



# Forge\_Kn

SEPTEMBER 2022

## CONSTRUCTION & MAJOR PROJECTS SUSTAINABILITY FRAMEWORK

 UBS

# Contents

|   |    |
|---|----|
| Introduction                              | 1  |
| Purpose of our Sustainability Framework   | 1  |
| Fund Objectives                           | 2  |
| In Preparation                            | 3  |
| Sustainable Site Selection                | 3  |
| Social Procurement and Supply Chain       | 3  |
| During Design                             | 5  |
| Material Use                              | 5  |
| Circular Economy                          | 5  |
| Pollution Prevention and Control          | 5  |
| Life Cycle Assessment and Embodied Carbon | 6  |
| Net Zero Carbon Design and Standards      | 6  |
| Green Building Certification              | 6  |
| Biodiversity and Ecosystem Services       | 6  |
| Energy in Design                          | 7  |
| Water in Design                           | 8  |
| Waste in design                           | 8  |
| Physical Climate Risks                    | 9  |
| Onsite Renewables                         | 9  |
| Health and Wellbeing in Design            | 9  |
| Community Engagement and Impact           | 10 |
| During Construction                       | 11 |
| Site Design                               | 11 |
| Construction Waste Management             | 11 |
| Site Safety                               | 12 |
| During Operation                          | 13 |
| Energy in Operation                       | 13 |
| Water in Operation                        | 13 |
| Carbon in Operation                       | 13 |
| Waste in Operation                        | 13 |
| Green Lease Agreements                    | 14 |
| Tenant Surveys                            | 15 |
| Employment and Skills                     | 16 |
| Principle Adverse Impacts                 | 16 |

# Introduction

This document has been developed to ensure sustainability requirements are considered during European Life Sciences Property SCSp SICAV-RAIF (“EU Life Sciences Fund”) asset level developments. Progress against commitments made within this document will be formally reviewed on an annual basis.

## Purpose of our Sustainability Framework

The need to transform the built environment for the better in the coming decades marks a key responsibility, and opportunity for real estate investors. Embracing the transition to net zero carbon is imperative, framed by binding environmental targets and growing demand for green assets by occupiers.

We strive to introduce sustainability at the earliest opportunity to drive performance and chart progress throughout our product lifecycle. This framework allows us to define how sustainability will be addressed at each stage of the development process. It defines the activities and process required to manage the sustainability performance of our developments.

This report relates to any development opportunities or major refurbishments undertaken by the UBS EU Life Sciences Fund. The framework ensures sustainability is considered and implemented at every stage of the design and delivery of our projects, and that this is adhered to across the vehicle both at UBS and by our development manager. By designing and delivering our buildings responsibly we ensure that we set the highest standards, which in turn help our occupiers achieve their own sustainability ambitions and objectives.

This framework primarily relates to the environmental factors involved in both construction and operation of our facilities. Our social obligations on an operational basis are a primary focus for the Fund but are comprehensively covered in the Fund’s EU SFDR Disclosure Annex.

# Fund Objectives

The fund's objective is to facilitate the growth of the Life Sciences sector in Europe and the skilled labour opportunities that this creates. Specifically, it has a social objective to invest in Research and Development (R&D) space comprising start-ups and Small Medium Enterprises (SMEs) and Good Manufacturing Practice (GMP) facilities for the sector, to enable the creation of Full Time Equivalent (FTE) skilled opportunities (based on HCA employment data) through investment. As such, the Fund will conduct a social value calculation to understand the financial value contributed to the European economy.

The Fund will seek to ensure that it would not cause significant harm to the social sustainable investment objective for the sustainable investments the Fund partially intends to make, including ensuring that tenants pay at least the national minimum wage and tenants meet International Labour Organisation (ILO) core labour standards:

- / freedom of association and the effective recognition of the right to collective bargaining;
- / the elimination of all forms of forced or compulsory labour;
- / the effective abolition of child labour;
- / the elimination of discrimination in respect of employment and occupation; and
- / a safe and healthy working environment.

This will in part be achieved through liaising with tenants throughout the tenancy relationship, including where appropriate during lease negotiations, renewals and with ongoing reporting.

Also, the Fund will ensure that it would not cause significant harm to environmental objectives: climate change mitigation, climate change adaptation, protection of water and marine resources, transition to a circular economy, pollution prevention and control, biodiversity, and ecosystem services. The framework covers these environmental topic areas in the relevant sections below.

<sup>1</sup>Homes & Communities Employment Density Guide 2015 3rd Edition includes employment density metrics for R&D space (lab-enabled office space, dry and wet labs) and Light Industry (GMP facilities). Employment density refers to the average floorspace (in m<sup>2</sup>) per FTE member of staff. Thus, UBS will use this information to understand employment impacts.

# In Preparation

## Sustainable Site Selection

The UBS Life Sciences Fund (“the Fund”) has been established to invest in the development of life sciences properties and campuses within Europe. The Fund will seek to ensure that all development sites are:

1. Connected to multi-modal transit networks; and
2. Located within existing developed areas, focusing on key life sciences clusters.

The Fund will support the protection, restoration, and conservation of habitats for native, threatened, and endangered species, farmlands, floodplains, and aquatic eco-systems. Furthermore, construction activities will not negatively impact historical and heritage sites.

The Fund will also seek to redevelop brownfield sites as part of the site selection process. Construction on brownfield sites will be investigated for contamination risks as stated in the EU Taxonomy’s Delegated Act.

## Social Procurement and Supply Chain

The Fund recognises the importance of procurement decisions and its supply chain. The Fund will include clauses within contractual documentation relating to the sustainable investments with primary and long-term suppliers covering compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This will cover, as a minimum:

- / Human rights: supporting human rights, and ensuring they are not complicit in human rights abuses;
- / Labour: uphold the freedom of association and the effective recognition of the right to collective bargaining; elimination of all forms of forced and compulsory labour; effective abolition of child labour;
- / Environment: promote greater environmental responsibility and diffusion of environmentally friendly technologies; and
- / Anti-corruption: work against corruption in all its forms, including extortion and bribery.

The Fund will also establish the following requirements for contractors:

- / Operate ethically – contractors must set out basic moral and legal principles related to issues not limited to corporate governance, bribery, discrimination;
- / Engage with the local community – contractors will be required to engage with local communities when carrying out construction work;

- / Adopt environmental process and product standards – contractors will be required to adopt minimum environmental process and product standards as part of the procurement process (e.g., requirements for disposal of waste generated, the provision of Forestry Stewardship (FSC) certified timber);
- / Promote health and wellbeing – contractors must promote the health and wellbeing of employees (e.g., implementing health and wellbeing initiatives in the workplace);
- / Adopt human health based product standards – contractors will be required to adopt minimum standards for the health attributes of products (e.g., list of prohibited chemicals);
- / Promote occupational safety – contractors must prevent accidents and harm to people from work-related activities; and
- / Ensure good working conditions – contractors must ensure that employees benefit from good working conditions (e.g., working time, work-life balance, training).

The Fund will monitor contractor-specific requirements on an annual basis using several monitoring methods. Monitoring methods include:

- / ESG training;
- / Update reports;
- / Internal and external audits (by third party);
- / Regular meetings (on-site); and
- / Ad hoc site visits

In addition, the Fund will not knowingly purchase goods or services from suppliers who are associated with severe environmental or social damage to or through use of:

- / World heritage sites as classified by UNESCO;
- / Wetlands: on the RAMSAR list;
- / Endangered species of wild flora and fauna listed in Appendix 1 of the Convention on International Trade in Endangered Species;
- / High conservation value forests as defined by the six categories of the Forestry Stewardship Council (FSC);
- / Illegal fire: uncontrolled and / or illegal use of fire for land clearance;
- / Illegal logging including purchase of illegal harvested timber (logs or roundwood);
- / Child labour: according to ILO-conventions 138 (minimum age) and 182 (worst forms);
- / Forced labour: according to ILO-convention 29 (forced labour); and
- / Indigenous peoples' rights in accordance with International Finance Corporation Performance Standard 7.

# During Design

## Material Use

As a minimum, new development projects will seek to use:

- / Locally extracted or recovered materials;
- / Low embodied carbon materials;
- / Low emitting VOC materials;
- / Materials and packaging that can easily be recycled;
- / Materials that disclose environmental impacts and potential health hazards;
- / Rapidly renewable materials and recycled content materials; and
- / Third party certified wood-based materials and products.

Development projects will also confirm a 'red list' of prohibited materials, which can be made available on request.

The Fund will seek to obtain environmental and health product declarations for all major construction materials. Product declarations must be aligned to relevant ISO standards. Preference will be given to life cycle assessed materials.

## Circular Economy

Building designs and construction techniques will support circularity in line with ISO 20887 (Sustainability in buildings and civil engineering works — Design for disassembly and adaptability) or other similar standards.

## Pollution Prevention and Control

The Fund will ensure that building components and materials are used in accordance with Appendix C of the EU Taxonomy's Delegated Act and comply with Annex XVII on the manufacture, placing on the market and use of certain dangerous substances, mixtures and articles on the Regulation for the Registration, Evaluation, Authorisation and Restriction of Chemicals , the Volatile Organic Compounds emissions testing method CEN/EN 16516 or ISO 16000-3 (Indoor air — Part 3: Determination of formaldehyde and other carbonyl compounds in indoor air and test chamber air).

Measures will be taken to reduce noise, dust and pollutant emissions during construction or maintenance works as stated in the EU Taxonomy's Delegated Act.

## Life Cycle Assessment and Embodied Carbon

For development projects, the Fund will consider undertaking quantitative (or qualitative) cradle to grave life cycle assessments in line with appropriate standards (e.g., ISO 14040/44). Where completed, assessment results will be disclosed, and the results will be used to make informed decisions about the development.

The Fund will seek to publicly disclose embodied carbon emissions of its development projects.

## Net Zero Carbon Design and Standards

The Fund will strive to design buildings to achieve net zero carbon during the construction and operational phase of its development projects wherever feasible using appropriate standards.

## Green Building Certification

The Fund will seek to obtain green building certifications for all development projects.

## Biodiversity and Ecosystem Services

All developments will be subject to an environmental assessment which will be carried out in accordance with Appendix D of Annex 1 of the EU Taxonomy's Delegated Act. These assessments will ensure that new construction is not built on arable land and crop land, greenfield land, and land matching the definition of forest as stated in the EU Taxonomy's Delegated Act.

<sup>2</sup>. Regulation (EC) No 1907/2006 - Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)

## Energy in Design

The Fund will establish the following minimum energy efficiency requirements during design:

- / Development and implementation of a commissioning plan;
- / Integrative design process;
- / Requirement that the building has an Energy Performance Certificate (EPC) rating of a B, with a target rating of A; and
- / Requirement that the energy performance of the building resulting from construction otherwise referred to as Primary Energy Demand (PED) is at least 10% lower than nearly-zero energy buildings (NZEB) requirements as stated in Annex I of the EU Taxonomy's Delegated Act.

As such, the Fund will commit to implementing a range of energy efficiency measures in design:

- / Air conditioning;
- / Commissioning;
- / Energy modelling;
- / High-efficiency equipment and appliances;
- / Lighting;
- / Occupant controls;
- / Passive design;
- / Space heating;
- / Ventilation; and
- / Water heating.

## Water in Design

Water conservation will be a key focus for the Fund. As such, the Fund will commit to a proactive design approach for water conservation, to consider, as applicable indoor, outdoor and process water efficiency as well as water supply. The Fund will also commit to considering minimum water use intensity post-occupancy. As such, the Fund will install appropriate water appliances, including wash basins, showers, WCs, and urinals in accordance with the technical requirements set out in Appendix E of the EU Taxonomy's Delegated Act.

The following water efficiency measures will be considered in design:

- / Commissioning of water systems;
- / Drip/smart irrigation;
- / Drought intolerance/low-water landscaping;
- / High efficiency/dry fixtures;
- / Leak detection system;
- / Occupant sensors;
- / On-site wastewater treatment; and
- / Reuse of stormwater and grey water for non-portable applications.

The environmental degradation risks related to preserving water quality and avoiding water stress will be identified and addressed with the aim of achieving good water status and good ecological protection in accordance with Appendix B of Annex 1 of the EU Taxonomy's Delegated Act.

## Waste in design

The Fund will ensure that building designs consider waste post completion. Adequate space and facilities will be provided to enable ongoing waste recycling and segregation.

<sup>3</sup> ANNEX to the Commission Delegated Regulation (EU) 2021/2139 of June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives

## Physical Climate Risks

The Fund will assess physical climate risks in accordance with Appendix A of Annex 1 of the EU Taxonomy's Delegated Act.

## Onsite Renewables

The Fund will seek to incorporate on-site renewable energy in the design of its development projects where feasible. Consideration is placed on:

- / Biofuels;
- / Geothermal;
- / Hydro;
- / Solar/photovoltaic; and
- / Wind.

Average design target for the fraction of total energy demand met with on-site renewable energy will be agreed for all development projects where appropriate, noting that exact demand requirements for some specialist facilities such as Life Science General Manufacturing Buildings cannot be determined until an occupier is in place allowing bespoke calculations linked to their working practices to be undertaken.

## Health and Wellbeing in Design

The Fund will commit to incorporating health and wellbeing into design. The Fund will design the shell and core of all building's to an external accreditation.

Further to the above assessment. All developments will have good acoustic and biophilic design as well as active design features. Furthermore, development projects will promote physical activity and ergonomics. Indoor air quality and access to daylight and illumination must be considered.

Developments will be designed to be inclusive, with good humidity levels and natural ventilation. Finally, the Fund must consider commissioning, occupant building controls, thermal comfort, and water quality in the design process.

The Fund will commit to verifying health and wellbeing performance using external accreditation systems where possible (including WELL, FITWEL, for example), until the asset is sold, or the fund is closed. Health and wellbeing performance will be verified on an ongoing basis through occupant education and post-construction monitoring (e.g., tenant comfort and satisfaction). Results will be used to inform continual improvement programmes.

## Community Engagement and Impact

A community engagement program will be established for all developments. The strategy will endeavour to:

- / Set out processes for employment creation;
- / Where appropriate, set out how the development enhances public spaces;
- / Document a process for communicating effectively with the community and addressing their concerns (e.g., consultations, newsletters);
- / Document charity or community group support plans;
- / Establish an ESG program to engage the community;
- / Organise research and network activities;
- / Run community health and wellbeing activities; and
- / Set out approaches outlining how the building can assist in event of natural disaster or emergency.

The Fund will assess the long-term socio-economic impact of its development projects as part of planning and pre-construction. The assessment will consider:

- / Impact on crime levels;
- / Local income generated;
- / Local employment creation (see core objective of the Fund);
- / Local resident wellbeing; and
- / Walkability score.

The Fund will monitor the impact of its development projects on the local community during different stages of the project using various monitoring methods. This includes:

- / Analysing and interpreting monitoring data;
- / Identification of nuisance and/or disruption risks and stakeholders and impacted groups; and
- / Management practices to ensure accountability for performance goals and issues identified during community monitoring.

Furthermore, the Fund will seek to develop and implement the following plans to monitor the impact of its development projects, including:

- / Communication plan;
- / Community monitoring plan; and
- / Risk mitigation plan.

# During Construction

## Site Design

All development sites will seek to:

- / Minimise light and noise pollution and general nuisance to the local community;
- / Manage waste by diverting construction, demolition materials and reusable vegetation, rocks, and soil from disposal;
- / Protect and restore habitat and soils disturbed during construction;
- / Protect surface water and aquatic ecosystems by controlling and retaining construction pollutants;
- / Introduce measures to protect air quality and release of dust during construction activities; and
- / Complete environmental site set up assessments and establish project level site environmental control plans.

## Construction Waste Management

The Fund will work to manage on-site construction waste effectively. Waste must be diverted from landfill by focusing on waste stream recovery, reuse, and recycling. To achieve best practice performance waste stream recovery, reuse, recycling, and diversion targets will be set for all construction sites. Lead project contractors will be tasked with:

- / Establishing a site waste management plan as stated in Annex I of the EU Taxonomy's Delegated Act;
- / Installation of excellent waste management signage for waste separation facilities; and
- / Provision of training through use of toolbox talks to raise construction site awareness.

Progress against targets will be monitored and reported appropriately (covering hazardous and non-hazardous waste). An annual waste management audit, or similar approved methodology such as BREEAM accreditation review, will be completed to assess adherence to the site waste management plan that is developed. Educating staff/contractors on the importance of efficient waste management will also be a focus of the Fund.

Finally, waste generation will be limited in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol. This includes using best available techniques, selective demolition, and using available sorting systems.

## Site Safety

The Fund will implement a range of on-site safety management practices. Mandatory personal protective equipment will be provided to all staff and all sites will maintain appropriate life-saving equipment. Safety information will be communicated clearly to all staff to manage safety risks.

First aiders will be present on site at all times and health and safety will be overseen by an appointed health and safety coordinator, who will be responsible for entrenchment of best practice safety management and continuously improving safety performance. Staff will also have access to medical personnel.

Training, making use of demonstrations, toolbox talks, and off-site classroom training will be used to communicate site specific requirements which will evolve over the course of the development. A training programme will be developed and implemented.

The Fund is committed to demonstrating safety leadership in construction. As such, we will continually monitor and report on safety performance at our sites. Key monitored safety indicators will include:

- / Injury rate;
- / Fatalities;
- / Near misses;
- / Lost day rate; and
- / Severity rate.

In all cases the target will be zero.

# During Operation

## Energy in Operation

The Fund commits to the ongoing monitoring of operational energy use at asset level. As such, energy consumption data must be shared/collected using building energy management systems, energy use analytics and sub-meters. This will be done on an annual basis. Ongoing monitoring will take place until an asset is sold, or the fund is closed.

The fund will also use the data collected to benchmark assets against industry best practice.

## Water in Operation

Likewise, the Fund commits to the ongoing monitoring of operational water use at asset level. As such, water consumption data must be shared/collected using sub-meters and water use analytics. This will be done on an annual basis. Ongoing monitoring will take place until an asset is sold, or the fund is closed.

## Carbon in Operation

The fund commits to the ongoing reporting of GHG emissions at operational asset level. This will be done on an annual basis. Ongoing reporting will take place until an asset is sold, or the fund is closed.

## Waste in Operation

Operational waste consumption data will be monitored. This will be done on an annual basis. As such, waste consumption data will be shared/collected. Ongoing monitoring will take place until the asset is sold, or the fund is closed.

## Green Lease Agreements

The fund will seek to establish green lease agreements for:

/ Cooperation and works

- Environmental initiatives (e.g. recycling green cleaning);
- Enabling upgrade works (e.g., encouraging tenants to upgrade building to improve efficiency or environmental performance);
- ESG management collaboration (e.g., appoint a representative for sharing ESG-related information, forum for communication between managing agents and occupiers);
- Premises design for performance;
- Managing waste from works (e.g., the monitoring/ minimisation of waste); and
- Social initiatives (e.g., facilitate initiatives that are designed to improve the wellbeing of the premises).

/ Management and consumption

- Energy management (e.g., clauses related to the installation of energy efficient products);
- Water management (e.g., clauses related to sharing of water consumption data to enable the Fund to benchmark assets against industry best practice);
- Waste management (e.g., clauses related to hazardous and non-hazardous waste generation, impose reporting requirements on occupier of waste discharged);
- Indoor environmental quality management;
- Sustainable procurement (e.g., clauses related to use of recycled paper);
- Sustainable utilities (e.g., clauses related to on-sale of electricity);
- Sustainable transport (e.g., clauses related to sharing information relating to public transport); and
- Sustainable cleaning (e.g., clauses relating to cleaners using environmentally friendly cleaning products).

/ Reporting and standards

- Information sharing (e.g., information sharing related to energy or water consumption periodically, and consider improvement opportunities where they arise);
- Employment (clauses related to the ILO core labour standards, such as human rights, labour, environment, and anticorruption and clauses related to ensuring that tenants are paying at least the national minimum wage)
- Performance rating (e.g., clauses related to cooperating with the Fund to assist them in obtaining a rating such as WELL);
- Design/development rating;
- Performance standards (e.g., clauses relating to works and maintenance contractors being required to adhere to waste programs or not to interfere with building performance);
- Metering; and
- Comfort (clauses relating to cooperation between the parties to achieve comfort).

## Tenant Surveys

To ensure tenant satisfaction, the Fund will ensure that tenant satisfaction surveys are undertaken on an annual basis using an independent third party. The survey must include quantitative metrics such as:

- / Net Promotor Score;
- / Overall Satisfaction Score;
- / Satisfaction with communication, responsiveness, and property management;
- / Understanding tenant needs; and
- / Value for money.

## Employment and Skills

The fund's objective is to facilitate the growth of the Life Sciences sector and the skilled labour opportunities that this creates. As such, the Fund will request employment data from tenants on an annual basis to understand the number of additional employment opportunities that have been enabled in the sector and in the GMP facilities. The Fund will conduct a social value calculation on an annual basis using this data to understand the financial value contributed to the economy.

## Principle Adverse Impacts

The Fund considers principal adverse impacts on sustainability factors. These include:

1. **Exposure to fossil fuels through real estate assets** – As the Fund is focused on Life Sciences assets, the buildings will not be dedicated to the extraction, storage, transport, or manufacture of fossil fuels.
2. **Exposure to energy inefficient real estate assets (defined as EPC rating of C and below)** – All Life Sciences assets will have an EPC rating of a B, with a target rating of A; and
3. **GHG emissions** – Energy consumption data will be requested from tenants to enable the Fund to report GHG emissions.

The Fund will endeavour to collect the required information and data to support disclosure of the principal adverse impacts listed above. Where data is not available or provided, the Fund will use appropriate proxies/estimates to fill gaps. This will be reported on in the Fund's Annual Report in the SFDR Annex.

This framework will be reviewed at least annually, and ad hoc where required, and is actively communicated and monitored with our internal stakeholders and key suppliers. Both our employees and external partners are responsible for implementation of this framework.

**Forge\_Kn**