

Green News & Views

Real Assets – Sustainability initiatives

September 2020



Museum Tower, Charlotte, North Carolina (LEED NC certified)

The UN PRI principles aim to promote the integration and adoption of ESG practices across the asset management industry.

Our top PRI scores, year-after-year, reflect the strength of our approach to responsible investing and testament to putting the PRI into practice.

"Even though this is our fourth consecutive year to receive an A+ in both the Property and Infrastructure modules, we continue to look for new ways to be a leader in sustainability – particularly given climate change and the impact of the pandemic."

Joseph Azelby, *Head of REPM*

UN PRI 2020 Assessments – Promoting transparency in the real asset industry

In 2020, we again ranked top-tier for sustainability in the UN-backed Principles for Responsible Investment (PRI). For the fourth consecutive year we maintained our A+ rating across both the Property and Infrastructure modules.

The PRI sets a benchmark for asset managers and asset owners within the industry for responsible investing and provides a year-on-year comparative analysis. Signatories report on their responsible investment activities for those asset classes in which more than 10% of their assets are invested. The PRI then compiles the scores on an annual basis to assess the sustainability credentials of businesses in the investment industry, in order to promote its key objectives. It has six core principles, led by a commitment to incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making processes.

This year, transparency reports were submitted in record numbers with signatories climbing past 3,000 as asset managers globally pushed forward with sustainability efforts. PRI reporting is the largest global reporting project on responsible investment. UBS Asset Management signed the PRI in 2009 as part of our wider commitment to responsible real asset investments. Since then, we have continued working to encourage and incorporate ESG considerations into the investment process of each of our real estate and infrastructure investments globally.

A+ score (98%) for Property: A testament to responsible real estate investment

As part of the UN PRI Reporting Framework, we provide information annually about our ownership of property assets by type and value as well as how these assets are managed. This includes how we apply our responsible property investment policy, strategy and processes to investment selection, monitoring and management. A summary of our results can be found below.

UBS understands that incorporating ESG into real property investment decisions and operations can have a significant positive impact on the environment and returns for our clients, therefore sustainability plays a major role in our corporate, fund and asset-level decisions. By making buildings more sustainable, we believe that we can help the environment while enhancing returns from real estate investments. As active managers of real estate, we have made ESG criteria a key part of our real estate investment and asset management processes.

Direct – Property

Indicator Scorecard

Module	Property					
Total score	50★ (out of a maximum 51★ from 17 indicators). Your score includes 4 additionally assessed indicators and the additional part of your score was calculated from PR 03, PR 05, PR 13, and PR 14.					
Band	A+					
Section	Indicator	Median peer score (# peers)	Your score	Change against last year		
	Number	Type	Topic			
Overview	PR 01	Core	Responsible Property Investment (RPI) policy	★★★ (315)	★★★	–
Fundraising	PR 02	Core	Fund placement documents and RI	★★★ (201)	★★★	–
	PR 03	Additional	Formal commitments to RI	★★★ (162)	★★★	–
Pre-investment	PR 04	Core	Incorporating ESG issues when selecting investments	★★★ (315)	★★★	–
	PR 05	Additional	Types of ESG information considered in investment selection	★★★ (315)	★★★	–
	PR 06	Core	ESG issues impact in selection process	★★★ (301)	★★★	–
Selection, appointment & monitoring third-party property managers	PR 07a	Core	ESG issues in selection	★★★ (218)	★★★	–
	PR 07b	Core	ESG issues in appointment	★★★ (218)	★★★	–
	PR 07c	Core	ESG issues in monitoring	★★★ (218)	★★★	–
Post-investment	PR 09	Core	ESG targets that were set and monitored	★★★ (315)	★★★	–
	PR 11a	Core	Developments and refurbishments	★★★ (311)	★★★	–
	PR 11b	Core	ESG considerations	★★★ (311)	★★★	–
	PR 12	Core	Occupier engagement	★★★ (315)	★★★	–
	PR 13	Additional	Green leases or MOUs	★★★ (286)	★★★	–
	PR 14	Additional	Proportion of assets engaged with on community issues	★★★ (315)	★★★	–
Outputs	PR 15	Additional	ESG issues affected financial/ESG Performance	★★★ (315)	★★★	–
Communication	SG 19a	Core	Disclosure of approach to public	★★★ (315)	★★★	–
	SG 19b	Core	Disclosure of approach to clients/beneficiaries	★★★ (315)	★★★	–

A+ score (100%) for Infrastructure: Our impact across many types of infrastructure investments

In the infrastructure module, we reported on our investment monitoring, active ownership and management processes. We disclosed the activities of our infrastructure investment operations, maintenance as well as our engagements with stakeholders. Our scorecard for infrastructure can be seen below.

ESG principles are embedded in our processes when identifying infrastructure investment opportunities, conducting due diligence and actively managing investments in the portfolios we manage on behalf of our clients. In our view, delivery against a robust ESG framework reflects good management, delivers lower risk investments, greater community and employee support, and over the long-term, stronger financial returns.

Direct – Infrastructure

Indicator Scorecard

Module	Infrastructure					
Total score	42 ★ (out of a maximum 42 ★ from 14 indicators). Your score includes 4 additionally assessed indicators and the additional part of your score was calculated from INF 08, INF 09, INF 13, and INF 16.					
Band	A+					
Section	Indicator			Median peer score (# peers)	Your score	Change against last year
	Number	Type	Topic			
Overview	INF 02	Core	Responsible investment policy for infrastructure	★★★ (181)	★★★	–
Fundraising of infrastructure Funds	INF 03	Core	Fund placement documents and RI	★★★ (143)	★★★	–
	INF 04	Additional	Formal commitments to RI	★★★ (136)	★★★	–
Pre-investment (selection)	INF 07	Core	ESG issues in investment selection process	★★★ (181)	★★★	–
	INF 08	Additional	Types of ESG information considered in investment selection	★★★ (181)	★★★	–
	INF 09	Additional	ESG issues impact in selection process	★★★ (172)	★★★	–
Selection, appointment and monitoring of third-party operators	INF 10a	Core	ESG issues in selection of third-party operators	★★★ (81)	★★★	↑
	INF 10b	Core	ESG issues in appointment of third-party operators	★★★ (81)	★★★	–
	INF 10c	Core	ESG issues in monitoring of third-party operators	★★★ (81)	★★★	↑
Post-investment (monitoring and active ownership)	INF 12	Core	Proportion of assets with ESG performance targets	★★★ (181)	★★★	–
	INF 13	Additional	Proportion of portfolio companies with ESG/sustainability policy	★★★ (181)	★★★	–
	INF 15	Core	Proportion of maintenance projects where ESG issues were considered	★★★ (169)	★★★	–
	INF 16	Additional	Proportion of stakeholders that were engaged with on ESG issues	★★★ (181)	★★★	–
	INF 17	Additional	ESG issues affected financial/ESG performance	★★★ (181)	★★★	–
Communication	SG 19a	Core	Disclosure of approach to public	★★★ (181)	★★★	–
	SG 19b	Core	Disclosure of approach to clients/beneficiaries	★★★ (181)	★★★	–

Promoting transparency across our industry

We're proud to see that our commitment to responsible investing is again confirmed by the latest PRI assessment. Our strong results, year-after-year, reflect how we put the Principles into practice to benefit the environment and society at large. The A+ scores in each of the past four years are the result of our sustained ESG focus within our business and the combined efforts of our people to drive this forward. We strive to continue to broaden our integration of ESG factors in real estate and infrastructure, whilst advocating for responsible investment in the real asset industry overall.



Signatory of:



Source: UN PRI 2020 Assessment Report and UBS Asset Management, Real Estate & Private Markets (REPM).

Note: The Summary Scorecard presents an overview of the performance bands achieved for each module across asset classes compared to the median results of peers. "–" indicates the same score achieved the previous year and "↑" indicates an improved score. All signatories are assessed on 'core' indicators. 'Additional' is voluntary to the assessment to demonstrate more advanced stages of implementation or reflect alternative practices.

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