Taking action!

Join us on our journey through sustainable investing in real assets.

UBS

Contents

Foreword

"Client and stakeholder discussions around sustainability are becoming more in-depth, complex and engaged, showing the increased focus and literacy in the subject."

Head of Sustainability, Global Real Assets

Dear readers

Sustainability is at the core of how Global Real Assets (GRA) operates; maintaining income streams and preserving capital values is our mandate. As a result, it has seamlessly integrated into the daily activities of our investment teams, as well as our operations and support functions. As our business has evolved from private markets to a broader emphasis on real assets, sustainability has remained a constant component of our strategy.

We remain committed to providing our clients with an offering to meet their evolving sustainability needs. There are a variety of ways clients may choose to incorporate sustainability considerations into portfolio risk and return objectives, which is why we offer a variety of approaches, including dedicated net zero, impact and transition focused strategies, stewardship, ESG integration and customization. It's all about partnering with clients to enable choice.

As awareness of the topic of sustainability has expanded, accordingly sustainability literacy has increased thus raising the complexity and depth of discussions with stakeholders. Investors expect clarity on specific pathways to achieve sustainability goals, the scope of net-zero ambitions, and the implications of stranded assets within portfolios. This evolution reflects the growing sophistication of sustainability in the real assets investment space and the increasing demand for measurable progress towards transparent sustainability-oriented goals.

In 2024, we made progress in strengthening our investment practices with the goal of enhancing the climate resilience of our real asset investments and long-term value creation and risk mitigation. We also enhanced our analytical tools, streamlined decision-making processes, and harmonized procedures across asset classes and regions where relevant.

Data remains the foundation of our sustainability efforts, and in 2024, we took deliberate steps to improve the quality, timeliness, and completeness of our data. We're equipping ourselves to make more informed and timely decisions, helping to protect and create value within our portfolios.

Education continues to be a priority. We further enhanced our comprehensive ESG curriculum with additional modules tailored to real assets and private markets, ensuring that sustainability remains a shared responsibility across our organization and our teams remain up to date and fluent on the topic.

We invite you to explore the pages that follow to learn more about our recent progress, wins and what we're planning next. We look forward to continuing this journey with you.

Olivia Muir

Sustainability facts

USD 91bn

AuM for 2024 GRESB submitted strategies[1]

23

SI offerings[2]

14

GRA SI professionals

12

Years of GRESB participation

> "Sustainability can be a material driver of value and plays a crucial role in protecting and growing our clients' capital."

1 AuM as of December 2024.
2 As of December 2024; GRA SI offerings and GRA SI professionals as defined by the UBS Asset Management Sustainability Classification Framework. For more information, please see *here*.

Our approach

At UBS, our sustainability and corporate culture activities are grounded in our Principles and Behaviors and overseen at the highest level of our organization. Our Code covers our commitment to acting with the long term in mind and creating value for clients, employees, communities and investors. This includes our commitment to protecting the environment and fulfilling our compliance obligations.

Our sustainability and impact strategy is based on three overarching strategic pillars:

Protect

We focus on protecting clients' assets by aligning with sustainable long-term strategy and maintaining strong control and risk frameworks.

Grow

We expand our sustainability offerings and provide innovative financing and investment solutions to support the transition to a low-carbon economy.

Attract

We aim to be the preferred bank for clients and employees, maintaining strong sustainability ratings and enhancing engagement and education.

As fiduciaries of our clients' capital, our aim is to deliver strong risk-adjusted returns. To achieve this, we believe it's important to incorporate financially material sustainability considerations throughout our investment sustainability comprehensively throughout our investment processes across our businesses.

Sustainable investing has the potential to add value in various (quantitative and qualitative) ways: improved management of physical risk and resulting impacts; reduced risk of regulatory non-compliance; improved competitive positioning; potential for climate-related upside and opportunity; reduced ongoing expenses; the list could go on.

The financial relevance of sustainability is why we place it as one of the key factors in GRA decisions and discussions, captured in our sustainability statement that is applied across all our business areas.

> "To integrate sustainability across our real assets activities and provide sustainability-focused solutions to our clients and stakeholders, based on our expectation that this will drive long-term returns for investors and contribute to a measurable and more sustainable future for all."

In practice, this means ensuring comprehensive and ever-evolving climate risk and opportunity analyses (and necessary action plans, where possible or relevant) are built into sourcing, investment decision, ownership and exit phases of our assets. Social impact is also considered, where relevant. This is integrated in the investment process and applied across GRA, from real estate to infrastructure to food and agriculture and the many varied business areas where relevant.

Taking great strides

In 2024, we continued to enhance our sustainability efforts from 2023. We focused on improving our data processes, enhancing data quality, and ensuring completeness across our real estate portfolio. This involved launching projects for better data management and investing in our overall platform, including reassessing our partnerships with sustainability consultants and selecting an upgraded data platform to harmonize our global standards in real estate investment management. We are excited about the groundwork laid this year and anticipate portfolio benefits in the future.

Additionally, in 2024, we systematically rolled out a program to conduct net zero/energy audits across our European properties. We successfully completed about 30 audits this year, with the next batch scheduled for the first half of 2025. The findings, which include specific energy conservation and emission reduction measures, have been incorporated into the relevant business plans to help achieve our decarbonization targets, reduce stranding risk and protect value. Decarbonization and net zero were also prominent topics in our thought leadership articles published this year. We also shared our views on the implementation of *green leases* and *physical climate risk*. We invite you to browse our library for *more insights*.

Throughout the year, we made significant efforts to integrate former Credit Suisse products, along with their investment and operational platforms. We aligned the sustainability processes, disclosures, policies, governance, and practices with our existing model, improving collaboration and leveraging our combined strengths. Furthermore, we aligned our combined Swiss offering to the AMAS self-regulation requirements and began reporting on ASIP metrics in 1Q24 for our real estate funds.

Our climate risk identification and assessment approach has further evolved. We developed an in-house proprietary dashboard incorporating vendor climate model data to provide insights on climate-related hazard exposures and began resiliency assessments to determine potential mitigation measures for vulnerable assets.

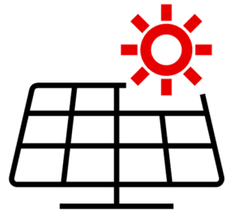
We continued our submissions to the Global Real Estate Sustainability Benchmark (GRESB) for both our real estate and infrastructure funds and assets, with a total of 37 submissions, achieving robust results once again. Both the central and wider GRA sustainability teams have expanded, strengthening their presence and expertise in Zurich and London. This reflects the importance of sustainability and our ambition. At the end of 2024, the GRA sustainability team now comprises eight full-time employees, with six additional sustainability-dedicated specialists within the GRA business areas and other partially dedicated professionals.

The GRA central sustainability team aims to stay at the forefront of sustainable investment practices for our asset classes. Therefore, stakeholder engagement with industry groups, investors, competitors, clients, and regulators is part of our mandate. In collaboration with regional ESG leads, we actively participate in real estate and infrastructure working groups. This engagement leads to valuable exchanges with industry participants, contributing to the overall agenda and bringing back insights and best practices for our operations.

We continued our efforts to increase technical and overall knowledge within our team and the wider organization. The proprietary ESG curriculum, launched in 2022, was updated with new trainings in 2024, reflecting the dynamic sustainability landscape. Looking forward to 2025, new sessions will be added, building on the GRA team members' existing ESG knowledge base. These sessions introduce new sustainability trends, practices, and regulations to our teams. Finally, ESG-related objectives are now an integral part of every GRA employee's annual assessment, playing a crucial role in our governance and helping us execute our overall sustainability strategy.

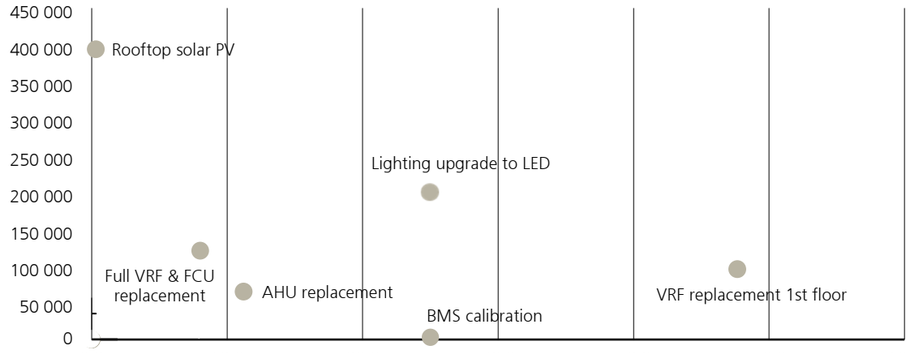
In the following pages, we explore topics that were in focus during the past year, such as physical climate risk and decarbonization. We hope to provide you with interesting insights on how we translated our strategy into practice and furthered our sustainability platform.

Energy audits



Identifying energy conservation and emission reduction measures to guide our real estate towards net zero operating emissions.

Example cost-benefit analysis
(Implementation costs – EUR, Energy use intensity savings – KWH/sqm/year)



Source: UBS Asset Management, Global Real Assets, January 2025

About the project
In 2024, we conducted net-zero audits on nearly 30 of our European office, industrial, and retail properties. The primary aim of these energy audits was to evaluate current energy, waste, and water consumption, establish a baseline for energy performance, and develop a detailed, feasible, and cost-effective roadmap for energy reduction. To make the most of the audits' findings, each asset's business plan is being adjusted to incorporate individualized energy conservation and emission reduction measures aimed at achieving decarbonization targets and reducing the risk of stranded assets. Looking ahead, the next series of net-zero audits for our portfolio is expected to begin in the first half of 2025.

Assessment outcomes
The identified Energy Conservation Measures (ECM) varied based on each property's specific assessment. These measures included e.g., replacing fossil fuel–based heating systems with more efficient electric heating systems such as heat pumps, installing advanced building energy management systems, optimizing the thermal insulation of roofs and facades, installing highly energy-efficient LED lighting, and optimizing operating times and temperature setpoints for air conditioning and ventilation systems. Additionally, the potential for generating electricity and heat on-site using locally-produced solar power on roofs, facades, and external areas was also evaluated for each property.

Looking ahead
The insights gained from the energy audits will guide us in creating tailored measures for each property, aiding our progress towards achieving net zero emissions by 2050. This preparation helps us comply with future regulatory changes and maintain the value of our properties in an ever more demanding investment market. Additionally, it ensures our real estate assets meet tenant expectations regarding environmental sustainability and cost-efficiency.

Climate risk

As a global financial institution, it is our duty to help stakeholders (most notably clients and tenants) manage the challenges for portfolios posed by natural hazards due to climate change and the transition to a low-carbon economy. Within Global Real Assets (GRA), we have established a climate risk management process to assess and potentially mitigate these risks, thereby enhancing the resilience of our portfolios against climate change-induced events. This approach is embedded throughout the investment lifecycle for underlying assets of portfolios, where relevant and possible.

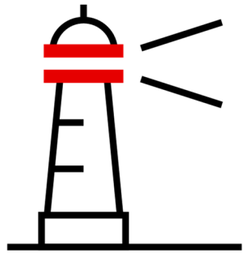
Investment process

Deal sourcing	Identify material climate risks and opportunities during screening and due diligence.
Investment decision	Climate risk factors are considered in investment decision making.
Ownership	Quarterly standardized risk reviews include climate risk metrics at asset and fund level. Identify opportunities to improve asset resiliency.
Business planning	Climate risk, including related regulatory requirements, are integrated into annual business planning process.

During the acquisition stage, we assess climate (physical and transition) risks and opportunities as part of the due diligence process. The material findings are documented in Investment Committee (IC) memos, with tools and approaches varying across businesses based on data availability and best practices. Quarterly, our independent risk control teams conduct standardized risk assessments, which include climate risk metrics. This process helps identify high-risk areas and relevant mitigation options using the latest data available. The results of these assessments are integrated into the annual business planning process and, if necessary, escalated to investment decision-making bodies.

Our physical and transition risk approach
To evaluate physical climate risk, our approach involves identifying and categorizing relevant physical climate hazards for each sector. This involves assessing the magnitude, exposure, and vulnerability at the asset level. These hazards are classified into *primary* and *secondary* categories, based on their potential immediate and long-term material impacts.

1 **Hazard** Identify physical climate risk	Materiality assessment – Sector-based approach to select and classify physical climate hazards that are material for the assessment
2 **Exposure** Evaluate climate hazard exposures	Hazard and exposure analysis – Desk-based analysis for all properties – Evaluation of portfolio and asset level climate risk exposures under various climate warming scenarios and time horizons
3 **Vulnerability** Access impact and inform resilience strategy	Resilience building – Determine vulnerability of property – Consider adaptation measures in asset level resilience decisions



We use a vendor climate model, Munich RE Location Risk Intelligence, to evaluate climate-related physical risks, both primary and secondary. This helps us understand the impact of potential asset exposures in the near and long term.

The vendor climate model informs the internally developed proprietary dashboard that the business areas use to gain a comprehensive understanding of the level of physical climate risk exposure at an asset and portfolio level.

Once we identify potential high-risk assets in a portfolio, we verify their exposure by conducting a thorough analysis using localized climate hazard maps. We then assess the vulnerability and resilience of these assets based on their condition and structural elements. This is done through checklists to identify asset-level mitigants and determine if an identified hazard and exposure are sufficiently mitigated by actions or interventions at the asset level.

If a high-risk asset does not have adequate resiliency measures in place, we prepare an adaptation plan for the asset to reduce or mitigate the risk. This includes detailing the required operational and capital expenditures to be considered.

Transition Risk
We evaluate key transition risks using our proprietary in-house ESG Dashboard. This tool assesses the environmental performance of directly controlled real estate assets against science-based pathways and targets when data is available and GRESB participation occurs. We also review regulatory risks posed by legislation and carbon laws during the transition to a lower-carbon economy to ensure compliance. Additionally, we apply the International Energy Agency (IEA) framework to assess transition risk for some of our infrastructure investments.

For some of our investments in real estate, we use science-based carbon and energy reduction pathways and the IPCC 'Below 1.5 with no or limited overshoot' scenario emissions reduction target range to guide the decarbonization of assets and portfolios. We monitor decarbonization progress at both asset and portfolio levels internally and formally pursue these goals in several European funds where legal commitments toward net zero have been made. These pathways and targets help us track the carbon reduction performance of assets.

In 2024, GRA aligned several of its real estate strategies with the UBS Asset Management (UBS-AM) real estate-specific Net Zero framework. This aims to improve energy efficiency and increase the use of green energy sources for properties. The funds' decarbonization targets follow science-based carbon and energy reduction pathways.

Walking the talk!

Putting our theory into practice

Case study 1: Infrastructure

Energy storage

Texas, US

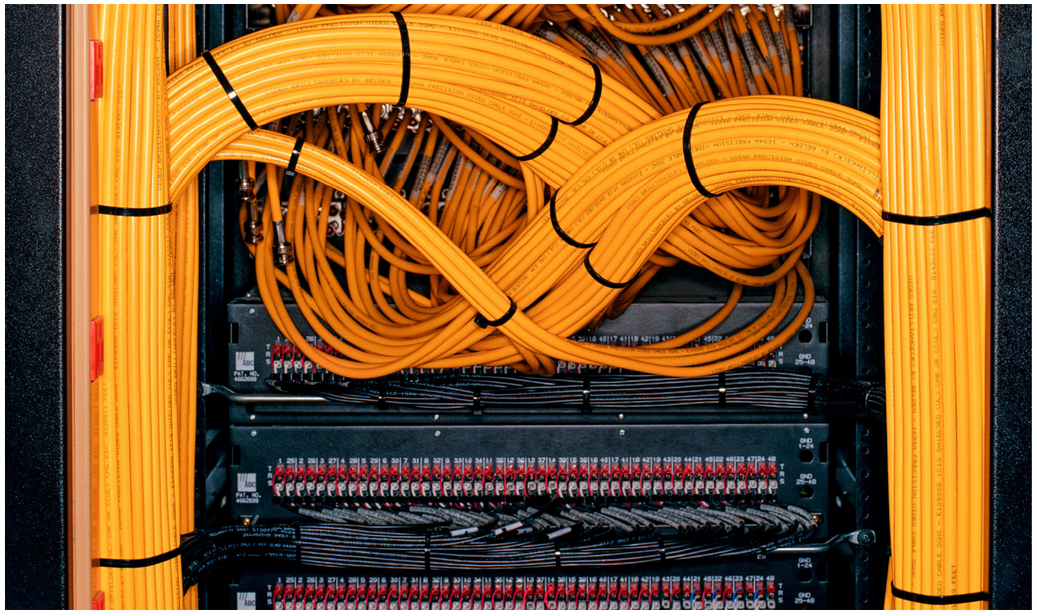
Supporting the growth of renewable energy markets, with large energy storage solutions.

About the asset
Our Energy Storage team acquired a portfolio of six mid-stage, utility-scale, battery energy storage projects in high-value locations in Texas. These projects help to enable the growth of renewables and support a low carbon grid by addressing the intermittency issues associated with renewables, such as wind and solar power.

Sustainability overview
Renewables are intermittent and weather dependent. Utility-scale, battery energy storage systems help to enable the growth of renewables and support a low-carbon grid by addressing the intermittency issues associated with renewables, such as wind and solar power. Additionally, energy storage projects that buy energy at a low cost and sell when prices are higher are coincidentally charging with low-carbon electricity and discharging when the grid has significant fossil fuel generation, therefore helping to reduce grid emissions.

Our value add
UBS has developed, built, and is commissioning the 5th largest fleet of energy storage projects in Texas[1], one of the world's most competitive and attractive battery energy storage systems markets. The first tranche of projects, consisting of four assets totaling 730 MW, have been constructed. In addition, potential environmental and social risks associated with the battery supply chain were addressed through enhanced supplier due diligence.

Notes: **1** Estimation of position once the first tranche of projects become operational. Source: Modo Energy's ERCOT storage market analysis as of October 2024.



Investing in fiber

Lüneburg, Germany

Unlocking reliable broadband for all.

About the asset
Northern Fiber Holdings (NFH) is a company which operates fiber networks offering broadband internet access and telecommunication services to its B2C and B2B customers in Germany.

Sustainability overview
Germany ranks below other European countries in terms of Fiber to the Home / Business (FTTH / B) coverage despite being the largest economy in Europe. Therefore, NFH's mission is to bridge the digital divide by expanding its fiber network into underserved, rural and remote regions.

Our value add
NFH has reached 178,800 homes passed, 86,300 homes connected, and 33,400 homes activated. This represents a year-on-year increase of 44.78% for homes passed, 23.9% for homes connected, and 15.5% for homes activated.[1] NFH is also focusing on the enablement of high-speed broadband at municipal facilities, including schools and health facilities. NFH's main operating companies, Lünecom and Sewikom, are highly active in their respective communities and are patrons of a variety of charities and support youth sports clubs.

Notes: **1** Data as of August 2024, for fiber-to-the-home and fiber-to-the-cabinet.

Timber construction

Zurich, Switzerland

Making new buildings fit for the future through timber construction and building with renewable resources.

About the project
This project focuses on utilizing timber to transform a property built in 1950 by replacing it with three new buildings. It aims to leverage the economic and sustainability benefits of timber, including lower embodied energy compared to traditional materials and faster construction time due to prefabrication.

Sustainability overview
The site has earned an SNBS-Gold certification and a Biodiversity Plus Certificate for Landscape Design. We've incorporated best practice sustainable site features, such as geothermal probes, to promote efficient resource utilization.

Our value add
Our strategic floor plan design has doubled the rental space of the asset. The heating system and water boiler are powered by geothermal energy and heat pumps. Additionally, we've installed electric charging stations at over 30% of the site's pitches, and e-bike charging installations are planned to support sustainable commuting for tenants.

Case study 4: Real Estate

Circular economy in construction

Bern, Switzerland

Keeping established buildings and generating space from existing ones by rethinking usage.

About the project
This project is focused on building up and extending an existing residential property in the city of Bern, thereby re-using existing materials and building components.

Sustainability overview
80% of the existing building's structure will be preserved. Additionally, lights, kitchens, interior doors, and railings were stored for reuse. Furthermore, dismantled windows were donated to community development projects.

Our value add
Our strategic floor plan designs have allowed us to increase the building floor area by 13%, resulting in nearly 30% more rental space and 20% more apartments. Furthermore, we're promoting the concept of a circular economy by reusing individual components of the building.

Case study 5: Real Estate

Engaging local communities

Lincolnshire, UK

Nourishing community connections and evaluating our impact

About the asset
Springfields is a prominent retail and leisure outlet in Lincolnshire, housing over 55 brands, and was first acquired in 2006. The on-site team has actively engaged in social value initiatives, even before the lockdown. Since 2023, we've been conducting a community audit program, led by third-party specialists, to assess Springfields' existing policies, measure their impact on the local community, and propose additional initiatives.

Sustainability overview
The program is continually reviewed and creates a meaningful sense of community engagement in order to:

- Engage with local schools to enable young people gain significant career awareness, skills and access to employment opportunities, arts and culture, health and wellbeing, and environmental projects
- Help drive continued local employment at Springfields, with 90% of the 650 staff living within 15 miles
- Support and sponsor local sports, art, vulnerable groups and community centres
- Maintain relationship with the Springfields Horticultural Society and associated community gardens at the property

Our value add
Since January 2024, the programme has led to:

- Ca. 200 hours of volunteered support for local community projects
- 20 local contractors and suppliers utilised on site
- 'Springfields Springboard' recruitment programme in conjunction with the local Job Centre
- 'Let's go green' event to raise awareness of sustainable values with engagement and support from a number of brands, service providers, the local council and the local primary school

Farmland

Collaborating with farmers

"Our farmland business covers around 280,000 acres across 16 different US states and well over 30 different major crops – highlighting the importance of harmonizing sustainability action across the entire value chain of our assets."

Daniel Murray, Head of Farmland

Watch
Leading Harvest

We are a founding member of Leading Harvest, an outcomes-based sustainability standard that addresses 13 principles, 13 objectives, 33 performance measures, and 71 indicators core to farmland sustainability. These components address efficiently using water, agricultural chemicals, and energy to grow crops as well as conserving soils and biodiversity while also minimizing waste.

Additionally, they take into consideration the wellbeing of farmland tenants, employees, and local communities. Conformance to the Standard is assured through independent, third-party certification, enabling stakeholders to make verifiable claims to the market while strengthening credibility, reputation, and social license.

Important information
Leading Harvest is a nonprofit organization that mobilizes the entire value chain to accelerate the transition to a more sustainable and resilient global agricultural system. It provides third-party audited standards that create trust throughout the business ecosystem while driving and validating improvement across the supply chain. UBS is a founding member of Leading Harvest. 100% of UBS's farmland acres under management are enrolled in the Leading Harvest Farmland Management Standard as of 2020, the inaugural year. 100% of UBS's enrolled farmland acres are certified to the Standard by an independent, third-party auditor as of 2023. For more info about Leading Harvest, please consult the webpage *here* and learn more about the Standard *here*. UBS's certification and surveillance audit reports are publicly available *here*. Enrollment fees based on acreage and crop type are paid to Leading Harvest by program users annually.

What does it take to accelerate the energy transition?

Interview with Declan O’Brien, Client Portfolio Manager, Energy & Transport Transition

1

Beyond traditional wind and solar, where do you see the most attractive energy transition investment opportunities today and to 2050?

We believe the next big opportunities within the energy transition are transport and grid infrastructure. According to BNEF, transport will require between 5-8x the capital needed for renewables to 2050.[1] This is why our strategy dedicated to decarbonizing transport uses Proprietary Data Insight (PDI™) to identify the opportunities that are ripe for decarbonization based on: the cost competitiveness of the low carbon solution, the full lifecycle emission reduction and, whether the technology is commercially available.

We see the most immediate opportunities in the electrification of surface transport and near-shore maritime as these can already be decarbonized in an economic way using commercially available technologies. In the longer term, once these technologies mature, there will be significant opportunities to invest into maritime and air segments through the production, transport, and storage of low carbon fuels.

The energy transition will not be possible without grid infrastructure to enable the electrification of the economy. For example, energy storage and micro-grids can be considered attractive given they can be invested in as standalone opportunities. The challenge for investors is that these investments can often be difficult to access as they are highly regulated activities carried out by incumbent utilities. Hydrogen and nuclear are also generating a lot of interest but we see more limited opportunities in the short term. However, they could be attractive for the long term if they can scale and become more cost competitive.

2

How should investors within the energy transition account for geopolitical risks related to renewable energy supply chains (e.g., rare earth metals, solar panels)? How do you address these risks?

We believe the key to investing into the energy transition is to ensure that investments are truly sustainable on a holistic basis. Thinking back to the biofuels rush in the early 2000s, there were negative consequences not fully considered at the outset e.g., deforestation and the impact on land use. As part of PDI™, we've developed (in-house) a lifecycle assessment tool which aligns with the fundamental requirements of the ISO 14044:44. This gives us the full view of the well-to-wheel emissions profile before we consider making an investment.

As electrification is a major component of our strategy, we pay close attention to the supply chain of battery providers. We observe that the industry is evolving with several positive elements from the growth of LFP batteries (which do not use cobalt, which is an industry that historically had severe human rights issues in some sourcing locations such as DRC) to increasing the percentage of critical minerals that can be recycled at the end of a battery's life.

Additionally, we target some of the most reputable manufacturers and will either seek information on policies or request for representation from its partners and major suppliers covering the UN Global Compact principles.

What do you consider your biggest challenges in the energy transition?

3

The biggest challenges in the energy transition are finding the trillions of capital required, and investing it in a way that delivers the best outcomes for the planet. Rising interest rates and inflation have increased costs, reducing the viability of many energy transition projects. At the same time, the funding pool for investments where the technology risk is less proven, or the economics are not showing a trajectory to cost parity with conventional technologies, has declined.

The availability of quality data around emerging energy transition technologies is another obstacle. Policy makers and investors are making decisions without access to the detailed information around the cost and emission profiles of the various energy transition technologies. Better data would allow capital to be allocated where it will have the biggest bang-for-buck reduction in Co2 emissions. This is why we created PDI™, our total cost of ownership (TCO) models, which helps the team to identify which parts of the transportation sector can be decarbonized in an economic way, leading to an efficient use of capital to reduce emissions. We believe this approach is consistent with a just transition and makes the strategy less exposed to the changing political environment and a reliance on future subsidies.

Our life cycle assessment (LCA) models allow us to understand the impact of our investments in avoiding carbon emissions. For example, it shows that investing in transport in developed markets (where the grid is relative clean) has a higher Co2 avoided per dollar invested than renewables. Whereas in developing markets, renewables tend to have more impact than transport as the grids typically have a higher emission intensity.

For some of the emerging energy transition sectors, investors know they need to take a long-term view and can take comfort from the cost declines seen in renewables and battery packs experience over the past decade. However, a greater understanding of the current and projected cost and emission profile, and a clear direction from policy makers, would make financing more plentiful and available at a lower cost.

How do you assess the concept of ‘stranded assets’ within the transportation industry?

4

The energy transition is at a stage where there are multiple technologies being presented as climate solutions. Not all these technologies will succeed. Through our PDI™, our investment team can identify the areas of transport where the low carbon option generates lower lifecycle emissions and is cost competitive with the legacy fossil-fueled equivalent.

We believe that PDI™ is an essential toolkit to avoid stranded asset risks as it can assess the cost and emission profile vs. legacy technology and whether the technology is proven and fit for purpose. For example, if you look at containerships, the industry has yet to coalesce around a low carbon technology, with some looking to e-methanol while others are looking at ammonia and LNG. In just 5 years, the industry prospects of LNG as a decarbonization fuel have changed significantly as costs fluctuated significantly while the full lifecycle emission benefits are being scrutinized more carefully. This creates a high risk of a stranded assets and that uncertainly makes financing challenging.

Is there a quantitative approach to measuring impact?

5

Many investors grapple with where their investment can have the most impact. We present an Impact Return Metric which provides a quantitative assessment of the CO2-eq avoided per dollar invested (CO2/USD).

We’ve compared transport and renewables across different geographies. Our analysis shows that electrified transportation can have a higher impact return vs. renewables in countries where the grid is already relatively clean. For example, in countries with low grid emissions such as Sweden (~10 gCO2 / kWh), the Impact Return for transport can be up to 25x[2] higher than for new investments in wind, while in Poland (~720 gCO2/ kWh), investing in wind power can deliver 7x higher impact return than transport, illustrating the importance of considering grid emissions when assessing Impact Return for transport.

The continued growth in renewables is essential as an enabler for the decarbonization of the grid and wider electrification programs. As grids further decarbonize, the Impact Return for the electrification of transport will grow against renewables.

Metric such as Impact Return help outcome focused investors who want to allocate their capital towards the investment that has the most impact in terms of emissions avoided per dollar invested.

Sources: **1** BNEF has modeled multiple scenarios for how the energy transition may unfold over the next three decades.
2 In Sweden, the max for transport application is 9.7kg Co2/USD (baggage tractor) and max for wind is 0.38kg Co2/USD (onshore wind). In Poland, max for transport application is 5.47kg Co2/USD (baggage tractor) and max for wind is 36.2kg Co2/USD (onshore wind).

Standing proud!

In the 2024 GRESB Real Estate and Infrastructure Assessments

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

For over a decade, UBS-AM has been a member of GRESB a third-party organization that provides ESG data to financial markets. GRESB collects, validates, scores, and independently benchmarks ESG data to provide business intelligence, engagement tools, and regulatory reporting solutions for investors, asset managers, and the wider industry.

In 2024, GRESB assessed 2,223 real estate participants (accounting for 208,250 total real estate assets) and 887 infrastructure participants (accounting for 3,145 infrastructure facilities) across over 80 markets.

Despite methodological changes to the Benchmark in 2024,[1] GRA strategies continue to be recognized for their sustainability efforts with sustained strong performance in the 2024 GRESB Real Estate and Infrastructure Assessments. We're also pleased to include Credit Suisse Asset Management (CSAM) strategies in the summary of our results following the merger of our two parent banks. Our submission included 37 strategies overall from across the globe, including Switzerland, Germany, Japan, US and UK, comprising 24 from UBS-AM (20 real estate and 4 infrastructure) and 13 CSAM real estate strategies.[2]

Management Component
All the UBS-AM and CSAM submitted discretionary strategies in both Real Estate and Infrastructure received full marks (30/30), continuing last year's record. The Management Component measures an entity's strategy and leadership management, policies and processes, risk management and stakeholder engagement approach.

Performance Component
Of the 16 disclosed UBS-AM real estate strategies, GRA scored a total average of 60/70 while the 13 disclosed CSAM strategies averaged 52/70, with both entities surpassing the 49/70 GRESB average. The Performance Component measures indicators such as energy consumption, GHG emissions, water consumption and waste.

Development Component
Dedicated to entities involved in new construction, GRA's seven submitted strategies scored an average of 62/70, above the 59 GRESB average.

Real Estate Assessment
Of the 16 disclosed UBS-AM real estate strategies, 14 achieved the highest rating of 5 stars, and two strategies were rated 4 stars.

Only in its second year participating in the Assessments, our UK life sciences strategy moved up to 5 stars from 4 stars the previous year.

Similar to the previous year, our CSAM open-end core European diversified strategy was awarded 5 stars. Six submitted CSAM real estate strategies achieved strong results of 4 stars and the remaining six strategies were awarded 3 stars.

Infrastructure Assessment
The GRESB Infrastructure Assessment provides systematic assessment, objective scoring and peer benchmarking of the sustainability performance of infrastructure companies, operators and strategies.

Of the four submitted UBS-AM infrastructure strategies, one achieved a 4-star rating, two strategies achieved 3 stars, and one strategy achieved 2 stars.

Notes: **1** GRESB; December 2024; **2** In 2024, GRESB undertook methodological changes to the real estate benchmark which impacted scores experienced by many real estate participants. The impact on scores is a result of creating differentiation among entities and thus 2024 GRESB Scores are not directly comparable to previous years, as elements of the scoring logic have changed. These standards changes impacted scoring methodology. More detailed guidance can be found *here*. **3** Of the 24 submitted UBS real estate and infrastructure strategies, 4 UBS real estate strategies are non-discretionary. Only discretionary strategies are disclosed in detail.

"We're proud to see that once again we've sustained a strong set of results whilst also increasing on the number of participating funds – a rewarding external validation of our continued commitment to sustainability."

Olivia Muir, Head of Sustainability, Global Real Assets

Important information
GRESB is a third-party organization that provides sustainability data to financial markets. GRESB collects, validates, scores, and independently benchmarks sustainability data to provide business intelligence, engagement tools, and regulatory reporting solutions for investors, asset managers, and the wider industry. UBS has been a member of GRESB for over a decade. Award as of October 2024. UBS submitted 2023 data to GRESB for the 2024 Assessments. For more info about GRESB, please consult the webpage *here* and learn more about GRESB's scoring methodology *here*. GRESB is compensated annually by its members for the assessments, find out more *here*.

Long-standing performance

100%

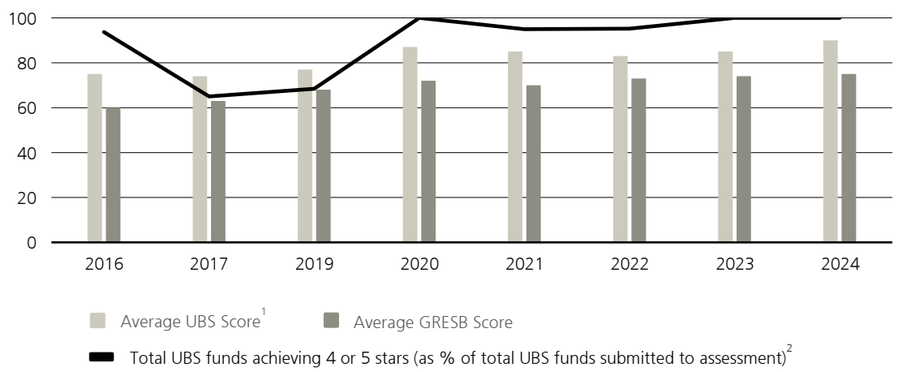
All 16 disclosed UBS real estate strategies achieved 4 or 5 stars and outperformed GRESB average[1]

4

Strategies ranked 1st in peer group

German logistics
Switzerland direct residential
Switzerland direct urban
US value add tactical

The bar is rising but UBS strategies keep overperforming average over time



Source: UBS Asset Management, Global Real Assets (GRA), scores based on 2012-2024 GRESB Assessment data, October 2024;
Notes: **1** UBS average for real estate funds and compared to GRESB average for real estate only. **2** 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; Prior to 2016, GRESB scores were based on a Green Star designation, which was only provided for Real Estate Assessment participants scoring higher than 50% of the points allocated to each relevant component.

Real Estate

90 /100 vs Avg. 75

GRESB score

60 /70 vs Avg. 48

Performance score

30 /30 vs Avg. 27

Management score

Infrastructure

94 /100 vs Avg. 83

GRESB score

64 /70 vs Avg. 55

Performance score

30 /30 vs Avg. 28

Management score

Source: In 2024, GRESB undertook methodological changes to the real estate benchmark which impacted scores experienced by many real estate participants. The impact on scores is a result of creating differentiation among entities and thus 2024 GRESB Scores are not directly comparable to previous years, as elements of the scoring logic have changed. These standards changes impacted scoring methodology. More detailed guidance can be found *here*.

Our progress

Due to the first time inclusion of former legacy (Credit Suisse) funds in the scope of aggregated reporting, it was decided to reevaluate the underlying calculation methodology to ensure global consistency. As a consequence of the resulting change in methodology and increase in number of funds, a direct year on year comparison between this year's results and previously reported numbers is not possible.

2023 Highlights[1]

-7.3%

GHG Emissions Intensity Change
(Kg CO2e/m2 GFA, 2023 vs 2022)[2]

-5.7%

Energy Use Intensity Change
(KWh/m2 GFA, 2023 vs 2022)[2]

-3.8%

Water Use Intensity Change
(m3/m2 GFA, 2023 vs 2022)[2]

23.6%

Renewable Energy
Consumption[3]

84.1%

Data Coverage
(in % of overall GFA)[2]

45.7%

Green Building Certifications
(in % of overall GFA)[4]

Source: **1** Performance figures only cover GRESB submitted direct real estate funds under UBS Asset Management as of 31 December 2023 and over which GRA has discretion. **2** Location-based Scope 1 and 2 GHG emissions; excl. tenant electricity, representing our operational control. Within the context of active decarbonization initiatives, GRA is constantly working to further streamline the data collection process and improve data coverage, in particular for tenant consumption data, which is highly relevant for the targeted management of energy and resources. As access to tenant consumption data is subject to regulatory restrictions, this data is often only available with tenant cooperation. GRA actively engages with tenants to raise awareness of this issue. To calculate overall Scope 1 and 2 GHG emissions and energy use intensity change, data was scaled up to 100% using proxies where coverage is less than 100% but more than 50%. Assets with less than 50% data coverage in terms of days of data availability or occupancy were excluded. Averages for GHG, energy use intensity, water use intensity and associated data coverage figures are weighted based on area (square meters). **3** Renewable energy consumption is weighted based on kWh consumption and represents renewable energy sourced on- or off-site that is consumed in kWh divided by the total reported energy consumption in kWh. **4** Green building certification percentage is calculated based on the total Gross Floor Area (GFA) considered and refers both to design and operational certificates.

UBS Asset Management Switzerland AG
Bahnhofstrasse 45
8001 Zürich
Switzerland

Head of Sustainability GRA
Chair – GRA Sustainability Management Forum

Olivia Muir
+44-20-7901 57 42
olivia.muir@ubs.com

www.ubs.com/privatemarkets-sustainability

UBS