

A commitment
without
compromise.



Sustainable investing in private markets.

Contents

Highlights

2021 GRESB Assessments

Following on from previous years, our sustainability efforts continue to be recognized by the industry, with strong performances across the globe in the 2021 GRESB Real Estate and Infrastructure Assessments despite increasing competition in these Assessments and an increase in the universe of participants.

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ESG forms part of our DNA.



Darren Rabenou
Head of Food & Agriculture and
Head of ESG Investment Strategies

In our Real Estate & Private Markets (REPM) business, environmental, social, and corporate governance (ESG) factors not only form a significant part of our DNA, but they are among the main considerations that form the basis of our investment decisions.

Given our broad engagement across real estate, infrastructure, private equity and food & agriculture, it is our core belief that sustainable investment practices can enhance both returns and real-world outcomes – not following the trend but playing a leading role in effecting change for generations to come.

Continuous growth and evolution of sustainability in our business over the last few years has enabled us to develop our processes in line with clients' changing expectations. But a responsibility toward our clients is not the only thing that drives us to pursue sustainability – we, too, must increasingly face the consequences that real asset investments have on our environment and our society.

As one of the early adopters, we fundamentally believe we can serve as an example for those that are just now beginning to look at ESG as a way of managing long-term risk, adding value to portfolios and contributing to the low-carbon transition. In the pages that follow, I encourage you to review our efforts in embedding ESG considerations in our investment decisions and our business and hope you will find it useful.

A handwritten signature in blue ink, appearing to read "Darren Rabenou". The signature is fluid and cursive, written in a professional style.

Darren Rabenou



The future matters

Climate change, energy needs and water scarcity are among the biggest challenges of our century. We recognize that real assets such as properties and infrastructure contribute significantly to CO₂ emissions and the consumption of natural resources.

While the financial objectives of our clients remain the primary focus of our investments, REPM's sustainable investment strategy also considers long-term resilience, climate change, environmental, social and governance aspects.

Sustainability is a key component of successful real asset management.

We believe that sustainable ownership and operation of real property can have a significant positive impact on the environment and returns for our clients. We operate with this in mind while investing both directly and indirectly into real assets.

We have established a comprehensive approach to environmental and social factors, and to corporate governance across each of our investment disciplines as part of our commitment to acting as sustainable investors.

Sustainability plays a major role in our strategy and asset-level decisions. Combined with the expertise of our specialist teams from across our business globally, we're able to generate and share innovative ideas to help our clients meet their sustainable investment goals. This integrated approach enables us to maximize our results in the implementation of our sustainable investment strategy.

Our mission

We believe that there is a direct link between sustainable investment and long-term returns. Taking a longer-term view and systematically adopting a sustainability lens to our investment decisions is integral to our approach when investing in real assets.

Our experts endeavor to increase the value of our investments for our investors and tenants so that our assets and strategies can remain secure and resilient.

Our mission consists of the following major principles, which we seek to apply in our own strategies and encourage in the funds in which we invest:

- delivering strong risk-adjusted investment performance by integrating sustainability considerations into our investment processes;
- implementing sustainable practices and promoting health and wellbeing through innovation and the sharing of best practices;
- being a sustainable investor, developer and operator by addressing environmental impacts while enhancing property operations and values; and
- placing a strong emphasis on social responsibility for the benefit of occupiers and the communities in which our assets are located.

The value added

Our integrated approach enables us to harmonize financial goals with environmental and social challenges.

One consequence of climate change and population growth has been an increased focus on preserving natural resources and reducing carbon emissions. This has led to new laws, regulations, price changes, incentives and technologies which are analyzed and incorporated into our investment strategies.

We are committed to reducing the environmental impact of our real assets by conserving resources and reducing our carbon footprint, with the aim of reducing the operating costs of our properties, assets and strategies.

Sustainable investment aims to add value to an investment by: increasing resilience; limiting the risk of regulatory non-compliance; improving competitive positioning through increasing the appeal of a property to tenants and purchasers; and, in many cases, reducing expenses and improving returns.

Making an impact



Planet



People



Partnerships

Working together towards a more sustainable future and a better world





Case study 1

A leader in environmental services

Saubermacher – Graz, Austria



Ranked #1 globally in Environmental Services for the fourth year running.

About the asset

Saubermacher is a leading Central and Eastern European waste management company providing collection, treatment, recycling and disposal of municipal, commercial, industrial and hazardous waste in Austria, Hungary, Slovenia and the Czech Republic. The company is also one of the leading battery recyclers in Europe through its German subsidiary Redux.

Saubermacher pursues the concept of 'Zero Waste' (i.e. recycling with the aim to reduce total waste material to zero). Saubermacher helps avoid approximately 400,000 tons of CO₂ emissions each year. 282,000 tons of avoided CO₂ result from the production of 290,000 tons of refuse derived fuels.

Saubermacher and Redux invest heavily in research and development to produce new innovations in hazardous waste treatment and the recycling and reuse of batteries, particularly lithium batteries.

Certifications: ISCC (International Sustainability & Carbon Certification), ISO9001 (Quality Management System), ISO14001 (Environmental Management System), OHSAS 18001 (Occupational Health and Safety), Family & Work Life Balance, and the Austrian National Coat of Arms.



GRESB
INFRASTRUCTURE
sector leader 2021

Leading the way



We are firmly committed to being a leader in sustainable investing and actively strive to understand, assess, weigh and address the concerns and expectations of our stakeholders.

For a long time, UBS has been helping clients to invest along sustainable criteria. The combined expertise from across UBS has been a key differentiating factor and strength for our firm. We embrace our stewardship of capital and use our influence at scale to inspire and guide the industry to accelerate positive change.

At UBS, sustainability means thinking and acting with the long-term in mind. It's an integral part of our business, from the products, services and advice we offer, to the way we work and operate in society. This is why we are focusing our efforts on the planet, people and partnerships.

We're helping our clients mobilize their capital towards the achievement of the United Nations' 17 Sustainable Development Goals (SDGs) and transition to a low-carbon economy. Through our activities, including being a founding member of the Net Zero Asset Managers Initiative, we're taking an active role in accelerating the transition to a net zero global economy by 2050 and focusing our philanthropy and community activities on health and education. But making a real impact will only be possible through joining forces with our network of partners from across the globe.

UBS manages its environmental program through a worldwide environmental management system in accordance with ISO 14001. It was the first bank to obtain that certification back in 1999. The certification covers the entire scope of UBS products, services and in-house operations which may give rise to an environmental impact.

In 2021, UBS ranked No. 3 out of 117 companies in the Diversified Financial Services & Capital Markets industry in the Dow Jones Sustainability Index.

In 2021, our commitment to sustainability was further recognized with UBS Asset Management (UBS-AM) categorized as an 'Avant-Gardist' in the H&K Responsible Investment Brand Index. Avant-Gardist status is the top category in the survey, awarded to only 16% of the 280+ European managers evaluated. In addition, UBS-AM was named Top 10 in Continental Europe and #1 in Switzerland (up from #5 in 2020).

Funds

Our sustainable investment strategy is integrated into the management of our funds and is implemented by our operational functions during the ownership cycle of an underlying project, from its development or acquisition to the ongoing asset management, renovation, maintenance, and marketing, through successful sale.

We:

- develop and integrate sustainability aspects into strategies,
- set objectives in order to make achievements transparent and measurable,
- measure performance against objectives,
- report results to investors, clients, and consultants.

In the 2020 UN PRI Assessment Report, REPM received the top score (A+) in both the Property and Infrastructure modules, for the fourth year running.

REPM is a member of GRESB, an independent organization committed to assessing the environmental, social and governance performance of real estate and infrastructure. For more information regarding GRESB and REPM's ongoing strong results, please consult pages 15-18 of this document.

Real estate and infrastructure assets

We measure the sustainability performance of our strategies and individual properties and strategies with recognized external benchmarks, such as the GRESB key performance indicators and third-party certifications (LEED, ENERGY STAR, Fitwel, BREEAM, IREM, MINERGIE®, Leading Harvest).

For infrastructure, we also use the GRESB Infrastructure key performance indicators and benchmark reports for our individual investee companies. Based on these results, we are able to define specific measures to enhance the performance of each property or infrastructure asset.

A holistic approach on sustainability also includes strategic and qualitative objectives. We improve the sustainability performance of our portfolios by implementing action plans and best practice measures.

We are active members of various committees and commissions to enhance our knowledge and contribute to the implementation of sustainability and governance initiatives. Regular and transparent communication and the emphasis on long-term partnerships helps us build lasting relationships with our investors, tenants, and service providers.

Fund-of-funds

GRESB scores are an important tool in assessing the sustainability performance of our underlying funds on an ongoing basis; while at the inception of an investment, our due diligence process incorporates ESG factors and policies.



Case study 2

Innovation in sustainable building design

The Flow – Amsterdam, The Netherlands



WELL Platinum, BREEAM Excellent and WiredScore Gold certified.

About the asset

Designed by renowned MVSA Architects, the Flow is an innovative project fully focused on performance, wellbeing and the combination of work and relaxation.

Mobility

- Bike storage facilities, showers and changing rooms
- Cycling routes to Amsterdam's historical city center
- Easily reachable by car through its close proximity to the ring road

Energy efficiency

- Aquifer Thermal Energy Storage system (ATES) heating and cooling provision
- Domestic hot water provided by boilers
- LED lighting
- Photovoltaic panels on the roof with 56.8 kWp capacity
- Awarded: WELL Platinum; BREEAM Excellent; WiredScore Gold; and won the Futureproof, Smartest Building 2020 award by Real Estate Futureproof

Workspace environment

- Air quality and temperature monitoring via personal devices
- Lighting based on anti-dazzle technology, abundance of natural daylight for healthy cardiac rhythm
- Outdoor terrace on every floor; large roof terrace
- 360-degree boardroom
- Fully equipped company kitchen; bar with state-of-the-art sound equipment
- Fitness and sauna facilities

Urban environment

- One of the biggest redevelopment projects in Amsterdam and a former loading dock for wood trade as well as a city harbor
- Area known for its successful transformation into a mixed-use destination for businesses and residential apartments

Materials / resources

- Glazed aluminum composite panels for façade
- Fully insulated roof and façade
- Triple glazing and bamboo flooring on ground floor

* Image source: Ronald Tilleman



Case study 3

Elevating health and wellbeing

455 Market Street – California, US



Obtained LEED-ARC Platinum and Fitwel certifications in 2019 and the new Fitwel Viral Response certification in 2021.

About the asset

455 Market Street (first LEED certified in 2009 and renewed in 2014 under the EBOM – Existing Building Operations and Maintenance rating system) obtained Platinum certification under the new LEED-ARC Certification in 2019 and was recertified Platinum in 2020.

What is Arc? Arc Skoru Inc. is a new digital platform that uses data to help measure and improve sustainability performance across the built environment. It is a technology company created by Green Business Certification Inc. (GBCI) and the US Green Building Council (USGBC) which helps buildings and places collect, manage and benchmark data.

The building obtained Fitwel certification in 2019 and the new Fitwel Viral Response certification in 2021.

What is Fitwel? Fitwel is a certification system for optimizing buildings to support health and wellbeing. The certificate was developed by the Center for Disease Control and Prevention alongside the General Services Administration.

Fitwel seeks to accomplish seven goals:

- impact community health,
- reduce morbidity and absenteeism,
- support social equity for vulnerable populations,
- instill feelings of wellbeing,
- provide healthy food options,
- promote occupant safety,
- increase physical activity.



Corporate dedication

Determined to deliver the transparency needed to support meaningful actions on sustainable investment.



UBS is committed to supporting the sustainable investing industry through commitments to organizations which educate and promote sustainable and impact investing. The list below includes some of our key memberships and commitments.

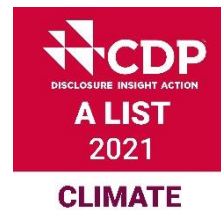
UBS key commitments:

- Net Zero Banking Alliance (founding member)
- CDP: Included in the CDP A List for Climate Change Action in 2021
- Global Reporting Initiative
- Taskforce on Climate Related Financial Disclosure (TCFD)
- Taskforce on Nature-related Financial Disclosures (TNFD)
- Global Impact Investing Network
- Roundtable on Sustainable Palm Oil
- United Nations Environmental Programme (UNEP) – Finance Initiative
- Principles for Responsible Banking
- IFC Operating Principles for Impact Management
- CEO Alliance on Global Investors for Sustainable Development

UBS-AM key commitments:

- Net Zero Asset Managers Initiative (founding member)
- Principles for Responsible Investment (PRI)
- UN Sustainable Development Goals
- UN Global Compact
- International Corporate Governance Network
- Institutional Investors Group on Climate Change
- Asian Corporate Governance Association
- UK Investor Forum
- UK Governance Forum
- Sustainability Accounting Standards Board
- GRESB
- Swiss Sustainable Finance
- EFAMA Stewardship, Market Integrity and ESG Investment Standing Committee
- National Association of Real Estate Investment Managers (NAREIM) – Sustainability and Investment Management
- US Green Building Council (USGBC)
- Workforce Disclosure Initiative
- Transition Pathway Initiative
- Farm Animal Investment Risk & Return
- Investor Statement of the Access to Medicine Index

We continually review our membership of specific initiatives in relation to environmental, social and corporate governance factors.



Signatory of:



Member of
Dow Jones Sustainability Indices
 Powered by the S&P Global CSA





GRESB

Sustained strong results for Real Estate & Private Markets for global real asset funds in 2021 GRESB Assessments.

We use GRESB data to assess and benchmark the ESG performance of our real estate and infrastructure investments to make sound, sustainable investment decisions and identify engagement priorities.

22 of REPM's real estate equity and infrastructure strategies from across the globe – including all of our flagship products – participated in the 2021 GRESB Assessments. The strategies submitted this year accounted for around 97% of REPM's total direct pooled real estate and infrastructure strategies globally¹. Around 91% of our submitted strategies received 4-stars or 5-stars, and 95% outperformed the GRESB average. This continues our consistently strong and improving results over the past ten years.

Management Component: 91% of our submitted strategies received full marks (30/30) and the remaining scored 29/30 in the Management Component of the Assessment which measures an entity's strategy and leadership management, policies and processes, risk management and stakeholder engagement approach.

Performance Component: REPM scored a total average of 53/70, which surpasses the 46/70 GRESB average in the Performance Component which measures indicators such as energy consumption, GHG emissions, water consumption and waste.



GRESB
REAL ESTATE
sector leader 2021

Development Component: 6 of our submitted Swiss strategies achieved 5-stars in this Component of the Assessment dedicated to entities involved in new construction through measuring an entity's efforts to address ESG issues during the design, construction, and renovation of buildings.

Real estate Assessment

- **Japan:** Our open-end core Japanese industrial and infrastructure, and retail and office strategies maintained their 5-star and 4-star ratings, respectively.
- **Switzerland:** 7 out of 8 Swiss real estate strategies, and our closed-end core European diversified strategy received 4-stars. 3 strategies were awarded Sector Leader status in the Development Component of the Assessment.
- **Germany:** Our open-end core German logistics strategy received a 5-star rating for the second year running, and again ranked #1 in its peer group in the Germany Industrial Tenant Controlled category. Our open-end core European office strategy received 5-stars for the sixth year running and ranked second in its European Office peer group.
- **US:** Our open-end core US equity diversified strategy increased from 4-stars to 5-stars, while our open-end value-add US tactical strategy maintained its 4-star status.
- **UK:** Our open-end core UK commercial property strategy retained its leadership position (#1 of 102 in peer group) in the UK Diversified category for the fifth year running, and maintained its 4-star status from the previous year.

Infrastructure Assessment

- 100% of REPM's submitted infrastructure strategies received 4-star or 5-star status.
- The Saubermacher asset held by our first closed-end global infrastructure strategy retained its #1 ranking in its peer group in Environmental Services, and retained its Overall Asset Sector Leader Status for the fourth consecutive year, demonstrating market leading performance.

"Our sustained strong GRESB results are testament to our continued progress towards achieving industry leading ESG policies, practices and performance and reaffirms our commitment to sustainably operate the real assets in our portfolio."

Joseph Azelby
Head of Real Estate & Private Markets



G R E S B
★ ★ ★ ★ ★ 2 0 2 1

GRESB Assessments

GRESB assesses the sustainability performance of real asset sector portfolios and assets in public, private and direct sectors worldwide. It offers ESG data, Scorecards, Benchmark Reports and portfolio analysis tools.

In 2021, GRESB assessed 1,520 real estate strategies and property companies, 149 infrastructure strategies and 558 infrastructure assets.

In 2021, REPM submitted data for 22 real estate and infrastructure strategies representing around USD 65 billion² of assets under management. 91% of our submitted strategies received 4-stars or 5-stars.

The *GRESB Real Estate Assessment* collects information regarding the sustainability performance of property companies and strategies, including information on performance data, such as energy, GHG emissions, water and waste. The assessment also covers broader sustainability issues such as resilience, climate change, sustainability risk assessments, performance improvement programs and engagement with employees, tenants, suppliers and the community. GRESB's global benchmark uses a consistent methodology across different global regions, investment vehicles and property types.



G R E S B
★ ★ ★ ★ ★ 2 0 2 1

The *GRESB Infrastructure Assessment* provides systematic assessment, objective scoring and peer benchmarking of the ESG performance of infrastructure companies, operators and strategies. It provides two levels of assessment. The strategy Assessment contains 10 indicators focused on management and investment processes. The Asset Assessment addresses asset-level plans and policies, on-the-ground actions and operational performance.

¹ Of assets under management for all strategies eligible to participate in the 2021 GRESB Assessments. ² Assets under management stated on gross asset value basis, reflecting property values as at 30 September 2021, where available. Excludes assets held in multi-manager solutions and real estate securities as well as segregated mandates; includes assets managed by our joint venture with Mitsubishi Corporation, Japan; and includes three submitted infrastructure strategies.

UBS-AM 2021 GRESB Assessment results

Strategy description	GRESB Rating ³ (1-star = bottom quintile; 5-stars = top quintile)	Peer group ranking ⁴	Management Score ⁵	Performance Score ⁵	Competitive set ranking / Sector Leader
Japan					
Open-end core Japanese industrial and infrastructure	4-stars	2/13	29/30	56/70	
Open-end core Japanese retail and office	5-stars	2/6	29/30	61/70	
Closed-end value-add / development Japanese residential ⁶	1-star	5/6	30/30	24/70	
Switzerland					
Open-end core Swiss diversified I	4-stars	1/16	30/30	55/70	1st in group ⁷ Regional Sector Leader ⁸
Open-end core Swiss diversified II	4-stars	3/16	30/30	50/70	
Open-end core Swiss diversified III	4-stars	4/16	30/30	50/70	
Open-end core Swiss diversified IV	4-stars	5/16	30/30	49/70	
Open-end core Swiss residential I	4-stars	1/10	30/30	52/70	1st in group ⁷ Overall Global Sector Leader ⁸
Open-end core Swiss residential II	3-stars	4/10	30/30	48/70	
Open-end core Swiss residential III	4-stars	3/10	30/30	50/70	
Open-end core Swiss residential IV	4-stars	2/10	30/30	50/70	Overall Global Sector Leader ⁸
Closed-end core European diversified ⁹	4-stars	27/167	30/30	51/70	
Germany					
Open-end core European office and retail	4-stars	12/51	30/30	55/70	
Open-end core European office	5-stars	2/26	30/30	62/70	
Open-end core German logistics	5-stars	1/6	30/30	58/70	1st in group ⁷
US					
Open-end core US equity diversified	5-stars	10/48	30/30	57/70	
Open-end value add US tactical	4-stars	2/9	30/30	54/70	
UK					
Open-end core UK commercial property	4-stars	1/102	30/30	56/70	1st in group ⁷
Italy					
Closed-ended core eurozone office	4-stars	6/14	30/30	55/70	
Infrastructure					
Closed-end global infrastructure I	5-stars	9/26	30/30	62/70	Saubermacher – Overall Asset Sector Leader ⁸
Closed-end global infrastructure II	5-stars	7/26	30/30	63/70	
Closed-end global infrastructure III ⁹	4-stars	13/26	30/30	56/70	

Source: GRESB Benchmark Reports and UBS Asset Management, Real Estate & Private Markets (REPM); November 2021

Note: UBS-AM has historically submitted data for two real estate debt funds (in the UK and US) to GRESB's Real Estate Debt Assessment, which has been discontinued in 2019. Note: **3** The GRESB Rating, revised in 2016, is based on the GRESB Score and its quintile position relative to the GRESB universe. If an entity is placed in the top quintile, it will be a GRESB 5-Star rated entity; if it ranks in the bottom quintile, it will be a GRESB 1-Star rated entity. As the GRESB Rating is calculated relative to the global performance of reporting entities, it shows an entity's position on a global scale; **4** Each participant is assigned to a peer group determined by a simple set of quantitative rules and provides consistent treatment for all participants; **5** The 2021 GRESB Assessments have been calculated using both Management Scores and Performance Scores as core components in this year's Assessments; **6** Strategy participated for the second time in 2021. While performance continues to be constrained by data access issues, the GRESB Score improved on the previous year by 11 points (to 54 points) in the Standing Investments report and by 29 points (to 74 points) in the Development Component; **7** Ranked first amongst Swiss, German and UK strategies in their respective diversified peer groups; **8** GRESB Sector Leaders are the best performers by sector and region from across the GRESB Assessments. The entity with the top score, as well as the entities with a score within 1 point of the top score in a category will be recognized as Sector Leaders. Sector Leaders are determined for each region (Regional Sector Leaders) and globally (Global Sector Leaders. Swiss strategies have been awarded Sector Leaders in the Development Component of the Assessment; **9** Strategies participated for the first time in 2021.

Longstanding performance

131

funds rated
Green Star since 2012

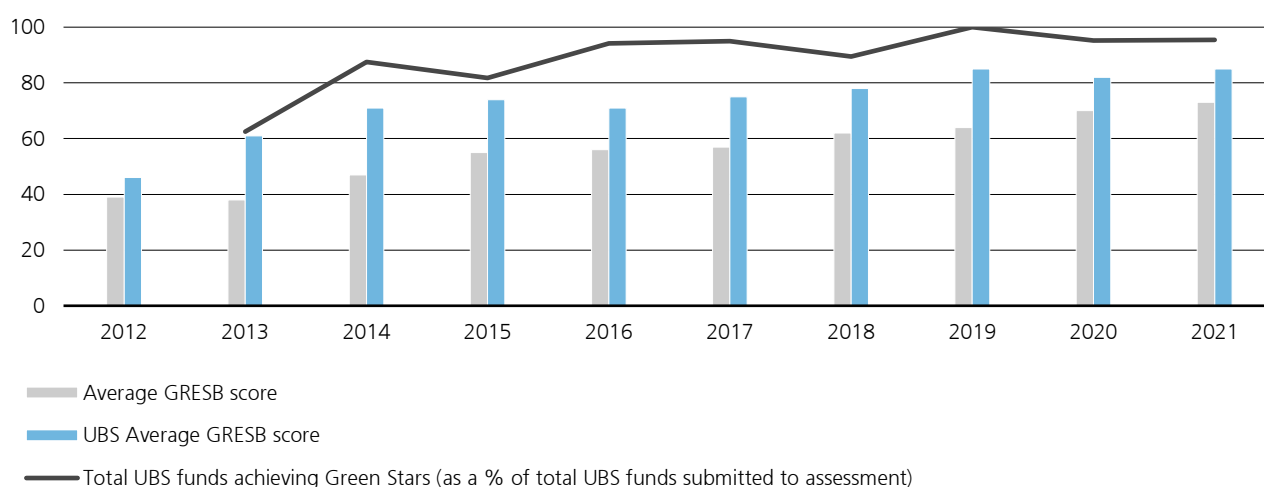
57

funds rated
5-star since 2016



	Total funds submitted	Average GRESB score ¹	5-stars	4-stars
2012	9	46	n/a	n/a
2013	12	61	n/a	n/a
2014	12	71	n/a	n/a
2015	13	74	n/a	n/a
2016	16	71	9	6
2017	22	75	10	3
2018	21	78	7	6
2019	20	85	15	5
2020 ²	21	82	9	11
2021	22	85	6	14

Absolute improved performance year after year



Source: Scores based on 2012-2021 GRESB Assessment data.

¹ Denotes average GRESB score for both Real Estate and Infrastructure Assessments, the latter introduced in 2016. ² In 2020, the GRESB Assessment structure and scoring fundamentally changed, establishing a new baseline for measuring asset and strategy performance.



Covering much ground

Our Multi-Manager (indirect) businesses combine the expertise of Real Estate, Infrastructure and Private Equity into a single integrated business. ESG considerations are integrated within the entire investment process, including due diligence of new investments and ongoing ownership of existing investments. Our sustainable investment strategy is embedded throughout the ownership cycle of a Multi-Manager investment because we believe that a significant positive impact is also possible indirectly, on society, the environment, and in the returns generated for our clients.



Integrating ESG aspects throughout the indirect investment process.

Multi-Managers Real Estate

Buildings, by their nature, are energy intensive, which is why we've established a systematic and informed approach to identifying and managing ESG issues across the real estate funds in which we invest. We fundamentally believe that ESG will materially impact future results of our indirect real estate investments, combined with an overarching fiduciary duty both to manage risk for our clients but also to act responsibly as investors.

Our goal is to identify all the ESG risks and opportunities within any indirect real estate investment, and in turn, use the skills of our team of global specialists to meet the increasingly diversified needs of our clients to generate long-term growth, to enhance returns, and to reduce volatility. Our sustainable investment strategy is embedded into every stage of the Multi-Managers Real Estate (MMRE) investment process, including the ownership cycle.

We regularly collect information on each target fund's ESG policies and efforts as part of our rigorous due diligence process during the continual underwriting of each investment. We review the target fund's ESG policies, and consider how it incorporates these policies into its strategy, how it reports its ESG strategy to its investors, what relevant laws and regulations impact the fund, and any sustainability initiatives the fund is already participating in. We also review the ESG scores achieved by the target fund, at the property, fund and company levels (e.g., LEED certifications, GRESB scores, UN PRI Assessment, other environmental accreditations). We believe such scores may indicate risks and opportunities that could impact current and future investment returns and liquidity.

Multi-Managers Infrastructure

Whether investing into infrastructure directly or indirectly, ESG issues are important considerations for investors given the long-term time horizon and often relatively significant financial investment required. Sustainable infrastructure investments play a driving role in decarbonization, while improving livelihoods and economies. We firmly believe that through integrating ESG factors into our investment process, we can achieve positive and lasting outcomes as the demand for global infrastructure investment continues to grow.

Our Multi-Managers Infrastructure (MMINFRA) business factors in ESG aspects at all stages of the investment process, including the investment case and the evaluation methods used prior to making investment decisions. Conducting early screening and exclusion of investment opportunities based on ESG merits and risk considerations is a crucial step in our infrastructure investment process.

We report regularly to our clients on the ESG dimensions of their respective portfolios. Our objective is to provide a comprehensive overview of how the underlying fund managers address and implement ESG aspects in both their investment strategy and asset management. We achieve this through maintaining an active dialogue with fund managers in order to encourage the broader adoption of ESG principles, limit and reduce the exposure to investments with higher environmental risks and promote good governance objectives. We have added the systematic collection of information on our target funds' ESG policies and ESG practices to our investment process in order to thoroughly consider how managers incorporate ESG policies into a firm and fund's strategy.

However, ESG considerations are not limited to the due diligence and the investment phase but are considered throughout the entire lifecycle of our investment process. ESG factors are monitored and reviewed alongside regular investment monitoring through quarterly fund reports, manager calls and onsite-meetings, advisory board sessions, annual sustainability reports, etc. with any findings and deviations addressed with the fund managers.

Multi-Managers Private Equity

Private equity investments naturally consider future trends where value can be generated. This is why our Multi-Managers Private Equity (MMPE) portfolio reflects our and our clients' vision for our future which means investing to address the environmental and social crises we face as a society today. We believe that integrating ESG factors in the investment process can help better manage risk and can enhance performance, while aligning the broader interests of our investors and managers.

MMPE has a long history of considering ESG aspects in its investments; since 2012, we have conducted exclusion screening of investments and continuously refined the standards since then. Our investment process integrates ESG aspects throughout the entire investment lifecycle from sourcing, investment due diligence, to the ongoing monitoring and reporting. ESG factors are considered early on during market screening and sourcing activities and we apply filtering and exclusion of investment opportunities based on ESG merits and risk considerations.

We thoroughly assess the ESG information provided by managers through dedicated reports and cover a number of ESG areas including: ownership; past and current litigations; firms' governance model; firms' ESG policy and principles; past and present investment activity in restricted or sanctioned countries; past or present investment activity in controversial sectors etc. And, together with partners, we have also launched dedicated products in that space, e.g., the UBS Oncology Impact Fund which, until today, is the largest dedicated fund in the private markets space dedicated to finding cures for cancer.

Swiss Real Estate Securities

Since 2005, Swiss Real Estate Securities has been investing broadly across the Swiss real estate segment. Hence, it is important that our strong ESG proposition can create value with the aim of delivering attractive returns to our clients while generating positive and environmental impacts. During our due-diligence process, we analyze a target fund's sustainability activities, and consider ESG factors in the investment decision process e.g., participation in third-party sustainability benchmarks such as GRESB or the Swiss Sustainable Real Estate Index (SSREI). And throughout an investment's life cycle, we proactively monitor the implementation of sustainability factors e.g., property inspections, regular due diligence meetings etc. As part of our commitment, we educate the market about how integrating sustainability factors in real estate investment not only helps to accomplish positive climate action but can identify risks, generate strong return, and create more resilient portfolios.



Case study 4

Encouraging biodiversity

Rue de la Morêche – Vaud, Switzerland



Enhancing biodiversity through real estate and improving real estate through biodiversity.

About the asset

Biodiversity and ecosystems provide us with our life support systems and add value to the economy. For us, the chance to enhance biodiversity and ecosystems hand in hand with the provision of real estate development is a cost-effective and scalable way to improve our planet's resilience to temperature rises, natural disasters and other climate extremes. In addition, we aim to contribute to the well-being of tenants in today's changing climatic conditions and more compact living spaces.

Natural landscaping in real estate has a positive effect on productivity, recreation and people's well-being. In view of climate change, the creation of new green spaces is becoming increasingly important in urban areas.

- Natural landscaping in dedicated green spaces promotes biodiversity and enhances the quality of the building
- The design incorporates high-quality outdoor spaces with dedicated pedestrian zones and green areas
- Plants positively influence the microclimate and help to ensure a high level of comfort for tenants and occupants – even on hot summer days

Governance

A holistic approach



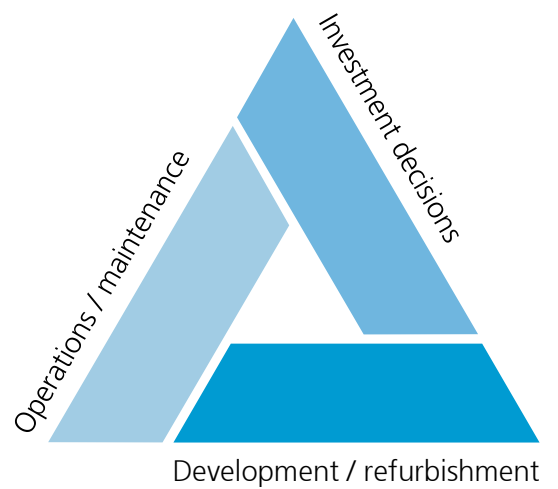
ESG interwoven into our thinking and organizational DNA.

REPM's robust ESG governance and organizational structure has clear responsibilities and incentives, which are designed to integrate sustainable criteria into our clients' investments. We have a clear focus on continuously refining and implementing our sustainable investing strategies and enhancing ESG integration across our real estate, infrastructure, private equity, and food & agriculture business areas.

The REPM ESG Management Committee (ESG MC) provides a forum for structured engagement on ESG initiatives. Comprising experts from multiple countries and disciplines, the ESG MC oversees implementation of decisions and recommendations channeled through REPM's various specialist ESG Working Groups (ESG WGs). The ESG WGs streams include representatives from both our direct and indirect investment areas, as well as a Working Group focused on regulation, and are responsible for generating diverse and innovative ideas, while ensuring our sustainability objectives are incorporated into all of our funds' investment processes and strategies, and property operations.



In addition, the ESG WGs measure the progress of the various business areas and reports regularly to the ESG MC. This integrated approach details our firm-wide commitment to integrate ESG information into our investment processes, reflects the diversity of clients we serve, and the breadth of our offerings and investment strategies.





Case study 5

Sustainable and healthy office buildings

Pleyad Campus – Paris, France



A future-proof prime business campus, reflecting sustainable development in the world's largest infrastructure project.

About the asset

- Construction of the Pleyad 4.1 project was completed in 4Q19
- The property forms part of the Pleyad Campus, which consists of the assets Pleyad 1, 2, 3, as well as Pleyad 6/7, with an additional 35,000 to 39,000 sqm allowed for future construction
- Pleyad 4.1 is a prime business center with flexible office space, including integrated meeting rooms, a restaurant and brasserie
- The entire campus (Pleyad 1-7) is registered for Ecojardin
- Additionally registered for BREEAM Excellent certification and NF HQE EXCEPTIONNEL, BiodiverCity

Energy efficiency

- Onsite solar/photovoltaic panels generate part of the energy consumed by the building
- Property adheres to Réglementation Thermique – RT2012 (with the aim of surpassing the threshold by 40%)

Materials / resources

- French labeling A+ for inside materials (HQE and BREEAM)
- PEFC or FSC required for all wooden materials
- Agreement for low impact construction signed by the general contractor
- Minimum of 75% (by mass) earmarked for waste recovery

Mobility

- Campus provides unique micro location and a major new transport hub, with excellent local public transport facilities following the opening of new train station, Pleyel
- Campus forms part of the huge infrastructure project associated with the Paris 2024 Olympics

Health / wellbeing

- Biodiversity facilities promote outdoor activities
- Zero use of herbicides and any phytosanitary product in this garden for three years post completion
- 75% of the flora in Pleyad 4.1 reflect local species
- Every floor provides a terrace
- Vast number of amenities provided, including fitness facilities and locker rooms

* Image source: Architekten ECDM / Bléas et Leroy / L'Autre Image



Case study 6

Measuring social value

Springfield Outlet Center – Spalding, UK



Pilot initiative seeks to assess and improve the social value of our real estate assets.

About the asset

While environmental considerations have started to become mainstream in assessing real estate and infrastructure, the 'S' in ESG has been traditionally harder to measure. We recognize that property assets – offices, shopping centers, industrial estates – benefit local communities even though it may not be obvious at first sight.

To assess and seek to improve the social value of our property assets, we recently commenced a pilot within our core UK real estate strategy. We commissioned a third-party, the Social Value Portal, who use an independent measurement framework, to collect data and generate the social, economic and environmental value of a property.

We worked with tenants and our property and facilities management teams onsite to understand and measure things like local employment levels, traineeships, jobs for young offenders, community events held at the property and volunteering.

The first assessment started in early 2019 with Springfields Outlet Center, a leading retail and leisure destination in the east of England, and has since been extended to office and industrial assets, with student accommodation to follow.






Further properties in Europe will also be piloted, with the aim of having a social value across the UK portfolio as well as for other properties held by REPM globally.

The social value produced reflects the property's value to the community as well as the financial return to investors, and is used to measure our contribution to the United Nations' Sustainability Development Goals (SDGs), 17 global goals set in 2015 aiming to achieve 'a better and more sustainable future for all' and which includes goals covering poverty, inequality and climate change, amongst others. Springfields's social value – GBP 4.3 million – was mapped to multiple SDGs, most notably to the 8th and 9th SDGs for 'Decent work and economic growth' and 'Industry, innovation and infrastructure', respectively.

Let's tackle it!



A clear goal towards delivering sustainable and ultimately, better-performing assets for our investors.

	Real estate targets (rolling 5 years) ¹	Progress against our targets (5-year period) ²	Current achievement (5-year period)
	Reduce by 12.5% energy consumption	Electricity to power 17,000+ Houses	9.6% reduced
	Reduce by 10% water consumption	Water to fill 900 Olympic swimming pools	21.7% Reduced
	Reduce by 10% operating costs	USD 37.9m electricity and water cost savings ³	17.3% reduced
	Reduce by 2030 50% greenhouse gas emission	30,000+ cars taken off the road	21.7% reduced
	Achieve portfolio-wide 50% recycling rate	70,000+ tons of waste diverted ⁴	53.0% diverted ⁴

1 GHG reduction targets determined utilizing the science-based 1.5 degree scenario, in line with the Paris Agreement; All targets above are measured over five-year timeframes except for the recycling rate, which is an annual target. **2** Based on the UBS-AM GRESB Portfolio Analysis Report 2021 (for Amalgamated RE); reflects like-for-like change data for the five-year period ended 31 December 2020. **3** Based on an estimated average electricity cost of USD 148.7 (cost as at 2020) per megawatt hour and average water cost (supply and sewerage) of USD 6.5 (cost as at 2020) per cubic meter. **4** Recycling rate metric based on measurable data for the one-year period ended 31 December 2020.



A greener future



Contributing towards a more sustainable world for generations to come with farmland.

As one of the US's leading managers of institutional farmland investment portfolios starting in 1990, we are committed to preserving farmland for the long-term for future generations to come.

Our portfolios are enrolled in the Leading Harvest Farmland Management Standard, a newly developed ESG standard for farmland portfolios designed to optimize sustainable farmland management as part of a comprehensive assurance program. The Standard identifies sustainable farming practices based on 13 Principles, 13 Objectives, 33 Performance Measures and 71 Indicators. It addresses economic, environmental, social and governance issues and includes measures to efficiently use water, agricultural chemicals and energy to grow crops for

useful agricultural products; minimize waste; and conserve soils, water resources and biodiversity. It also takes into consideration the wellbeing of farmland tenants, employees, contract management company employees, contract farm labor and local communities.

The Standard is designed to grow with agricultural operation over time, providing a framework for continuous improvement. Through the Standard's sound auditing assurance, we can confidently make claims to the market that our farm operations are achieving lasting outcomes for our clients, the communities in which we operate and growing a healthier future for generations to come.



Case study 7

A better future with renewable energy

Spinning Spur II Wind Farm – Texas, US



Ranked #2 amongst US onshore wind power generation assets in the 2021 GRESB Infrastructure Asset Assessment.

About the asset

Spanning over 16,000 acres in the north panhandle of Texas, Spinning Spur II is a wind farm that generates 650,000 megawatt hours of renewable electricity each year. The wind farm utilizes 87 General Electric-designed 1.85 MW wind turbines. A strategy managed by REPM acquired a 50% stake in the operational wind farm in July 2014 with management rights.

One of the first projects to use the Competitive Renewable Energy Zone (CREZ) transmission line in Texas, Spinning Spur II interconnects CREZ to the Electric Reliability Council of Texas (ERCOT) through a 40-mile transmission generation tie line.

The wind farm generates and delivers clean, renewable electricity while displacing about 460,000 metric tons of carbon emissions each year. The effect is equivalent to taking 98,000 passenger vehicles off the road every year. It produces enough energy to power approximately 55,000 Texas homes.

The wind farm was designed to maximize the efficiency of the conversion process, transforming harnessed wind power into useable electricity. The model of wind turbines used was selected for its suitability to the nature of the local wind resource, ensuring that electricity generation will remain strong through the long-term.



Case study 8

Creating impact with renewable energy

Photovoltaic project – Switzerland



Fostering solar energy on the roofs of our managed buildings for the benefit of our tenants and investors.

About the project

Working in partnership with the Energie Zukunft Schweiz AG association, we are working towards meeting the electricity needs of our real estate portfolio via renewable energies. The photovoltaic project is targeting to install more than 100 power-generating systems across our Swiss portfolio with an output of around 15 MWp by 2022, enough to supply around 4,000 homes.

This ambitious project was launched in 2017 with the construction of three photovoltaic systems. This pilot stage aimed to demonstrate that these systems are not only technically feasible but also economically attractive, and our experience led to a decision in Summer 2018 for a large-scale roll-out throughout our Swiss portfolio.

Since then, more than 120 potential projects have been identified. Installation is progressing well, with around 70 systems expected to be operating by the end of 2021.

Each individual project aims to offer solar power to tenants at attractive terms, while also creating added value for our investors. Recent projects show that there is a high demand for locally-produced solar power, especially among commercial tenants, demonstrating that these systems can also increase the attractiveness of a property for tenants.



Case study 9

Innovative financing with Green Bonds

G-Bldg. Kichijoji 02 – Tokyo, Japan



At the forefront of sustainability innovation, UBS strategy pioneers first Green Bond issue in Japan's REIT (J-REIT) market.

In a first for the Japanese J-REIT market, in 2018 our real estate joint venture with Mitsubishi Corporation in Japan issued a highly innovative Green Bond.

Green bonds are a type of fixed income instrument specifically designed to finance climate or environmental projects, including alternative energy, energy efficiency, pollution control, sustainable water, green building and climate adaptation.

The Japan Metropolitan Fund (JMF), formerly Japan Retail Fund Investment Corporation¹, issued the five-year bond of JPY 8 billion in 2018 at a lower coupon rate of 0.210%, reflecting a green premium. Following the success of the first Green Bond, JRF issued a second Green Bond in 2019.

The first bond was issued to refinance bank loans originally used to acquire a green building certified asset, the G-Bldg. Kichijoji 02, an urban retail property in Tokyo.

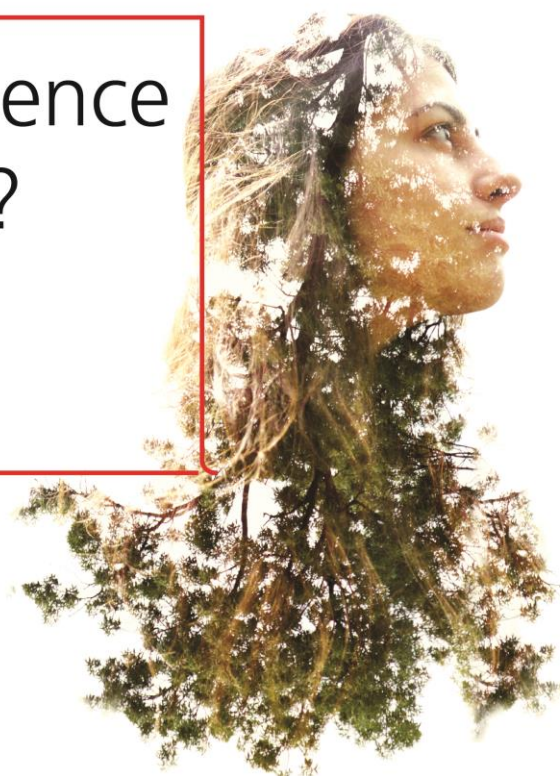
The second bond was used primarily to invest in green initiatives across the portfolio, including at the flagship asset, mozo wonder city (JMF's first asset to be green building certified), where we are taking action to improve the shopping mall's environmental performance as well as to support the local community from a social perspective.

¹ Merger of Japan Retail Fund and MidCity to form Japan Metropolitan Fund Investment Corporation in March 2021



Performance excellence or positive change?

At UBS Asset Management,
we believe in sustainable outcomes
without compromise.



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