one third of our residential tenants on their satisfaction with the property, the services and the condition of the property they were using. We will carry out these tenant surveys on an annual basis in the future.

In 2019, a survey was conducted among users of commercial properties. Personal contact with commercial tenants has always been closely maintained. This enables us to best identify the relevant needs and thereby ensure long-term tenancies.

### Comfort, safety and protection against emissions

Comfort, convenience and security are central factors in ensuring high tenant satisfaction. The implementation of measures to improve these aspects results in lower tenant fluctuation. This in turn leads to lower costs and fewer vacancies – which has a positive effect on our profitability.

In our residential properties we seek to ensure that our floorplans feature a barrier-free and user-friendly layout. Our tenant app can be used to book services such as cleaning, washing and ironing,

etc. or to use the on-site parcel lockers. Communication with property managers has also been simplified: defects, for example, can be reported directly via the app.

In office buildings, we optimize the indoor air quality and noise levels in order to make a positive contribution to the well-being and productivity of employees. We prefer natural solutions for ventilation, air conditioning and lighting. We put a focus on the optimal use of daylight and set up ventilation options for overnight cooling. To prevent excessive heat radiation in summer, protective sun devices are used.

The safety of users is a key concern for us. In the purchasing process, we assess properties for accident risks and evaluate whether the site is located in a natural hazard zone. During the planning phase, we attach great importance to good visibility, ample light, comprehensive fire protection and the selection of non-slip materials.

Every three years we examine the safety status and management of our properties. This practice enables early detection and rapid rectification of defects and contributes to the consistently high quality and attractiveness of our properties.



**Mario Birrer**  
–  
Asset Manager

«More and more companies are committing to sustainability. But this commitment must also withstand objective scrutiny. This is why building certification is essential. In short, without a certificate, there's no lease.»



«Customer-oriented property management enables us to best respond to tenants' needs and market vacant space more efficiently.»

**Ruedi Eicher**

–  
Asset Manager

### **What is the reason for Real Estate Switzerland conducting a widespread tenant survey at the beginning of 2020?**

Our holistic understanding of sustainability also includes social factors such as the quality of living. We wanted to discover the level of satisfaction of our tenants in regard to the service and quality of the rental property. In light of rising vacancies, it's becoming increasingly important to retain existing tenants – and to attract new ones. By being aware of tenants' needs, we're able to control the marketing of our properties in the best way possible.

### **How did you conduct the survey?**

For this year's survey, we used a new industry solution developed in collaboration with Swiss Life, Livit AG and the market research institute Link for the first time. The online survey was conducted via a special platform. It enables both the measurement of tenant satisfaction in the individual properties within a portfolio and a comparison of the performance to the overall portfolio. The aim is to create a benchmark by involving more institutional investors in Switzerland. The tenant survey focuses on three aspects: quality of the service provided by the property management company, caretaker services as well as comfort and security of the property. Thanks to the commentary function, tenants can also provide individual feedback on the current condition of the property and on services.

### **How did the results pan out?**

We surveyed 7,800 residential tenants who were selected at random, i.e. about one third of our total portfolio. The high response rate of 45% shows that tenants appreciate the opportunity to give feedback. On a scale of 1 to 5, the tenants we surveyed expressed their satisfaction with the property management company with a rating of 3.8 points. Caretaker services were rated slightly higher at 4.1. The tenants' own living situation received an average of 3.8 points – the evaluation included floor plans, furnishings, surroundings and the sense of security.

### **Has Real Estate Switzerland already taken action from the results?**

The findings from the survey help us guide the commissioned property managers with regard to their service quality. In addition, the needs of tenants will be actively incorporated into the decision-making processes for maintenance management and development and renovation projects. The new platform also includes reaction management. This enables us to plan concrete actions and monitor their implementation. To date, more than 250 cost-relevant individual actions have been identified, which are now being evaluated and prioritized in accordance with budget planning.

### Social trends and developments

We build with the future in mind. This way, we meet the changing needs and create attractive living space in the long term. As a member of Swiss Prop Tech, we constantly track market innovations and social trends. As we build for a time horizon of 80 years, we consistently review the most relevant trends and choose those we see the need to respond to.

Advancing with digitalization opens up new opportunities: with technical tools we can improve the quality of life of our tenants and increase the efficiency of communication between users and the property management company. The development of modern communication channels is being driven forward – with the purpose of responding to tenants’ needs of online business. Simultaneously, we must pay close attention to the trend shift towards home office. This carries along new demands for daily life, living and working space – but also on human interaction. As our tenants’ needs vary alongside their changing lifestyles, we’re continually exploring flexible building layouts.

In urban areas, we’re experiencing a growing demand for small apartments, as typically found in large Asian cities. Such compact apartments with an area of around 20 square meters present innovative features and functional furnishing. In Basel, we’ve already implemented this arrangement in the Clara-turm. We are already taking the increasing demand for small apartments into account in other new construction projects. ■



### UBS Direct Residential

With the implementation of the replacement and new build project «Ankenpark» in Wetzikon ZH, UBS Direct Residential is exploiting internal potential and promoting the organic growth of the portfolio. The new building with 52 apartments is supplied with energy by a groundwater heat pump and a photovoltaic system, making the property independent from fossil fuels. The high standard of finish of the apartments and the green design of the surroundings ensure a high quality of life. The property has already been pre-certified according to the SGNI Gold standard. This certification confirms that a property is sustainable throughout the entire life cycle of planning, construction, operation and use.



### UBS AST-KIS

UBS AST-KIS has proactively reacted to the trend of the «sharing economy» in the Swiss office market and already implemented a new concept in Stäfa at the beginning of 2019: By subdividing the large surface area into smaller components we are able to offer individual companies both the privacy and the opportunity to exploit synergies. The environment design which evokes a start-up feel is very popular: the office space is almost fully occupied.

# Economic responsibility

A long-term mindset is crucial for success in real estate business. Thanks to a risk-conscious investment approach and a holistic sustainability strategy, Real Estate Switzerland's investment products remain profitable for investors in the long term.

## Risk-return profile

We ensure that the returns are always in an optimal proportion to risk in order to guarantee the long-term attractiveness of our products. As we operate in a dynamic environment, we continually analyze our risk-return profile. Accordingly, when making investments, we not only consider the long-term return potential, but also all risks of financial, economic, social or even regulatory nature.

A good example of this is the new energy and CO<sub>2</sub> legislation, which is driving the replacement of oil and gas heating with alternative systems. This may cause existing fossil heating systems to be subject to higher CO<sub>2</sub> levies in the future – resulting in a negative impact on the tenants' service charges.

We're trying to evade this by converting the respective systems to those with renewable energy sources at an early stage.

We see sustainability as an integral part of a distinct risk management system in all departments and processes. Our internal sustainability rating allows us to increasingly integrate sustainability indicators into our decision-making process as well. Risks – for example, a property with high CO<sub>2</sub> emissions – can thereby be identified at an early stage. In view of tightening regulations, this is a decisive advantage.

## Attractive locations

Good connectivity between place of residence, place of work and leisure facil-

ities are key for assessing the attractiveness of a location – and thus for demand. When evaluating locations, we therefore assess not only the micro and macro location but also, for example, accessibility by public transportation.

In recent years we have expanded numerous buildings, especially in urban areas, and thereby made a contribution to densification and supply in attractive locations.

Digitalization has an influence on the importance of location that should not be underestimated: today, people and companies can connect with their employers or customers from almost anywhere. The home office trend has continued to accelerate through the coronavirus pandemic. From the perspective of the real estate industry this means: people are less bound to a specific location, so the proximity of a property to downtown, for example, becomes less central.

We're aware that different tenant segments often have varying needs. Therefore, we strive for broad diversification of locations and ensure that our offers and properties are designed to meet the various requirements.



## UBS Direct Urban

In the short to medium term, we aim to certify all properties in the UBS Direct Urban portfolio. Currently, about 80% of properties have certificates or performance records, which accounts for 86% of the market value. The properties in Männedorf ZH and Thun BE have been awarded the DGNB «Buildings in Operation» Silver certificate, and the new building in Zurich-Wiedikon has received SGNi Gold pre-certification. An analysis of the energy status and efficiency of nine properties was carried out in accordance with GEAK Plus.



«Sustainable and holistic construction places demands on the entire planning team and the developer. It forces us to be innovative, creative and better than the rest. The result is good, durable, recyclable – and, interestingly, often cheaper – buildings.»



**Marius Baumann**  
–  
Construction & Development

### Integral planning in the construction process

We rely on the integrated planning in our construction projects, as this is the prerequisite for a comprehensive consideration of sustainability aspects. The long-term economic, environmental and social effects of a project are often already apparent in the early planning phase. This is why the cooperation of all parties involved from the initial phase and a common understanding of sustainability are particularly important.

We determined sustainability criteria for project planning, tendering and awarding of contracts in our construction specifications. The installation of photovoltaic systems is reviewed systematically for new buildings and renovations.

The importance of electromobility will undeniably continue to grow. We've clearly defined the relevant requirements in a mobility guide and already pursue the realization of charging stations as early as the planning phase.

While we define quality assurance guidelines for the construction phase, building management is supported by targeted property documentation during the utilization phase. A regular progress evaluation ensures that we can adapt our processes and tools as necessary.

### Life cycle of our properties

As a result of our long-term approach, we not only consider one-off capital investment costs but also take the costs of the entire life cycle of a property into account. In practice, for example, we choose building materials that provide long-term economic efficiency and durability. It also means that we are increasingly addressing issues such as recycling and the reuse of building materials.

Another focus is on reducing operating costs: we reduce ancillary costs by constantly monitoring these costs and by efficiently procuring electricity, oil and gas – which directly benefits our tenants.

### Building certificates

Building certificates offer a transparent and comparable assessment of sustainability in properties, while also contributing to the optimization of the life cycle costs and increasing the value of a property. Certificates have a positive influence on the occupancy rate – especially for commercial tenants. For each building we systematically evaluate whether and which type of certification is appropriate.

All new buildings are planned and constructed in accordance with the latest sustainability standards. Currently, 38 properties of our complete portfolio are certified, and twelve properties have been pre-certified. ■

### Building certificates

Certificate	Number
2000-Watt	1
LEED Platinum	1
Minergie	26
Minergie-Eco	1
Minergie-P	3
SGNI Gold	1
DGNB in operation	5
<b>Definite</b>	<b>38</b>
<b>Provisional</b>	<b>12</b>



# Reporting according to GRI Standards

For the fourth time, Real Estate Switzerland is reporting in detail on its sustainability performance in accordance with the Global Reporting Initiative (GRI) Standards.

## Transparent sustainability reporting

Real Estate Switzerland's comprehensive sustainability report meets the requirements of the GRI, which in effect form the global standard for sustainability reporting. This ensures that our commitment is presented in a structured format that is transparent, objective and comparable.

The real estate funds UBS Direct Urban, UBS Direct Residential, UBS «Foncipars», UBS «Sima», UBS «Anfos» and UBS «Swissreal» as well as the two real estate investment foundations of the UBS pension plan, UBS AST Real Estate Switzerland and AST Commercial Real Estate Switzerland, provide information on sustainability topics in their respective annual reports. The external mandate is not part of the sustainability reporting.

This Sustainability Report covers the activities of Real Estate Switzerland as well as those of the six listed real estate funds and the two real estate investment foundations (GRI 102-45). The principles for determining the content and quality of the report were applied throughout the reporting process.

This report has been prepared in accordance with the GRI Standards: Core option. The report has successfully passed the GRI Materiality Disclosures Service (see GRI icon, [page 28](#)). No external audit was performed.

The last sustainability report was published in December 2019. In the re-evaluation of materiality, a new topic was classified as material in 2020 (GRI 102-46). An updated overview can be found on [page 10](#); the implemented GRI standards remain unchanged (GRI 102-48).

There were no significant changes in the organization and supply chain compared to the last reporting period.

The environmental key figures of 2018 differ from the key figures published in the Sustainability Report 2018/2019 due to the extrapolated values which were partly replaced by real values; see data and calculation bases, [page 19](#) (GRI 102-49). ■

## External agreements and initiatives

- UN Principles for Responsible Investment (UN PRI)
- Carbon Disclosure Project (CDP)
- UNEP Finance Initiative
- Global Real Estate Sustainability Benchmark (GRESB)

## Memberships

- Swiss Sustainable Building Council (SGNI)
- Swiss Real Estate Association (SVIT)
- Association of Institutional Real Estate Investors (VII)
- Swiss Funds & Asset Management Association (SFAMA)
- Conference of Managers of Investment Foundations (KGAST)
- Living Every Age (LEA)
- Syndicate of Private, Professional Developers (IBP)

# GRI

## content index



For the Materiality Disclosures Service, the GRI Service Team verified that the GRI content index is clearly presented and that the references for disclosures 102-40 to 102-49 are consistent with the relevant components of the report. The GRI Materiality Disclosures Service was implemented for the German version of the report

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### Reasons for omission

1) Not applicable 2) Restrictions due to a duty of confidentiality 3) Explicit legal prohibitions 4a) No information available 4b) Information partially available

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