

# Real Estate Switzerland

Sustainability Report 2020/2021



## Table of contents

Interview with Daniel Brüllmann	3	Building for tomorrow	13
		Forward-looking infrastructure	13
About Real Estate Switzerland	4	Climate-adapted environmental design	14
Facts and figures	4	Well-being of tenants	14
Investment products	6	Resilient investment portfolios	16
Sustainability approach	7	Profitability and earnings security	16
Sustainability strategy	7	Innovation in construction	17
Materiality analysis	8	Partnership approach	18
Stakeholder engagement	8	Partnerships and stakeholder dialog	18
Sustainability organization	8	Employees	19
Sustainable development goals	9		
Ecological buildings	10	Use of suitable tools	20
CO <sub>2</sub> emissions and energy consumption	10	Data basis	20
Resource-efficient construction and operation	11	Building certificates	20
		External assessment of our sustainability commitment	20

**Mr. Brüllmann, most real estate fund providers now take sustainability into account. What sets Real Estate Switzerland apart from the competition?**

– We have been pursuing a clearly defined sustainability strategy since 2012 and not only compare favorably against our industry peers but have also pioneered the implementation thereof. Our head start is now proving an advantage – partly because the expertise first required development and partly because the implementation process takes time due to the sheer size of our portfolio. We're proud that sustainability is now firmly embedded in our corporate culture. Our employees are aware of sustainability issues and contribute ideas and suggestions. There's a lot of energy and commitment among us.

**In terms of sustainability, what were your priorities over the past financial year?**

– We continue to focus our priorities on reducing CO<sub>2</sub> emissions, which is why the main items on the agenda have been energy-efficient refurbishments and replacing fossil-fuel heating systems. These two focal points are fundamental for our reduction path, which we intend to follow to achieve the net zero target by 2050. Our photovoltaic project is also on track. By the end of 2021, 70 systems will be in operation, with a target of 100 by the end of 2022. But this won't be the end of this renewable energy initiative. Once we celebrate the opening of the 100th system, it'll be on to the next project. We have also developed a concept for e-mobility and formulated a plan to equip our properties in the future.



Daniel Brüllmann, Head of Real Estate – DACH

Another important aspect in all construction projects is to foster and preserve biodiversity. Our funds' good GRESB rating in the reporting year confirms that we're moving in the right direction.

**Where do you see room for improvement?**

– Although we've made systematic progress along the path we've taken, we still have a long way to go. Key to our next steps will be a good database. If we know where we stand and what impact our measures have, we can improve in specific areas. Making steady improvements in data collection not only creates transparency for ourselves but also serves the information needs of investors and assists reporting.

“A coordinated approach in the real estate sector is essential to be able to measure and compare the success of our activities.”

Daniel Brüllmann, Head of Real Estate DACH

**You mentioned the net zero target. How will you overcome probable challenges in the coming years?**

– Net zero is definitely an ambitious goal that requires long-term thinking and proactive action. We need to think about the economic aspects and the environmental and social issues. Good planning is key to financing our projects. And we need to think ahead. It's important to not only work with existing technologies, but to observe which other developments are promising and can potentially be brought to market. It's also necessary to exchange ideas with partners – for example, to jointly create greater demand for district heating. A coordinated approach in the real estate sector is essential to be able to measure and compare the success of our activities. We're currently working with various market participants to develop the first comparable measurement approach for CO<sub>2</sub> in Switzerland. This has the potential to become the Real Estate Investment Data Association (REIDA) industry standard – which would be a huge success.

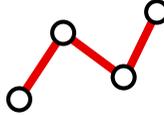
# About Real Estate Switzerland

## Facts and figures

11 

real estate investment products and external mandates

Over

75 

years of documented success

Sustainable and diversified strategies 

More than

1,100 

properties throughout Switzerland

Around

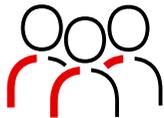
CHF 25 billion 

in fixed assets

The biggest Swiss real estate fund: UBS «Sima» 

The oldest Swiss real estate fund: UBS «Foncipars» 

Around

90 

experienced employees in Basel, Zurich and Lausanne

Please note: Data as at September 30, 2021

Facts and figures <sup>1)</sup>

## GRESB 2021

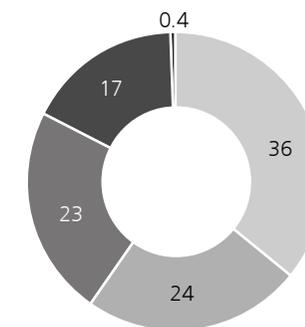
**Portfolio:** Four-star ratings, one three-star rating, and first place for UBS Direct Urban in the Mixed Switzerland category and first place for UBS AST-IS in Residential Switzerland

**Construction:** Five-star ratings for all participating funds, two awards as Overall Global Sector Leader and one award as Regional Sector Leader

## A+ rating

in reporting for the **UN Principles for Responsible Investment (PRI)** initiative

Energy consumption by **energy source** in %



● Natural gas and biogas<sup>2)</sup> ● District heating ● Heating oil ● Electricity ● Wood chips/pellets

# 33%

of residential tenants are surveyed annually on **satisfaction**

# 52

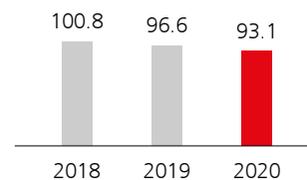
properties are **certified** and 21 pre-certified

# 70

installed **photovoltaic systems** (end of 2021)

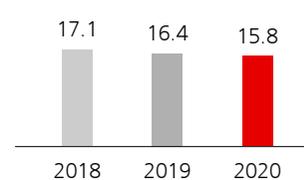
**Energy intensity**

in kWh/m<sup>2</sup>



**CO<sub>2</sub> intensity**

in kg CO<sub>2</sub>e/m<sup>2</sup>



More than

# 50

properties with installed electric **charging stations**

<sup>1)</sup> See page 8 in the **Real Estate Switzerland Sustainability Report 2020/2021** in accordance with GRI Standards for precise calculation methodology. The overview shows the consolidated values of UBS "Anfos", UBS AST-IS, UBS AST-KIS, UBS Direct Residential, UBS Direct Urban, UBS "Foncipars", UBS "Sima" and UBS "Swissreal". The real estate investment products Residentia, UBS PF Europe and the Mandate were not included in the calculations.

<sup>2)</sup> Since 2019, UBS has been using natural gas with a biogas content of 5%.

Investment products



**UBS «Anfos»**

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

GRESB Rating 2021  
Portfolio: ★★★★★  
Construction: ★★★★★★



**UBS «Foncipars»**

Invests in residential real estate in attractive locations in French-speaking Switzerland. Oldest real estate fund in Switzerland (since 1943).

GRESB Rating 2021  
Portfolio: ★★★★★  
Construction: ★★★★★★  
Construction award:  
Overall Global Sector Leader



**UBS «Sima»**

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

GRESB Rating 2021  
Portfolio: ★★★★★  
Construction: ★★★★★★



**UBS «Swissreal»**

Invests throughout Switzerland in commercial real estate.

GRESB Rating 2021  
Portfolio: ★★★★★



**UBS Direct Residential**

Invests directly in residential buildings in Switzerland.

GRESB Rating 2021  
Portfolio: ★★★★★  
Construction: ★★★★★★  
Construction award:  
Overall Global Sector Leader



**UBS Direct Urban**

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

GRESB Rating 2021  
Portfolio: ★★★★★  
Construction: ★★★★★★  
Portfolio award: First place, category Mixed Switzerland:  
Construction award: Regional Sector Leader



**UBS AST Real Estate Switzerland**

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

GRESB Rating 2021  
Portfolio: ★★★★★  
Construction: ★★★★★★  
Portfolio award: First place, category "Switzerland Residential"



**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 2021  
Portfolio: ★★★★★



**UBS PF Europe**

Invests in mixed-use buildings in Europe.

GRESB Rating 2021  
Portfolio: ★★★★★



**Residentia**

Invests in residential buildings in Italian-speaking Switzerland.

Took on fund management on February 1, 2021



**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. Further information can be found in the ["External assessment of our sustainability commitment"](#) section (pp. 20-21).

# Sustainability approach

We see sustainability as a central component of successful real estate management. With an “**add value by valuing others**” approach, we can ensure that our real estate investment products remain profitable in the future.

## Sustainability strategy

Our sustainability strategy is integrated into responsible real estate management. This generates added value by limiting the risk of regulatory breaches and a deterioration in the competitive position, which increases attractiveness for users and investors, and optimizes costs and returns. This is how we secure our long-term business success.

Sustainability is firmly embedded and accepted at Real Estate Switzerland. We achieve our goals by purposely living out our sustainability strategy and integrating sustainability as a principle of action into our day-to-day business. Key to all this is ensuring we consider sustainability along real estate’s entire life cycle.

## Pillars of our sustainability strategy



We ensure the potential of our investment products for **sustainable profitability** – by incorporating economic, social and environmental aspects.



Thanks to having **suitable management processes in place**, sustainability aspects can be considered in all decisions.



The improved **risk-return profile** of our real estate investment products means increased resilience to future developments.

## Our goals



By 2050, our goal is to achieve **net zero CO<sub>2</sub> emissions** across all our investment products.



Share of renewable energies to be gradually increased. By 2022, we want to have **100 photovoltaic systems** installed.



Responding to new needs and closely interacting with our tenant base to safeguard **long-term leases**.



All new buildings are designed and built to a **sustainability standard**. Increasing energy efficiency is achieved through targeted measures in refurbishment projects.



Our tenants’ satisfaction is ensured in the long term through **technical innovations** (e.g., e-James app and e-charging stations) and, wherever possible, by designing the **surroundings in a natural way**.

## Materiality analysis

In 2019, we updated our sustainability strategy and set ourselves new goals. In the reporting year, we reviewed and redefined the topics that are central to our business activities and reporting as part of a materiality analysis. Our first step was to compile a list of potentially relevant topics. Besides our own priorities, we also incorporated industry-relevant topics, the standards of the Sustainability Accounting Standards Board (SASB) and the GRI standards. In the second step, the topics were assessed and prioritized in a workshop run by the Strategic Sustainability Committee over several hours. The list of new material themes is included in page 5 in the [Real Estate Switzerland Sustainability Report 2020/2021 in accordance with GRI Standards](#).

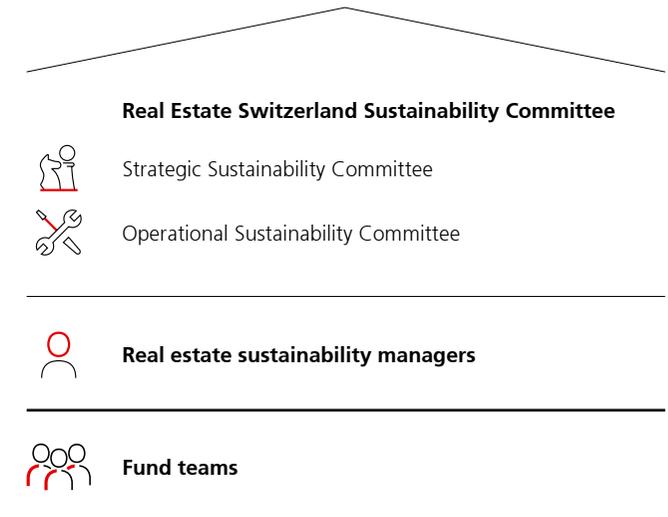
## Stakeholder engagement

In implementing our sustainability strategy, we work closely with our stakeholders within UBS and with selected external partners. The most important stakeholder groups include investors, analysts, sales partners, tenants, proper-

ty managers, planners, construction companies, architects, general contractors and brokers. We're involved in various associations, work together with government stakeholders and engage in consultation with residents of neighboring properties.

## Sustainability organization

At Real Estate Switzerland, sustainability is not just the domain of one department: the issue is integral to the actions of everyone. Sustainability is firmly embedded at every level within our company – from the respective fund teams through to the specific committees. Our Strategic Sustainability Committee defines the general guidelines, while the Operational Sustainability Committee ensures implementation in the various specialist areas. The real estate sustainability managers act as the expert interface between the committees and the fund teams: they advise and support the teams in their day-to-day business on sustainability issues. The fund teams are the key drivers of our sustainability strategy.



## Sustainable Development Goals

To contribute to the global sustainable development agenda, we've aligned our sustainability goals with the United

Nations' 17 Sustainable Development Goals (SDGs). We focus on achieving the eight goals with which we can make a direct positive contribution through our activities.

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



#### Well-being has priority

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



#### 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.



#### Water is a valuable asset

We reduce water consumption in our properties with water-saving fittings. Only energy and water-efficient models are used for the appliances.



#### Moving away from fossil fuels

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



#### 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.



#### Greater density rather than sprawl

By developing existing properties further, we're increasing the density and thus minimizing the use of additional land. We seek to ensure landscaping is sensitive to nature in order to promote biodiversity and enhance the quality of the space.



#### Innovation drives us forward

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



#### Maintaining partnerships

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

#### SDGs

Sustainable Development Goals of the United Nations: the 17 SDGs with their 169 sub-goals are the key points on the agenda for sustainable development until 2030. The objectives were adopted by all UN member states in 2015 and take into account the economic, social and environmental dimensions of sustainable development. 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.

# Ecological buildings

Our construction and refurbishment strategy is aligned with Switzerland's **net zero target**. For the implementation we focus on the use of renewable energies, increasing energy efficiency and reducing CO<sub>2</sub> emissions.

## CO<sub>2</sub> emissions and energy consumption

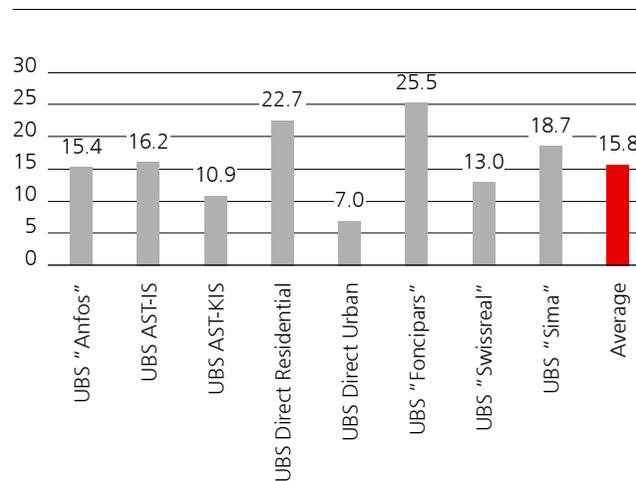
Climate-resilient real estate is one of the keys to achieving a more sustainable future. We're aware of this and are making a contribution to climate protection and achieving the national CO<sub>2</sub> reduction target of net zero greenhouse gas emissions by 2050. Reducing CO<sub>2</sub> emissions and energy consumption in our properties has become an increasingly important part of our investment planning.



### Our successes

- 1,610 t reduction achieved in CO<sub>2</sub>e emissions
- Installation of 70 solar systems, with over 29 in the past year

**Greenhouse gas emissions per fund in 2020/21 (climate-adjusted)**  
in kg CO<sub>2</sub>e/m<sup>2</sup> EBF/year



Figures based on the most recent annual financial statements

The ratios are climate-adjusted by removing the weather effect (e.g., a warm winter compared with a cold winter).

As we only use renewable energies in new buildings, we've already been able to significantly reduce greenhouse gas emissions in this area. We're always reviewing our entire real estate portfolio for climate-relevant improvement opportunities and are developing a reduction path to reduce CO<sub>2</sub> emissions to net zero in a coordinated manner.

**Large photovoltaic system in Dietlikon, UBS AST-KIS<sup>1)</sup>**

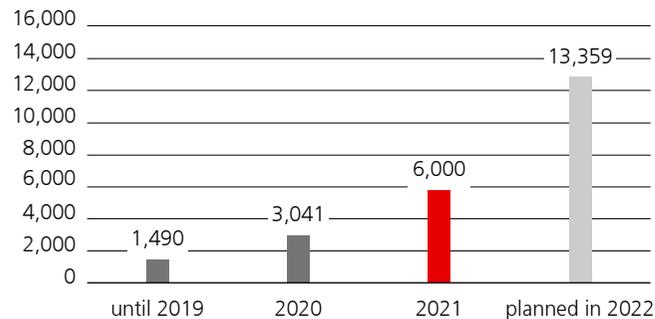


We're extending the roof of our property on Riedwiesenstrasse in Dietlikon to add in a photovoltaic system: with an area of 1,300 m<sup>2</sup> and an output of 270 kWp, the system will be by far the largest of UBS AST-KIS. Although the system is still in the implementation phase, we were able to take important planning measures in the year under review and will make a significant contribution to Real Estate Switzerland's sustainability goals in the future.

<sup>1)</sup> The photo is a photomontage.

**Installed capacity for the production of solar power**

in kWp



**Focus on climate-friendly refurbishments**

In the past, buildings and apartments were refurbished as needed. Today, our refurbishment strategy also takes account of climate protection targets. This calls for a structured approach. Our entire real estate portfolio is analyzed to determine where improvements can potentially be made, and the corresponding results are coordinated with investment planning.

Our stated aim is to reduce heating systems fired with fossil fuels and to use renewable energy sources. For example, we're gradually replacing existing oil or gas heating systems with systems drawing on alternative energy sources (district heating, wood and heat pumps).

Photovoltaic systems are making a significant contribution to the energy transition: in the reporting year, we were able to celebrate the go-live of the 70th system. We're therefore well on track to achieving our target of 100 systems by 2022 and thus supplying around 4,000 households with sustainable solar energy. Real Estate Switzerland also operates solar thermal systems on various properties. We buy guarantees of origin from hydropower production and therefore meet the demand for electricity exclusively from renewable sources for the communal areas of our properties.

**Efficient energy use**

Refurbishments can also improve the energy efficiency of a property. Good examples are insulation measures and the installation of intelligent and energy-saving components

such as LED lights and sensors. Thanks to lower operating costs, our tenants also benefit from these climate protection measures.

**Our development potential: implementing demanding refurbishments**

Where possible, we plan the replacement of fossil fuel heating systems in line with the regular refurbishment schedules of the properties. Converting the entire portfolio to renewable energy sources will therefore take several years. Due to technical hurdles, it is not possible to replace heating systems everywhere. For this reason, we obtained a special permit to continue operating the gas heating system of two properties in the reporting year.

**Resource-efficient construction and operation**

Both the construction of new properties and the operation of existing ones require valuable resources such as land area, building materials and water. We strive to minimize this consumption in all areas.

**Setting new priorities**

The ground area for every new building is sealed. To counteract this development, we're focusing on making further improvements to our real estate – for example, by adding stories to buildings. We work with building materials that are as low in pollutants and recyclable as possible, and in the future we will increasingly rely on wood as an alternative building material. Together with other industry representatives, we're considering how construction processes can be made more resource-efficient. A corresponding checklist of requirements for contractors is currently being developed.

**Measures to achieve the net zero target**

-  Purchase or produce renewable electricity
-  Increase energy efficiency – through structural measures and operational optimizations
-  Replace fossil fuel energy sources with renewable ones
-  Reduce embodied carbon (taking account of cumulative energy expenditure)
-  Offset remainder of greenhouse gas emissions

### *Use of existing materials*

When renovating or refurbishing existing homes, we're often faced with the decision of whether something needs to be replaced or can be reused. In this area, too, we're trying to set a positive example. Which is why we launched a pilot scheme during the refurbishment of the La Tourelle property in Geneva. In some of the 500 apartments, the existing kitchens will be completely renovated rather than having new ones installed.

### *Economical use of water*

When constructing and operating our properties, we take care – with the use of technical and planning measures – to use water responsibly as a valuable resource. It makes both ecological and economic sense to use less water and reduce the amount of wastewater. In residential buildings, about one-third of the energy is needed to heat water. If less water is used overall, less water needs to be heated. For these reasons, only water-saving fittings are used in our properties.

### *Our development potential: helping to raise awareness of the circular economy*

Recycling materials plays a part in resource-saving construction. But it also presents some challenges: for example, a large proportion of today's standard building materials cannot be reused, and it is often costly to recycle

building materials. It is often cheaper and users prefer it if new building materials and components are used instead. This shows that there must continue to be a reassessment of recycling and the circular economy in the construction industry.

### **Refurbishment with prefabricated timber components, UBS AST-IS**



As part of a complete refurbishment, we added a floor to our property on Unterdorfstrasse in Ostermundigen. Three new floors will be added to the existing property, creating 15 additional apartments. For the construction of the apartments, we've been using environmentally friendly solutions and resource-saving prefabricated timber components. In addition, for the first time the property will be connected to a district heating network.

# Building for tomorrow

We want to **build with the future in mind and create attractive living spaces for the long term**. For this reason, we closely monitor social and demographic trends and the impact of climate change.

## Forward-looking infrastructure

Our primary goal is forward-looking infrastructure – and therefore to offer attractive spaces. Since we're building for a time horizon of 80 years, we're already considering the potential trends of tomorrow. We respond to social developments and strive to intelligently use new technologies and modern mobility concepts.



## Our successes

- Structured approach to e-mobility trends; installing numerous charging stations
- Optimizing tenant-oriented infrastructure
- Annual satisfaction survey of one third of our apartment tenants

## *Simplification in everyday life*

We're responding to our tenants' desire to increase our online offering. Modern communication channels such as our tenant app permit fast and efficient communication with building management. For example, defects can be reported directly via the app. The parcel boxes available at the properties can also be operated with the app. This service is very popular with the tenants – especially because of the significant increase in online shopping. To ensure inquiries from users can be processed quickly and efficiently, we've significantly improved the accessibility of administration and facility management. Modern tools are also used for building energy management.

In urban areas, we're seeing an increase in demand for smaller apartments equipped with innovations. This trend is already a factor in new construction projects. With more and more people working from home, demands for living and working space have changed. Living close to the center is therefore no longer as important as it used to be.

## *Modern mobility concepts*

The trend toward electromobility has also led to increased demand for charging stations at our properties – both for e-cars and e-bikes. Drawing up mobility guidelines early on helped us to take this development into account: we have standardized the required number of charging stations for new buildings and refurbishments. With existing properties, we review and carry out retrofitting by

## Electromobility in Muri b. Bern, UBS «Swissreal»



Our modern leisure and commercial center in Gümligen, in the south of Bern with direct access to the freeway, offers a variety of attractive leisure activities and shopping facilities. We have equipped the center with a fast-charging station for electric vehicles, which is part of the public fast-charging network and available to center visitors and people traveling through.

tenant request. We're also open to other mobility concepts such as car sharing and bicycle stations, and the infrastructure for this has already been put in place at various locations. Public access to charging networks is constantly being improved: for example, we've arranged for a fast-

charging station to be installed at our property in Muri b. Bern and a fast-charging station is being installed in a publicly accessible parking lot.

 **Our development potential:**  
*ensuring forward-looking infrastructure is provided*

Foresight is needed when designing forward-looking infrastructure. It is difficult to predict what needs will shape our society in 80 years and beyond. When introducing new forms of technology, we must always consider the future security of building technology. We're currently working on retrofitting charging stations for electromobility, even though we know that the market is still very much in flux. We think about how the charging infrastructure and battery ranges will continue to change.

### Climate-adapted environmental design

Green spaces are good for the climate, for biodiversity – and for our well-being. By making improvements to existing properties, we can minimize the sealing of additional soil. At the same time, we seek to ensure properties are sensitive to nature in order to promote biodiversity and enhance the quality of the space.

### Adding stories creates more living space – and protects cultivated land, UBS «Anfos»



In 2021, we took some important steps to expand our property on Hühnerbühlstrasse in Bolligen by adding a story. This has created space for 36 additional households on top of the 200 existing apartments. This means creating high-quality living space at an already well-served location without having to lose generous green spaces and cultivated land. The project is therefore in line with the Federal Act on Spatial Planning (SPA) and the spatial development strategy of the municipality of Bolligen.

### Preserving and creating green spaces

In urban areas, it is increasingly important to preserve existing green spaces and create new ones. Green spaces help mitigate some of the impacts of climate change, such as heat and heavy rain: trees provide shade and lower

the ambient temperature, rainfall can percolate away. Our motto is therefore “greater density rather than sprawl”, and we focus on growth from within the existing portfolio.

Percolating-promotion measures, the nature-focused design of the living environment and biodiversity with a focus on native plants are an integral part of our building specifications and are factored into in all projects. Green spaces have a positive impact on well-being and can serve as meeting spaces. At the same time, we need to think about how climate change will affect and change our construction activities in the future.

 **Our development potential:**  
*ensuring sensitivity to nature with innovative solutions*

Much can be done in the field of climate-adapted construction, especially in urban areas. For example, existing urban heat islands and sealed soils can be transformed into climate-friendly environments that are sensitive to nature. But this desire is often at odds with the increasing demand for housing, which in urban areas is usually accompanied by further densification. We strive to defuse this conflict of interests through innovative solutions.

### Well-being of tenants

Our tenants' satisfaction is our top priority, no matter whether they are in the residential sector or commercial properties. We take the concerns of our tenants seriously and therefore aim to constantly improve our properties.

### Tenant-oriented redevelopment of our property, UBS «Foncipars»



The "La Tourelle" housing development in Geneva was built between 1968 and 1970 and consists of four apartment blocks with a total of 880 apartments. By the end of 2024, 420 apartments will be completely refurbished – the residents will temporarily move to other apartments in the neighborhood during the works. The buildings are certified with the Minergie and SNBS Gold labels. Besides energy renovations, other measures are being planned such as improving the park's biodiversity, better waste management, charging stations for electromobility and additional bicycle parking spaces.

#### *Recognizing and meeting needs*

Our tenants' concerns and wishes can vary greatly. To recognize needs and take a client-oriented approach in our actions, regular contact with the tenants is indispensable. In annual surveys, we collect information from one third of our residential tenants on their general satisfaction with the property, the services provided and the condition of the property used. Further optimized tenant support – for example by providing coaches for each of the housing areas – is currently being evaluated.

Strong emphasis has always been placed on maintaining personal contact with commercial tenants. The importance of this direct dialog was demonstrated once again during the COVID-19 pandemic lockdown. An internal team is responsible for the tenants of our commercial properties and deals with their specific needs.

#### *Maximum quality of living*

Key factors in achieving a high level of tenant satisfaction include a pleasant living environment, comfort and clear safety standards. When planning building measures, we believe it is very important to use daylight to the best effect, other natural solutions such as ventilation, and fittings that protect against the sun and summer heat. With office buildings, we optimize indoor air quality and sound levels.

We make it easy for our tenants to be green – for example, by carefully separating recyclable materials and optimizing waste disposal. The tenant app, which is used in some properties, can be used to order additional services such as cleaning, laundry and ironing.

Our properties are inspected every three years to determine their safety and condition. Detecting and rectifying deficiencies early on can enhance the high quality and attractiveness of our properties yet further.

#### *Our development potential: offering tenant-oriented solutions*

Tenants are among the most important stakeholders and their needs are a top priority. These needs can be very individual and we strive to meet as many as possible through overarching solutions. Needs are constantly changing and we want to identify the long-term trends here and act accordingly.

# Resilient investment portfolios

Thanks to the holistic sustainability strategy, specialized and agile fund teams, and the disciplined application of a risk-conscious investment approach, Real Estate Switzerland's real estate investment products have been delivering **competitive returns** for years. They also meet all important sustainability criteria.

## Profitability and earnings security

We ensure that returns are optimally proportionate to risk, thereby ensuring that our investment products remain attractive in the long term. We continuously review and modify this risk-return profile, taking into account financial, eco-



## Our successes

- Systematic, forward-looking further growth of the portfolio
- Implementation of responsible real estate management thanks to multidisciplinary fund teams
- Inclusion and implementation of innovative approaches

nomie, social, regulatory and reputational aspects. To permanently improve, we systematically compare our performance with other providers of real estate funds.

## Long-term orientation

As part of our long-term focus, we do not only consider the one-off investment outlay, but also take into account costs that are incurred over the entire life cycle of a property. When it comes to building materials, we make sure that they are economically efficient over the long term and durable. Besides improving the energy efficiency of properties, recycling and the reuse of building materials are playing an increasingly important role.



**Our development potential:**  
*good risk-return profile thanks to sustainable heating systems*

Environmentally friendly heating systems often generate higher investment costs, which reduces profitability in the short term but provides a better risk-return profile in the longer term – also given potential regulatory tightening.

## Innovative mixed-use property meets numerous sustainability criteria, UBS «Sima»



Our recently built and Minergie-certified property "ilôt sud" in Morges welcomed its first tenants in July 2021. Thanks to the high level of innovation in construction, the property is attracting huge interest. 95% of the apartments are already occupied. There are office and retail spaces on the first three floors, with 162 apartments on the other floors. Heating and hot water needs are met from a lake water heat pump and photovoltaic system and are therefore CO<sub>2</sub>-neutral. We greened the roof areas with native plants and installed nesting boxes and insect hotels – all in the spirit of promoting biodiversity.

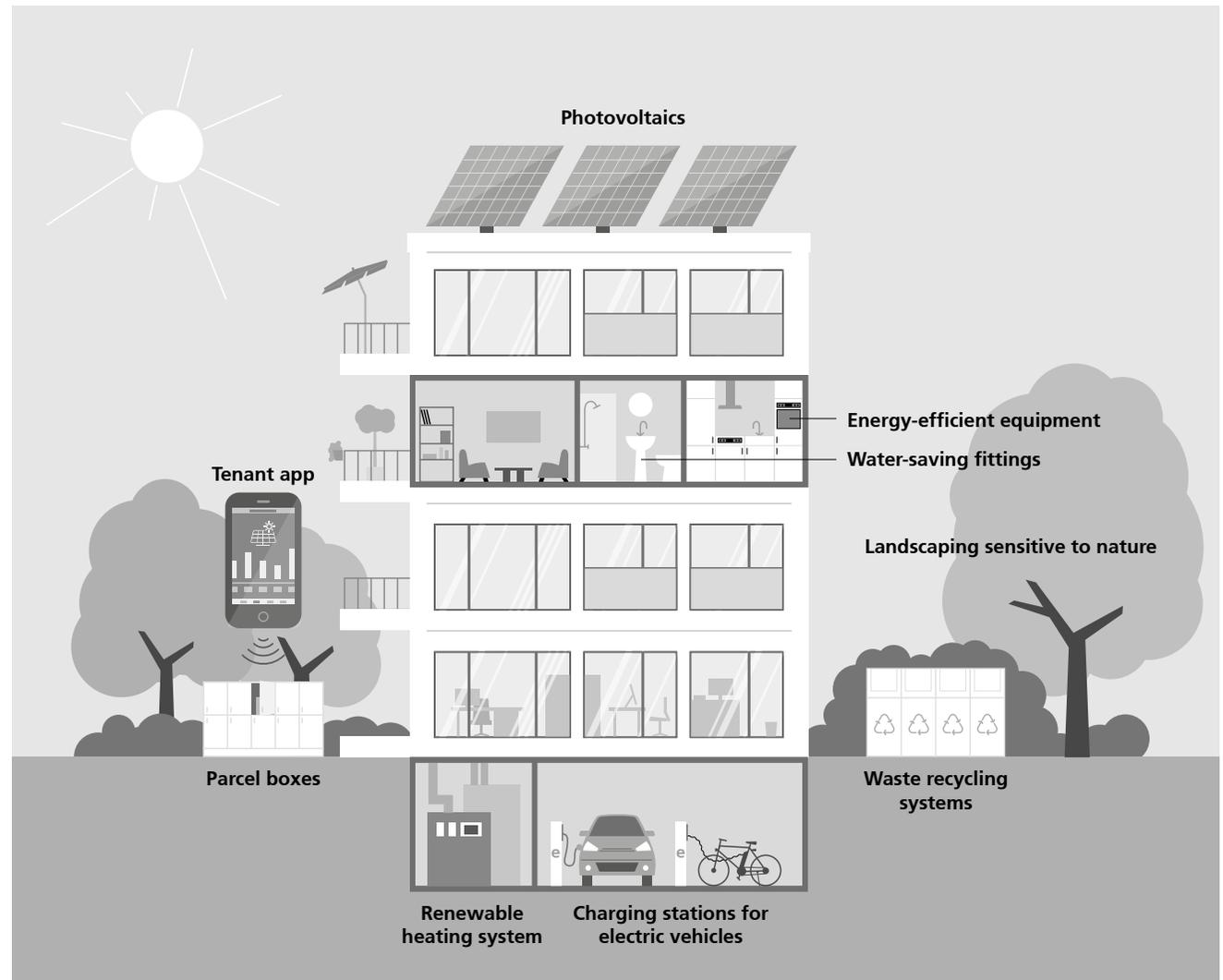
**Innovation in construction**

Sustainable construction requires not only innovative materials and new focal points, but also changed processes. As the resource-efficient buildings of the future will be significantly more complex, comprehensive technical expertise and closer interaction between all those involved will be needed. Digitalization is making an important contribution to ensuring individual players in a construction project can communicate and collaborate better and workflows become more transparent and secure. A large number of general contractors have already adapted to the changing requirements.

 *Our development potential: mastering complexity in construction*

With the increasing importance of sustainability, new themes are constantly emerging that are occupying the entire industry. And as the density of themes grows, so does the volume of standards and regulations. At the same time, we must approach new developments with caution. Due to the long life cycles of our properties, decisions will affect our operations over decades.

**Environmentally aware infrastructure**



# Partnership approach

Constructing and operating real estate in a resource-conserving and energy-efficient way cannot be achieved single-handedly. That is why it is critical everyone involved pulls in the same direction – from contractor and manager right through to the tenants. We follow a consistent **partnership approach** throughout our business and work mainly with like-minded people on the issue of sustainability.



## Our successes

- Involvement in various working groups and associations to define industry standards
- Ongoing awareness-raising among internal and external stakeholders on implementing our sustainability strategy

## Partnerships and stakeholder dialog

Industry solutions are needed to achieve the overriding goals in climate protection. The more heavily we involve our partners and stakeholders, the greater the impact achieved.

### Close cooperation

To achieve our sustainability goals, we depend on close cooperation. We pay attention to an open and continuous dialog so we can identify the needs of our partners and coordinate with them. At the same time, we've created guidelines in which the requirements for our business partners are presented transparently and clearly.

We require that our business partners also take into account the sustainability goals laid down in our work contracts in their own contracts. Our direct suppliers are bound by the UBS Responsible Supply Chain Standard, which includes requirements on the prevention of corruption, human and labor rights, environmental protection, and health and safety. Compliance with these specifications is monitored by Supply Chain Management.

## Recycling of materials in new replacement building, UBS Direct Residential



At Niederglattstrasse in Niederhasli, we received SGNi Gold certification for our new replacement building. Due to the deliberate use of a wooden facade in the new building, we were unable to recycle various materials. We have therefore passed on suitable parts such as windows, lifts, railings and doors free of charge to components exchanges so the materials can be recycled in the spirit of the circular economy. As a result, we were even able to exceed the target achievement rate required for SGNi Gold certification for a low-waste construction site. The building certificate serves as a transparent and comparable sustainability assessment of our properties.

### *Finding solutions together*

We not only rely on existing partnerships, but also on new ones that give us access to further know-how and valuable expertise. We're involved in various associations (see page 3 in the [Real Estate Switzerland Sustainability Report 2020/2021 in accordance with GRI Standards](#)), work together with government stakeholders and foster a dialog with the residents of neighboring properties. Thanks to our membership in various working groups, we hold in-depth exchanges – for example, on construction developments, sustainable management and investment management.

### *Motivating tenants*

User behavior plays a central role in the conservation of resources. New tenants receive relevant tips and information with the lease. As an incentive to conserve resources in everyday life, tenants can use our tenant app to call up current data on their own energy and water consumption and information on sustainable mobility.

 ***Our development potential:***  
***contribution to sustainability thanks to stakeholder dialog***

The challenge in dealing with our stakeholders is that there are lots of them – and also sometimes conflicting interests that always have to be weighed up. For the construction sector, we see great potential in the circular economy. But we can only make the transition with the right partners. To achieve our sustainability goals, we also rely on our tenants.

### **Cooperation with tenants in commercial properties, UBS Direct Urban**



We have installed a photovoltaic system with a total output of 166 kWp on our existing property on Seestrasse in Männedorf (built in 2000). Thanks to the installation, the single commercial tenant located there can cover almost all of its electricity needs with the solar power produced – additional demand is met with electricity from the grid. In addition, e-charging stations were installed for the tenant's sustainability-oriented employees – these are also supplied with electricity from the photovoltaic system. The expansion is a win-win situation because it allows commercial tenants to achieve their own sustainability goals, while the UBS Direct Urban fund is making an important contribution to our goal of expanding photovoltaic installations.

### **Employees**

As part of UBS, Real Estate Switzerland is an attractive employer. In a similar way, committed employees are the foundations of our success. We want to create a corporate culture that all employees share with huge enthusiasm and motivation. Because we're convinced that this is also reflected in the quality of our work. All employees should therefore also be familiar with and represent our company's sustainability strategy. Many gladly take on this issue with conviction.

We want to raise the awareness of all employees to the importance of climate protection and sustainable business – by giving a helpful and clear presentation of the various aspects. The relevant information is communicated in internal specialist events, through ambassadors and via the work of various committees. During "lunch & learn" sessions, our employees can exchange ideas and receive further training on various sustainability themes – in the reporting year, this was on the theme of the circular economy.

 ***Our development potential:***  
***promote continuous knowledge transfer of sustainability themes***

Communicating our sustainability strategy to employees is an ongoing task. Step by step, we're working on covering sustainability issues in all sub-processes. It is only through an appropriate flow of information and broad knowledge transfer that we can ensure all employees play their part in achieving our goals.

# Use of suitable tools

To measure and improve our sustainability performance, we're constantly working on the **necessary data basis and having ourselves assessed externally**. We believe standards for sustainable construction and building certificates are an incentive.

## Data basis

Each property in our portfolio is evaluated with a sustainability rating. To assess progress, we use sustainability fact sheets. These management elements allow us to derive new measures or duly adapt existing ones. In recent years we've steadily improved our data basis and we will continue to work on data collection and data quality in the future.

## Building certificates

We plan and construct all new buildings based on the latest sustainability standards. Currently, 52 properties in our overall portfolio are certified, and 21 properties have been pre-certified. With each building we systematically evaluate whether certification is possible – and what building certificate might be considered. Certification makes sense as building certificates make it possible to conduct

a transparent and comparable sustainability assessment of real estate. They can also contribute to optimizing the life cycle costs of real estate and increase the value of a property. Certificates can have a positive impact, especially for commercial tenants.

### Building certificates

Certificate	Number
2000-Watt	1
DGNB in operation – silver	6
LEED Platinum	2
Minergie	37
Minergie-Eco	1
Minergie-P	4
SGNI Gold	1
<b>Definitive</b>	<b>52</b>
<b>Provisional</b>	<b>21</b>

## External assessment of our sustainability commitment

We have our comprehensive commitment to sustainability assessed by external experts and therefore take part in the annual Global Real Estate Sustainability Benchmark (GRESB).

GRESB assesses ESG criteria using a comprehensive questionnaire supplemented by documentary evidence. Qualitative and quantitative information is collected on the management of the funds and the sustainability performance of the individual properties. Information is required about targets, strategies, sustainability risk management



### GRESB

The global sustainability benchmark GRESB analyzes and compares real estate investment products (existing and development projects) with each other in terms of ESG. As the leading benchmark for sustainability in the real estate industry, GRESB includes over 1,520 real estate portfolios worldwide.



and consumption data for energy, water and waste, for example. The criteria are weighted differently, with the sustainability performance of individual properties having a greater impact on the overall result.

Funds are compared against a peer group consisting of members with a similar geographical location, legal form and class of use. First, the evaluation consists of an absolute component, which is reflected in the GRESB score (maximum: 100 points). Second, the GRESB rating shows how well a real estate fund is performing relative to all other participating funds. The maximum GRESB rating is five stars. As the questionnaire is constantly being refined and new components added, the current GRESB assessment cannot be compared in detail with the previous year's results.

**GRESB rating areas**

**Environment**

Technical building analysis, implementation of efficiency measures, energy consumption, greenhouse gas emissions, water consumption, waste production, share of renewable energies, building certifications and construction projects requirements

**Social**

Health, safety and well-being of employees, tenants, suppliers and service providers

**Governance**

Sustainability goals and strategy, reporting, risk management and the organization of sustainability

**High priority for sustainability – also for new products, UBS PF Europe**



We took part in GRESB for the first time in 2021 with our newer investment product UBS PF Europe and had our portfolio properties evaluated. We already received a four-star rating the first time we took part. This shows us that we're also on the right track with our new products in terms of sustainability.

UBS Fund Management  
(Switzerland) AG  
Aeschenvorstadt 1  
4051 Basel



**Publisher**

UBS Fund Management  
(Switzerland) AG  
Real Estate Switzerland  
Aeschenvorstadt 1  
4051 Basel

**Consulting and editing**

Sustainserv, Zurich and Boston

**Concept and design**

Kammann Rossi GmbH,  
Cologne

**Languages**

German and English

**Contact**

UBS Fund Management  
(Switzerland) AG  
Real Estate Switzerland  
Aeschenvorstadt 1  
4051 Basel  
sh-am-re-ch@ubs.com

**Cover photo**

New building on the Rue de la  
Morâche in Nyon VD

**For marketing and information purposes by UBS.** UBS real estate funds under Swiss law. Prospectuses, simplified prospectuses, articles of association and contractual terms as well as annual and semi-annual reports of UBS funds are available free of charge from UBS AG, P.O. Box, CH-4002 Basel or UBS Fund Management (Switzerland) AG, P.O. Box, CH-4002 Basel. Issue currently suspended. Purchase and sale of units on the stock exchange. Only tax-exempt occupational pension schemes under pillar 2 and pillar 3a domiciled in Switzerland and voluntary employer-sponsored welfare funds (in accordance with BVG) are authorized to invest in the investment groups of the UBS Foundation for the Investment of Pension Fund Assets. Before investing in a product please read the latest prospectus carefully and thoroughly. Units of UBS funds mentioned herein may not be offered, sold or delivered in the United States. The information mentioned herein is not intended to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not a reliable indicator of future results. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units. Commissions and costs have a negative impact on performance. If the currency of a financial product or financial service is different from your reference currency, the return may rise or fall as a result of currency fluctuations. This information pays no regard to the specific or future investment objectives, financial or tax situation or particular needs of any specific recipient. The details and opinions contained in this document are provided by UBS without any guarantee or warranty and are for the recipient's personal use and information purposes only. This document contains statements that constitute "forward-looking statements", including, but not limited to, statements relating to our future business development. While these forward-looking statements represent our judgments and expectations concerning the future development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. Source for all data and charts (if not otherwise indicated): UBS Asset Management.

© UBS 2021. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.