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**A Green Lease shapes the future  
of building use - with significant benefits  
for all involved.**

**LeopoldQuartier, Vienna**  
Europe's first urban quarter  
with a timber hybrid design:  
energy-efficient construction  
and operation.

## 1. Introduction

Sustainability is growing ever more important for the use and management of buildings. Impacts on the environment and climate are constantly increasing, and the consequences include more frequent extreme weather events and global warming. As part of the company's responsibility towards the environment and society, UBM therefore understands that it must play an active role in influencing health and well-being in society with positive results.

A green/sustainable rental agreement can provide numerous benefits for all parties involved. Despite financial savings owing to lower energy and operating costs, this allows commercial tenants in particular to implement their corporate sustainability strategy and goals more efficiently. The advantages for lessors especially include lower vacancy rates and higher attractiveness for their building, as a sustainable property for tenants and investors. Even today, many investors are choosing their investments with environmental, social and governance factors (ESG) in mind. These factors go beyond legal requirements and contribute towards sustainability, and they are expected to become standard in the foreseeable future. Real estate that does not correspond to these criteria will likely be at a competitive disadvantage in future, and investor demand will decrease.

In addition, a Green Lease changes the dynamics between lessor and lessee. Traditional rental agreements are often imbalanced when it comes to the interests of the concluding parties. In a Green Lease, both parties aspire to reach a common sustainability goal. This results in a closer partnership and benefits both sides over the long term.

One of the targets specified in the European Green Deal is a reduction in the net greenhouse gas emissions in the EU of at least 55% by 2030, compared to 1990 levels. The building process and the operation of buildings account for over a third of global energy demand and around 40% of worldwide CO<sub>2</sub> emissions (UNEP 2022). To help fulfil the goals of the European Union, it is therefore important to promote sustainable use and management of buildings. In future, ESG criteria and their reporting requirements for ecological, social and governance aspects will have to be considered for the operation of buildings as well.

This Green Lease Framework is designed to show configuration options and to make it easier for all those involved to achieve sustainable building use and management. One fundamental prerequisite here is cooperation, where the parties involved work together in open and trusting collaboration. Measures that are specific to a particular building can be found in the Green Lease clauses of the individual rental agreements.



green. smart. and more.

This is the strategy of UBM Development AG, expressed in four words. In a nutshell. After all, in today's world, planning for the future means developing buildings that are sustainable, intelligent and aesthetically attractive, where people feel comfortable.

## 2. About UBM

We develop real estate for Europe's top cities. In accordance with our core strategy, our focus is on green building and smart offices in major locations such as Vienna, Munich, Frankfurt and Prague. With 150 years of experience, UBM offers all development services from a single source, from planning to marketing.

UBM is aspiring to become Europe's leading timber construction developer. Smart, barrier-free/accessible and flexible aspects of living and working are included even today to fulfil user needs over the long term. As a real estate developer, we can award the office a new role as a platform for communication and collaboration - the physical workplace allows a sense of community and corporate culture to thrive. And as an employer we embrace the opportunities - for example, we use the added potential for innovation offered by workplace diversity.

By focusing on green. smart. and more., UBM has anchored the relevance of ESG as an integral part of its corporate strategy, and it is taking specific measures. In day-to-day business life, the efficient use of resources is just as important as social issues and adherence to compliance rules. The UBM flagship projects, green building certification, and the activities resulting from the strategy green. smart. and more. correspond to EU specifications and offer fresh opportunities for UBM.

**green.** stands for ecologization measures, which means working on realignment of the economy shoulder to shoulder with the environment. Our focus here is especially on timber construction, as well as renewable energies and green building certification.

**smart.** expresses our commitment to intelligent buildings. The use of sensor technology and automation can allow buildings to be individually adapted to user needs while enabling efficient operation.

**and more.** means that we tell stories with our buildings. This is all about aesthetics, well-being and customer experience - our "more" is perceptible everywhere.

We orient our sustainability activities on valid laws and provisions in the countries where we operate. For instance, government initiatives in the countries relevant for UBM cover topics such as funding for renewable energy, increasing energy efficiency and funding programs for environmentally friendly behaviour, as well as strengthening fundamental and human rights, particularly in the supply chain. In addition, various norms and standards in specific countries and beyond serve as a framework, including the UN Global Compact, the Sustainable Development Goals (SDGs), the Task Force on Climate-related Financial Disclosures (TCFD), the EU Green Deal and the EU Taxonomy. In order to safeguard the implementation of our ESG goals and measures, we have introduced effective processes that we check and improve on a regular basis.

UBM Development AG is listed on the Prime Market of Vienna Stock Exchange and therefore fulfils the highest transparency standards. This concerns not only financial transparency, but also the disclosure of all other aspects of the business model.

UBM is committed to the Sustainable Development Goals (SDGs) of the United Nations, which were passed as the 2030 Agenda for Sustainable Development by all UNO Member States in 2015. Governments and companies are called upon to contribute to achieving these goals.

As part of a materiality assessment and a risk and impact assessment, UBM took a close look at the SDGs and their targets, and identified the goals where the company can make a direct contribution to the 2030 Agenda.



**Affordable and clean energy -**  
Ensure access to affordable, reliable, sustainable and modern energy for all.  
Focus: Targets 7.2 and 7.3



**Climate action -**  
Take urgent action to combat climate change and its impacts.  
Focus: Targets 13.1 and 13.2



**Decent work and growth -**  
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.  
Focus: Targets 8.4 and 8.8



**Life on land -**  
Protect, restore and promote sustainable use of terrestrial ecosystems, halt and reverse land degradation, and halt biodiversity loss.  
Focus: Target 15.5



**Industry, innovation and infrastructure -**  
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.  
Focus: Target 9.1



**Peace, justice and strong institutions -**  
Promote peaceful and inclusive societies for sustainable development and build effective, accountable and inclusive institutions at all levels.  
Focus: Target 16.7



**Sustainable cities and communities -**  
Make cities and human settlements inclusive, safe, resilient and sustainable.  
Focus: Targets 11.1 and 11.3

Approx. 28% of global CO<sub>2</sub> emissions result solely from the operation of buildings. Key levers here are an increase in energy efficiency and the proportion of renewable energy.



**Timber Peak, Mainz**  
The first timber hybrid high-rise in Mainz.  
Modern, prizewinning architecture in a unique location.



### 3.1. Energy & energy-related emissions

In the Paris Agreement, countries all over the world adopted a treaty that aims to strengthen the global response to the threat of climate change, holding the increase in global warming to well below 2°C above pre-industrial levels (1990) and pursuing further measures to limit this to 1.5°C. In this context, the EU Green Deal is the centrepiece of European sustainability efforts. Net greenhouse gas emissions in the EU need to be reduced by at least 55 % compared to 1990 levels by 2030.

This is a key interim goal of the Green Deal on the path towards making Europe the first climate-neutral continent in the world by 2050. As a result, the European Commission has introduced the “Fit for 55” package, which contains proposed legislation in the areas of climate, energy and fuels, transport, buildings, land use and forestry.

Approx. 28% of global CO<sub>2</sub> emissions result solely from the operation of buildings. The real estate sector therefore plays a significant role – a decrease in energy consumption and the reduction of CO<sub>2</sub> emissions from buildings are extremely important for the fulfilment of these goals.

#### Energy reduction

The amount of energy needed for buildings has consequences for the environment and is a key cost factor for tenants and users. Reducing the operating costs also has direct, positive effects for investors who focus on ESG- and taxonomy-compliant investments. A targeted reduction in energy consumption can be achieved via an energy monitoring system and intelligent lighting or devices, for example.

#### Measures:

- Working with time settings and motion sensors to turn appliances on and off, especially lighting
- Optimizing switch on/switch off times for technical equipment such as ventilation systems, humidifier systems, etc.
- Using appliances with a low energy consumption
- Economical and efficient user operation of all systems and equipment
- Using shading systems, intelligent interior ventilation
- Fitting energy-saving lamps (especially LEDs)
- Avoiding retrofitting of additional devices that conflict with existing systems (e.g. air conditioning with existing ceiling cooling)

#### Renewable energy

Compared to fossil fuels like gas and oil, the use of renewable energy sources in buildings can make a considerable contribution to the reduction of CO<sub>2</sub> emissions.

#### Measures:

- Procuring electrical energy from renewable energy sources (certified green electricity)
- Using sustainable energy sources, where applicable (e.g. photovoltaics, geothermal energy)

## Reducing resource consumption and waste is a central component in the fight against climate change, the loss of biological diversity, and further ecological challenges.

### 3.2. Waste

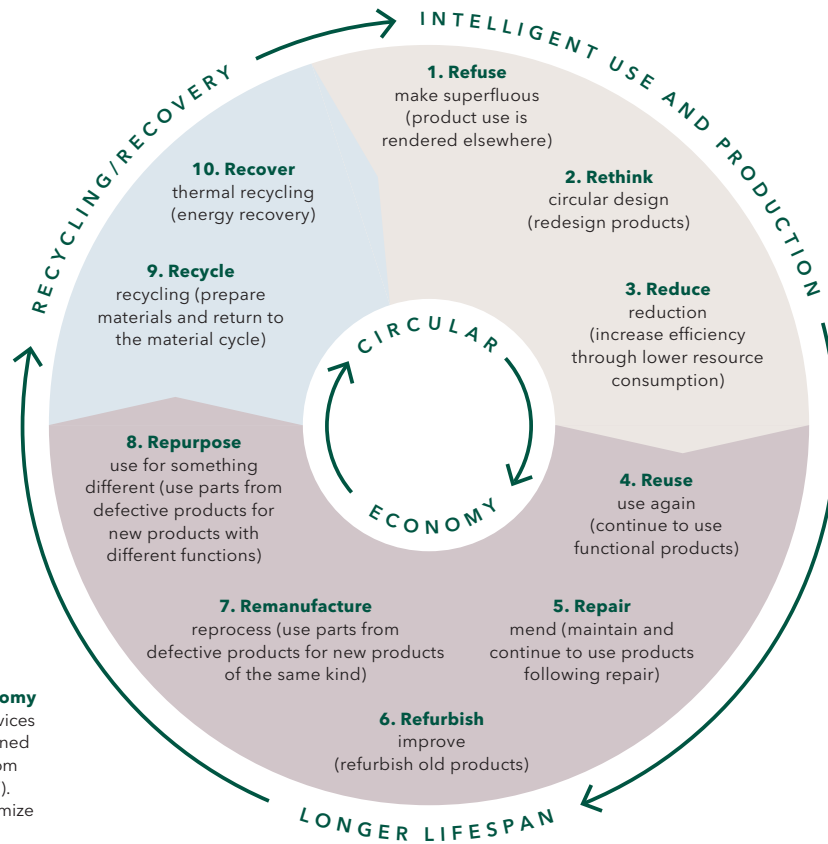
The consumption of natural raw materials has risen rapidly over past decades. The global material footprint has more than doubled from 43 billion tonnes in 1990 to 92 billion in 2017 (BMK 2022). In comparison, the planetary boundary is estimated to be 50 billion tonnes per year (UN International Resource Panel 2009). Resource extraction and processing cause approx. 50% of greenhouse gas emissions and more than 90% of biodiversity loss and water stress (European Commission 2020).

Besides population and economic growth, the reason for this massive rise in consumption is our linear economy (take - make - use - waste): raw materials are extracted from natural sources and used to make all kinds of goods, which then land in our ecosystems as waste in the air, water and soil - often after only a short time.

The Circular Economy Action Plan was initiated by the European Commission in 2015 to promote economic restructuring that is oriented on circular processes. The aim is to preserve materials and resources for as long as possible with minimum waste and environmental pollution. Once manufactured, products need to be used, reused, repaired, remanufactured and recycled for the maximum possible length of time to extend the product life cycle. In connection with this, for example, a national circular economy strategy was drawn up for Austria, and specific goals were quantified. The 9Rs in the Austrian circular economy strategy describe a responsible approach to waste.

#### FROM A LINEAR TO A CIRCULAR ECONOMIC SYSTEM





**Principles of a circular economy**

Systems, business models, services and products are ideally designed to be as circular as possible from the outset (“circular by design”). In addition, the goal is to maximize the duration of use. Finally, materials should be returned to the material cycle as far as possible as secondary raw materials.

As a real estate developer, UBM has a particular influence on the volume of waste produced during the construction of buildings. All UBM projects must consider and examine the use of sustainable or recycled building substances during planning. Information on circular economy requirements is given to planners.

Waste volume and separation are also important for the operation of buildings, with end users especially called upon here. Avoiding waste saves energy and resources; sorting waste into individual categories enables proper recycling of materials.

**Measures:**

- Preparing a plan to avoid/reduce/separate waste of all kinds; actively communicating information on how to separate waste
- Reducing paper consumption (e.g. by avoiding printing; duplex printing; electronic archiving); using recycled paper
- Passing on redundant IT equipment, e.g. to local schools and charities

- Reusing furniture within the company or passing it on to local schools, non-profit and community organizations
- Conducting surveys to identify potential for reducing and recycling as well as general handling of waste
- Reducing single-use products (e.g. disposable tissues, plastic utensils, plastic bottles, etc.); promoting alternatives for reuse and recycling
- Choosing materials with certificates and checking for reuse potential when retrofitting or restructuring in the building (e.g. wall paint, flooring materials, etc.)
- Holding employee training sessions on how to avoid waste



**Timber Port, Düsseldorf**  
 This eight-storey office building with a timber hybrid design is a new attraction at the Düsseldorf Media Harbour.

### 3.3. Water consumption

The water cycle is an important basis for life on Earth - and water shortages or excess can endanger life as well (flooding or drought). Population growth, different consumer behaviour and climate change have a direct effect on the availability and quality of water.

Water stress areas are regions with an extreme imbalance between water consumption and available water resources (water competition, water shortage). In these areas, water stress leads to a deterioration in the supply of freshwater quantitatively (overdrafting groundwater aquifers, drying up, etc.) and qualitatively (contamination, saline intrusion, etc.). Water stress presents an increasing risk of environmental and economic problems. At EU level, approaches to solving these problems have already been found: the Water Framework Directive, the 2030 Biodiversity Strategy, the Circular Economy Action Plan and also the Regulation on Water Reuse from 2020.

Resource-friendly use of water and wastewater plays an important role in the utilization of buildings. As a property developer, UBM can help to develop sensible solutions in the area of water consumption. For example, the treatment of rainwater and greywater, and also the use of water-efficient fixtures and fittings, can reduce drinking water requirements.

**Measures:**

- Using water-efficient fittings (including taps with reduced water flow or WCs with a lower flush volume)
- Using appliances with a lower water pressure
- Optimizing the operation of outdoor irrigation systems
- Optimizing water consumption for garage and facade cleaning

### 3.4. Mobility

Mobility is a basic human need and contributes to the quality of life. However, transport has a considerable impact on the environment and also has an influence on human health. Specifically road transport and especially cars are among the main causes of greenhouse gas emissions.

Noise pollution, air pollutant emissions, soil sealing and the consumption of raw materials are other negative consequences of an increased volume of traffic.

Modern mobility concepts play an important role in the planning of real estate and the development of urban districts in order to counteract increasing congestion. Sustainable buildings require a holistic view of the utilization concept - for the building itself and also for the quarter where it is situated. This includes the surrounding economic and social infrastructure (e.g. buildings, schools, workplaces, recreation areas) and also sustainable mobility concepts (car/bike sharing, e-mobility). Especially public transport connections ensure short travel routes and increase the quality of living, working and hotel stays.

UBM is aiming to make an active contribution towards reducing CO<sub>2</sub> emissions, also in the area of mobility. During development of a property, UBM draws up future-oriented mobility concepts that - depending on the project - can contain local public transport connections, EV charging, e-bike battery charging facilities, car sharing, e-bike rental facilities, secure bicycle spaces, and also showers and changing rooms for cyclists, for example. Tenants are recommended to use bicycles, public transport and sharing platforms as sustainable alternatives to travelling by car.

**Measures:**

- Creating incentives for bicycle use (e.g. financial incentives for the tenant workforce; providing changing rooms and washroom facilities in the building, etc.)

- Creating incentives for use of public transport (e.g. contributing to the costs of monthly or annual tickets for public transport)
- Creating incentives for use of shared mobility economy systems (e.g. financial incentives for the tenant workforce)
- Display showing the next public transport connections and their departure times

### 3.5. Cleaning

It is difficult to imagine our modern world without cleaning products. The Covid-19 pandemic has intensified the importance of hygienic facilities. However, the risk to environment and health resulting from the ubiquitous presence of cleaning products in households, trade and industry is frequently underestimated. Many substances in these products are toxic to aquatic creatures, and they can harm the environment or human health if they trigger allergic reactions or respiratory problems. Finally, detergents almost always produce waste packaging.

Environmentally friendly and healthier variants of these cleaning products have been developed, which are identified by environmental labels such as the "Blue Angel" and "EU Ecolabel". Labels that cover the entire product life cycle should be preferred, as this also reduces waste packaging.

**Measures:**

- Using eco-friendly cleaning products
- Economical dosage of cleaning products as specified by the manufacturer
- Employing mechanical aids (sink strainers, suction cups, spiral drain cleaners) instead of chemical cleaning products



#### 4. Metering installations and consumption data

Optimum controls for sustainable property management require data and key figures. A correct data corpus enables the implementation of optimization processes that also offer possibilities for cost savings. Furthermore, the parties involved can use the collected data for potential sustainability reporting.

The more complex the building, the more data can be available. It is important here to collect data that is relevant (cost-relevant, risk-relevant, contract-relevant). In the process of data acquisition through to data usage, it must be ensured that no data is lost or falsified. In practice, installations for metering and counting are customary for tracking the consumption of water, heat, cold and power.

#### 5. Interaction between lessor and lessee

These installations are used firstly for consumer-friendly billing and secondly as the basis of energy management.

Green Leases achieve a different relationship between lessor and lessee, whose interests are often imbalanced in traditional rental agreements. In a Green Lease, both parties pursue a common sustainability goal. This creates a more cooperative partnership between lessee and lessor.

Recommended regulations typically favour sustainability information being provided on both sides with respect to the property in question. To ensure that communication continues during the duration of the agreement, it is helpful to specify contact persons on both sides (sustainability officers). If required, a regular cycle can be determined for coordination (e.g. quarterly, biannually, ...). The responsibilities of these contact persons can be assigned according to circumstances and requirements; for instance, monitoring the adherence to specifications in the Green Lease, data evaluation and/or preparation of a sustainability report.

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