

# Green News & Views

Real Assets – Sustainability initiatives

October 2020



## Sustainably certified assets

A step towards a more **transparent future**

Sustainability certifications assess a property's performance based on environmental and wider sustainability criteria. They provide the evidence that an asset procures a certain sustainability standard.

Certification systems can yield operational and marketing advantages by providing third party verification that buildings are sustainable.

**Developing a sustainable future is enhanced by incorporating third-party benchmarking and certifications for all property types. There is now a proliferation of standards, ratings, and certification programs globally to help guide, demonstrate, and reward efforts to deliver sustainable, high-performance assets.**

There are over 400 sustainability standards and certifications across the world<sup>1</sup>. Many of these standards are based on the Triple Bottom Line Framework of environmental quality, social equity, and economic prosperity. Sustainably certified assets can limit the risk of ESG regulatory non-compliance, maintain properties' competitive position in the market, increase the appeal of a property to tenants and purchasers, and reduce expenses and improve returns. In addition, sustainably rated assets can help to combat climate change and generate broader social, economic, environmental and health benefits.

At UBS Asset Management, we strive to leverage our position as a leader for responsible investment. Therefore, we recognize the importance of delivering financial value to our clients by creating sustainable spaces in which occupants wish to live, work, shop and play in all the regions in which we operate. Our strategy is to improve our investments by obtaining the certification that is most applicable to a given asset based on property type and geographic region. Having assets with such recognized certifications has enabled us to drive sustainable improvements in the assets' operational performance. Following are descriptions of some of the certifications we have obtained globally.

### **Energy efficiency & environmental performance**

The US-designed **Leadership in Energy and Environmental Design (LEED)** system remains one of the world's leaders in green building certifications. Developed by the US Green Building Council (USGBC), it is the most widely used and well recognized green building rating system around the world for commercial, residential and other property types including schools, data centers, and neighborhoods. It can be applied to interior design and construction, new developments and existing buildings. It is designed to improve environmental performance on a broad spectrum of factors including reducing carbon footprint, improving indoor environmental quality, locating properties by transportation and preserving resources.

There is a LEED certification framework for nearly every project, with a rating system that is grouped into five categories:

- Building Design and Construction (BD+C)
- Interior Design and Construction (ID+C)
- Operations and Maintenance (O+M)
- Neighborhood Development (NC)
- Homes (LEED HOMES)

Projects pursuing LEED certification can earn points for various green building strategies across several categories based on the number of points achieved; a project earns one of four LEED rating levels: Certified, Silver, Gold or Platinum.

**BREEAM (Building Research Establishment Environmental Assessment Method)** is a UK established international scheme that provides independent third-party certification of the assessment of the sustainability performance of individual buildings, communities and infrastructure projects. The assessment includes the following categories: Energy, Health and Wellbeing, Innovation, Land Use, Materials, Management, Pollution, Transport, Waste and Water. The BREEAM ratings range from Acceptable (In-Use scheme only) to Pass, Good, Very Good, Excellent to Outstanding and it is reflected in a series of stars on the BREEAM certificate. It enables comparability between projects and provides reassurance to customers and users, in turn underpinning the quality and value of the asset.

The **Comprehensive Assessment System for Built Environment Efficiency (CASBEE) Certification** for buildings is a system widely used in Japan in which a third party examines and certifies assessment results for new constructions, existing buildings, and renovations. The building is measured against six major areas and ranked from C through B, A and S:

- Indoor environment
- Quality of building service
- Outdoor environment
- Energy efficiency
- Resource & materials
- Off-site Environment

The CASBEE certification is only for existing office, retail and logistic assets. The assessment is focused on the site condition, building performance and simplified specification.

The **DBJ Green Building Certification** is an environmental and social rating system created and applied by the Development Bank of Japan (DBJ) to measure the environmental and social awareness characteristics of real estate properties. The certification assesses the characteristics of a green building from perspectives such as ecology, risk management & amenity and community & partnership.

**HQE** is the French certification awarded to building construction and management as well as urban planning projects. HQE pursues sustainable performance objectives while giving substantial importance to the life cycle analysis on a building scale and to the impacts of a project on health, personal comfort and the indoor environment.

The **German Sustainable Building Council (DGNB) System** is based on the three central sustainability areas of ecology, economy and sociocultural issues, which are weighted equally in the evaluation. By reducing cost-intensive risks, the application of the DGNB System contributes to future security for construction projects. The independent certification process serves to ensure transparent quality control. The DGNB certificate can be obtained in platinum, gold silver or bronze.

Established in Switzerland, **MINERGIE®** is a registered quality label for new and refurbished buildings. New buildings or modernizations planned in accordance with the Minergie standard offer certified high energy efficiency. The standard requires that general energy consumption must not to be higher than 75% of that of average buildings and that fossil-fuel consumption must not to be higher than 50% of the consumption of such buildings. There are three Minergie levels:

- The MINERGIE-P®-Standard defines buildings with a very low energy consumption; it is especially demanding in regard to heating energy demand.
- The MINERGIE-ECO®-Standard adds ecological requirements such as recyclability, indoor air quality, noise protection etc. to the regular MINERGIE®-Requirements.
- MINERGIE®-Modules are building components and building equipment elements which are certified as being exceptionally well-performing with regards to energy efficiency.

### **Health & Wellbeing**

As interest in health and wellness issues continues to grow, so have the number of available certifications and the number of properties applying for such certifications.

The **CASBEE Smart Wellness Office Certification** evaluates a building's specifications, performance and initiatives supporting the maintenance and enhancement of the

buildings user's health and comfort. In addition to factors contributing to improve intellectual productivity as well as performance, operation and management related to safety and security of the building are also subject to assessment.

**Fitwel** is a US established building certification that supports healthier workplace environments to help improve occupant health and productivity. Fitwel focuses on the human experience in either new or existing facilities. Created by the US Centers for Disease Control Prevention (CDC) alongside the General Services Administration (GSA), the standard includes evidence-based design and operational strategies that optimize occupant health and productivity. Independent reviewers assess projects against Fitwel's seven health impact categories:

- Impacts surrounding community health
- Reduces morbidity and absenteeism
- Support social equity for vulnerable populations
- Instills feelings of well-being
- Enhances access to healthy foods
- Promotes occupant safety
- Increases physical activity

Assessments are compiled as Fitwel Scorecards, which include more than 55 building design and operational strategies that address a range of health behaviors and risks. This certification is awarded based on points allocated to each strategy.

**Summary**

Sustainability certifications enable investors, owners, managers and occupiers to determine and drive sustainable improvements in the design, construction and operational performance of their assets. With so many different types of certifications available globally, recognized external benchmarks such as those mentioned above, can demonstrate responsible management and improve the measurement and reporting of ESG impacts across investments.

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Note: 1 State of sustainability initiatives, October 2020

**Certifications**



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