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# one sustainability.

## Sustainability at UBM

One common goal, working together as a team and identification with the company are decisive factors for UBM's success. UBM has therefore chosen "one goal.one team.one company." as its mantra. A common goal not only creates bonds, but also a focus in one direction. "one goal" is defined as an increase in the value of the company – it means combining sustainable business practices with a long-term commitment to serve as a reliable partner for investors, general contractors and suppliers and as an attractive employer for its workforce. Social and ecological components play an important role in sustainably increasing a company's value, and the inclusion of these aspects in all decisions is a matter of course for UBM.

The initiatives in the environmental and social area in no way represent an end in themselves, but are integral parts of the "one goal.": Only a company that is financially successful can fulfil its social and ecological responsibility over the long-term – and only a company that acts sustainably can be consistently financially successful.

UBM's core business is the development of real estate in the hotel, residential and office sectors. Its decisions, beginning the selection of a site to the design of the energy system and the use of building materials, have an impact on the global climate for the coming decades. UBM is well aware of this important responsibility, which it works to meet in keeping with its commitment to holistic, ecological project development.

### Information on the report content

Sustainable project development has been an integral part of the UBM strategy for many years. The first UBM sustainability report was issued in 2017 in accordance with the guidelines defined by the Global Reporting Initiative (GRI).

Sustainability issues for the 2018 financial year are presented in a more compact non-financial statement as part of financial reporting and the annual report. This provides a broader readership with information on sustainability issues

and creates a greater awareness for this important subject area. Details and background material can also be found in the sustainability report for 2017.

This non-financial statement includes the disclosures required by Section 267a 1–3 of the Austrian Commercial Code. The following pages deal with the non-financial aspects of business activities related to environmental and social issues, respect for human rights, the fight against corruption and bribery as well as employee-related matters. The statement covers non-financial information on UBM Development AG and its fully consolidated subsidiaries. Non-financial indicators are presented in a two-year comparison.

### Business model and value chain

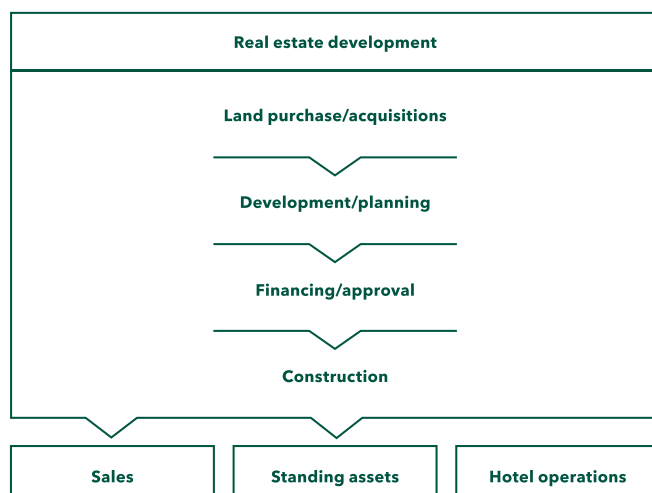
UBM Development is a real estate developer and the European market leader in the hotel sector. The company acquires, develops and sells properties at established locations with a potential for an increase in value. Through transactions in the form of forward sales, UBM works to establish a balanced relationship between profitability and its risk profile. Business activities are clearly focused on three core markets – Germany, Austria and Poland – and three asset classes – hotel, residential and office. UBM therefore invests in markets which offer optimal added value over the medium- and long-term in line with a balance between profitability and risk. The dual approach of a development portfolio that is diversified by region and investment opportunities differentiates the company significantly from the more opportunistic branch approach.

Expertise along the entire value chain is UBM's DNA, and sustainability represents a key aspect across the full spectrum of activities. The first phase of the value chain includes the search for and evaluation of a location, which is defined as the acquisition and/or land purchase. This is followed by the development and planning phase. The initiation phase and financing proceed parallel to the approval process. As soon as the official approvals have been received, the project advances to the realisation or construction phase. Two alternatives are available for utilisation – sale and rental – whereby the company's transformation into a "pure-play developer"

means the properties are, as a rule, sold. UBM also holds a number of standing assets in its portfolio for historic reasons, but the transformation into a “pure-play developer” includes the increased sale of standing assets. In the hotel sector, UBM often sells the property and then takes over hotel operations on a contract basis. That means UBM leases the hotels it has developed, while the ongoing operations are managed by international hotel chains.

UBM’s supply chain includes products as well as services. The primary service providers for real estate development are consultants, e.g. architects, construction physicists, appraisers and structural engineers – in other words, representatives of the fields required for the design and planning phase. As soon as a project enters the realisation phase, a general contractor, individual companies or a combination of these professionals takes over. The completion of the building is followed by the start of various management tasks. Experience from business relationships and qualifications are key criteria for UBM in the selection of its business partners.

#### Value chain phases



#### Sustainability process and stakeholders

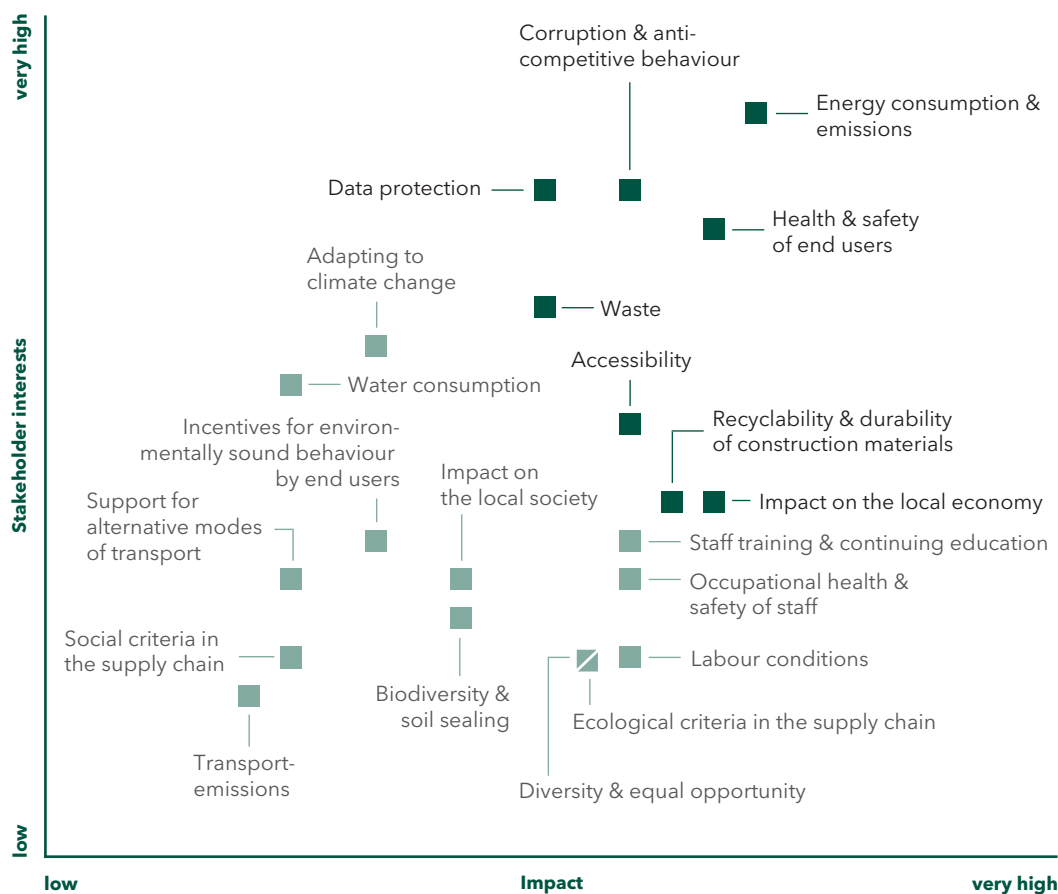
UBM carries a high social responsibility through its functions as a project developer and property owner. Especially in the area of real estate development, UBM not only influences its own sustainable business activities, but also creates the foundation for future users (e.g. through the choice of materials, energy supply). The inclusion of sustainability aspects during the design, construction and operational phases of a project is another important instrument for the sustainable preservation of a property.

In order to incorporate the focal points of the sustainability strategy in every project planning phase, UBM’s relevant impact and risks on society, the economy and the environment were identified and prioritised as a first step in workshops and dialogues with internal experts. The resultant thematic blocks were then condensed in a two-stage process. An analysis of the value chain with a view towards industry-specific issues pinpointed the impact and risks of the various sustainability aspects for every business area and phase.

The materiality of the issues results, on the one hand, from the relevance of their impact on and risks for the environment, society and the economy and, on the other hand, from their significance for the different stakeholder groups. In the next step, the internal representatives of the relevant stakeholder groups were therefore asked to prioritise the issues with regard to UBM’s environmental, social and economic impact.

UBM’s most important stakeholders include investors and the capital market, business partners (e.g. consultants, property managers, hotel operators and brands), customers and end users, buyers, tenants, apartment owners, hotel guests and, of course, the UBM staff.

Materiality matrix 2018



This UBM materiality matrix is based on the impact and risk analysis as well as the identified stakeholder interests.

For investors, the materiality analysis shows that data protection and the prevention of corruption have high priority. Planners and construction companies are interested, above all, in occupational health and safety, waste management and effects on the local economy. Property managers and hotel operators require low energy and water consumption in the properties as well as the reduction of emissions, in all cases with a focus on the health and wellbeing of end users.

The interests of end users, e.g. apartment owners or hotel guests, are related primarily to health and safety, accessibility, data protection and energy management. The general public, which includes neighbouring communities, authorities and the media, place high importance on the environmental effects of buildings, e.g. emissions and waste.

UBM's staff appraisals have shown that employees place high value, above all, on continuing education and training as well as good working conditions and safety and health at work.

### Key issues and reporting structure

The sustainability issues listed in the following table were classified as important based on the materiality analysis and are therefore included in the aspects to be addressed in accordance with the Austrian Sustainability and Diversity Improvement Act ("Nachhaltigkeits- und Diversitätsverbesserungsgesetz", NaDiVeG). All subjects classified as important were rated high with regard to stakeholder interests as well as their impact (see the materiality matrix). The issues of staff training & continuing education, occupational health & safety and working conditions are examined more closely because they involve employees – who almost certainly represent the most important stakeholder group for the company's success and whose impact is rated high on the materiality matrix.

Consequently, this non-financial statement is organised in three sections: the environment, employees, and social issues & compliance. All key issues – including the management approach, risks and impact, measures and non-financial indicators – are presented in these three sections. The issue of human rights is included in the section on employees, and the issue of corruption & bribery is discussed in the section on social issues & compliance.

Since energy consumption & emissions was identified as the most important issue, the report gives particular attention to the section on the environment. This reflects the fact that the impact of real estate development on the environment extends far beyond the specific location and life of a property. UBM's actions today design the living areas of tomorrow. The section on the environment is therefore divided further according to the following business areas: property development, standing assets and Group properties and hotel operations.

A table with goals and measures which summarises the sustainability aspects can be found at the end of the non-financial statement.

The non-financial statement addresses potential risks for the key issues arising from UBM's business activities. These risks are discussed more closely in the respective sections. These key issues are currently not exposed to any serious risks. Moreover, UBM operates an extensive risk management system which covers risks for the company and all corporate units and subsidiaries (see the Risk Report beginning on page 62).

Issues pursuant to the Austrian Sustainability and Diversity Improvement Act	Material sustainability issues
Environmental issues	Energy consumption & emissions
	Waste
	Recyclability and durability of materials
Staff issues	Occupational health and safety of staff
	Further education and training for staff
Respect for human rights	Labour conditions
Social issues	Health of end users/accessibility
	Data protection
	Impact on the local economy
Fight against corruption and bribery	Corruption and anti-competitive behaviour

## The Environment

UBM Development carries substantial responsibility as a real estate developer, especially regarding the environment. Today's development activities create the living environments of the future. Decisions beginning with the selection of a location to the design of the energy system and the use of building materials have an impact on the global climate for the coming decades. UBM is well aware of this important responsibility, which it works to meet in keeping with its commitment to holistic, ecological project development. Strong growth in the demand for sustainably developed properties by stakeholders and persons with an interest in UBM's ecological, social and economic performance has also been noted. Sustainable real estate development at UBM is focused, among others, on the efficient use of resources, beginning with the economical use of building land, energy utilisation, the reduction of water consumption, responsible sourcing and sustainable mobility. UBM has set concrete targets in these areas, which are anchored under the sustainability benchmarks (see the goals and measures matrix on page 88).

As a consequence of its strategic transformation into a pure property developer, UBM is actively pursuing the sale of standing investments within the framework of the "Pure Play Program PPP". Development projects comprise roughly 70% of the property portfolio, which means reporting and the defined targets and measures are focused on this area of the business. The company sees significant opportunities here to make a positive contribution to climate protection because this project phase creates the basis for the ecological orientation of buildings. The key issues of energy consumption & emissions and the recyclability & durability of construction materials are covered in the section on property development. The key issue of waste is dealt with, above all, under hotel operations. Non-financial indicators are then provided for property development, Group properties and standing assets as well as hotel operations.

### Impact and risks

Buildings cause emissions throughout all phases of their life-cycle - from their construction (e.g. through the use of materi-

als and logistics) to their use (e.g. building operations, maintenance) and the end of their lifespan (e.g. dismantling). The related emissions are measurable in the potential impact on global warming, ozone depletion, acidification and over-fertilisation as well as in the abiotic use of resources. These factors have a significant influence on the global environment because they affect the air, water and ground.

The energy consumption during the subsequent operation of a building can be substantially influenced as early as the planning phase through the selection of suitable energy carriers. Buildings are among the largest energy consumers (room heating, lighting, warm water). The energy consumption from the operation of buildings has irreversible consequences for climate change. The potential to reduce energy and water consumption is enormous at this time. Cause and effect need to be evaluated continuously.

Other far-reaching effects on the environment result from interference in ecosystems, e.g. in the form of ground sealing, the destruction of open spaces and the disruption of water cycles. However, the impact of buildings on the environment extends - from the viewpoints of space and time - far beyond the respective location and lifecycle. The natural cycle of the value chain closes with the demolition of a building which, in turn, also involves the consumption of resources. The planning phase must, therefore, include the durability and recyclability of materials.

The high volume of waste generation, above all from hotel operations, has a negative effect on the environment. Through the selection of well-known international brands as hotel managers, UBM ensures the implementation of appropriate standards. The project partners use various management systems which, among others, are focused on sustainable operations. They include, for example, solutions to reduce electricity and water consumption or the production of waste.

### Management approach

UBM is committed to a culture of sustainability - the responsible use of resources is an integral part of planning and work processes and is improved continuously. Clear structures

and responsibilities were firmly anchored in the company through the "Green Building" process landscape and play an important role in reaching the sustainability benchmarks. The goal of these sustainability benchmarks is to improve the sustainability performance of buildings. UBM sets specific targets in the areas of energy (e.g. reduction of CO<sub>2</sub>, share of renewable energies), water efficiency, microclimate and biodiversity, mobility and responsible sourcing. The focus is on the conscious use of resources, in other words, sufficiency. The "Green Building" process is designed to support the life-cycle-based planning of buildings. In this way, it can minimise the environmental impact and the consumption of limited resources through all stages of a building's life.

The company is also increasing the focus on environmental aspects in its standing assets. Energy audits were carried out, and will be continued, to identify the energetic weak points in the buildings, and the recommended measures are then implemented according to their priority. UBM sees an additional opportunity for action through a dialogue with end users, i.e. the tenants. All new rentals are expected to be based on so-called "green lease contracts" which, among others, are focused on sustainable criteria. In this way, the tenants become partners in climate protection.

A measurement and monitoring system has been installed in nearly all hotels to guarantee sustainable management. Systematic monitoring allows UBM's building services departments and the hotel operators to follow the processes in detail. In addition to quality checks in its own hotels, UBM carries out regular in-depth audits. Routine reports on financial and non-financial changes are also prepared and form the basis to identify and realise opportunities for optimisation.

#### **"one future. one environment."**

In view of the high importance of environmental issues for UBM, key objectives include sensitising employees for this subject and supporting the best initiatives. The "one future. one environment." campaign was launched at the end of 2018 to create a greater awareness for sustainability in the daily (work) routine. Weekly mailings provided facts and tips on mobility and positive behaviour to improve energy sav-

ings and waste management, and employees were informed of the sustainability initiatives already implemented by UBM.

This campaign included the "one environment award.": a Group-wide idea competition to select the best proposals in the areas of sustainability and social issues. Roughly 50 ideas were received within the framework of this project, and the cornerstone has already been laid for three outstanding ideas. First place was taken by the idea for a study on "wood vs. reinforced concrete in residential construction" based on a UBM development project. This study should provide traceable short-term, medium-term and long-term results on the planning, construction, sale or rental and user feedback of residential buildings made of wood. The second-placed idea focused on environmental management and on support for social skills. It involves giving each employee a "social day" to work on an environmental project related to society. An idea from the subject area "sustainable everyday office life" was ranked third.

Under the motto "Clean Green", UBM has designated the hotel project in Katowice which is currently under realisation as a flagship project for sustainable project development in 2019. The entire interior design will be based on sustainability, including the use of recycled furniture, the greening of interior areas to filter the air and the strict use of regional materials.



## Property development

Property development has high relevance from an ecological viewpoint because it creates the foundation for the future impact of buildings on their environment. The goal of ecological sustainability in the construction sector, in addition to resource conservation, is to reduce the pollutant emissions caused by buildings and the related materials. An important contribution to sustainable construction as a means of reducing the negative effects on the environment and climate is made by the reduction of greenhouse gases, the use of renewable energies like solar energy, geothermal energy and biomass as well as wind power and hydropower.

As one of the first developers, UBM has relied on green building since 2009. Sustainability for UBM means working in detail. Compliance with the sustainability criteria included in building assessment systems minimises the impact and risks resulting from property development. UBM is committed to playing a leading role in sustainable property development and, for this reason, arranges for the certification of all commercial properties, office and hotel buildings. An increased focus has been placed on the certification of mixed-use properties because they are greater demand in metropolitan areas. The steady pursuit of the benchmarks is demonstrated

by the numerous certifications already received. The certification system introduced by the German Sustainable Building Council ("Deutschen Gesellschaft für nachhaltiges Bauen", DGNB) is the most frequently used scheme for sustainability assessments in UBM's core markets. Other widespread certification systems are the US LEED system and the British BREEAM system. UBM uses these systems to demonstrate the performance of its properties with regard to ecological, economic and social criteria and as a means of comparison with the overall real estate market. Sustainability assessments were carried out at eight commercial projects, two hotel buildings, five office buildings and one mixed use building which were realised in 2018. Of the space completed in 2018, 79% was certified (2017: 72%)

## Energy and emissions

Real estate accounts for a significant share of total energy consumption and, consequently, for greenhouse gas emissions. The use of renewable energies reduces the emissions of sulphur and nitrogen compounds, which acidify the air and soil and have a negative impact on bodies of water, living beings and buildings. The use of renewable energy carriers helps to reduce the demand for primary energy and the dependence on fossil fuels. Building technology plays an important role

## Certificates

	2018	2017
Projects realised – all asset classes (numbers)	12	15
Total GFA <sup>1</sup> (m²)	158,215	191,947
Certified GFA (%)	79	72
Certified GFA (m²)	124,758	137,445
Non-certified (m²)	33,458	54,502
Certification <sup>2</sup> (number)	8	7
DGNB	5	4
LEED	3	4
BREEM	-	1

<sup>1</sup> Space on projects that have been certified twice was only counted once in determining the GFA.

<sup>2</sup> The figures are based on the absolute number of the projects not taking into account double certification.

with regard to sustainable development and construction because it not only facilitates resource-conserving energy generation and efficient energy use, but also improves the well-being of building users. An office or hotel building generally uses more energy than a residential building due to the technical equipment. In its residential construction projects, UBM has already turned to systems like photovoltaics and solar thermal energy. The increased use of renewable energy carriers is a further objective for commercial projects – and 2018 marked the first office building developed by UBM which is equipped with photovoltaic technology.

The calculated final energy consumption for all property development projects in 2018 averaged 108 kWh/m<sup>2</sup>GFA/a. In comparison with 2017, this represents an increase of 12 kWh/m<sup>2</sup>GFA/a. It resulted from the conversion of an office building where only interior construction was carried out and the energy systems were not replaced. Excluding this project, the energy intensity of the projects in 2018 equalled 90 kWh/m<sup>2</sup>GFA/a and was therefore lower than the previous year. The energy intensity for development projects where UBM is responsible for the entire value chain from the project initiation, to conception, planning and realisation ranged from 60 to 110 kWh/m<sup>2</sup>GFA/a in the office asset class. In contrast, the

residential asset class registered final energy consumption of max. 80 kWh/m<sup>2</sup>GFA/a. The energy intensity rose slightly in 2018, but the intensity of greenhouse gas emissions declined from 26 kg/m<sup>2</sup>/a in the previous year to 25 kg/m<sup>2</sup>/a.

### Soil sealing and microclimate

The beginning of UBM's value chain is formed by the acquisition or purchase of land and development with subsequent planning. UBM's goal is to avoid the conversion of natural or undeveloped areas as far as possible and to limit soil sealing in undeveloped areas. This conscious approach to dealing with land and outdoor areas contributes to improving the microclimate and maintaining biodiversity. UBM therefore supports brownfield developments, which primarily involve sites in built-up areas which were previously used for industrial or commercial purposes. Eleven brownfield developments were completed in 2018 on approximately 60,840m<sup>2</sup>, in contrast to only one greenfield project on roughly 1,618m<sup>2</sup>. In 2017 the share of greenfield developments exceeded the brownfield developments.

### Recyclability and longevity of materials

The early planning phase of property development is decisive for a building's performance – it can be seen as the key

#### Energy indicators property development

	2018	2017
Total calculated energy consumption (kWh/a)	17,048,231	18,391,365
GFA of the property developments (m <sup>2</sup> )	158,215	191,947
<b>Calculated energy intensity (kWh/m<sup>2</sup>/a)</b>	<b>108</b>	<b>96</b>
Direct GHG emissions (t)	3,934	5,018
<b>Intensity of total GHG emissions (kg/m<sup>2</sup>/a)</b>	<b>25</b>	<b>26</b>
Plot area (m <sup>2</sup> )	62,458	62,121

to a functioning circular economy. Consequently, the goal is to calculate emissions and resource consumption over the entire lifecycle with the help of lifecycle assessments and to evaluate these factors based on benchmarks.

The assessments for UBM's latest development projects were based on the DGNB/ÖGNI building certification systems. The preparation of a dismantling or renaturalisation concept and the analysis of materials in accordance with the lifecycle assessments help to strengthen the focus on the recycling compatibility and durability of materials.

### UBM's locations

The corporate locations of the UBM Group include 17 offices, which are located in major Austrian, German and Polish cities as well as in Prague. All of this office space is leased. Most of the employees work in Vienna. The new headquarters at the Office Provider in Vienna's Favoriten District was taken over in mid-2018. Through extensive refurbishment, UBM created a modern office world with open-space character in an existing building. UBM also places high demands on sustainability at its corporate locations, as was clearly demonstrated in the revitalisation of the new headquarters in Vienna. The extended useful life of this building will reduce the overall ecological footprint.

Improving the quality of use and the working environment of employees creates the basis for successful and sustainable

building operations. For example, the refurbishment of the Office Provider included the installation of a cooling ceiling as protection against the hot summer temperatures. Other elements in the revitalisation involved the conversion of the building's lighting system to LED and the acoustic improvement of the ceiling construction. In addition, a low-emission, hypo-allergenic carpet was installed. Materials containing mineral fibres, such as mineral ceiling boards and system walls, were replaced.

The conference rooms are equipped with modern video conference systems, which help to substantially reduce the number of business trips and the related CO<sub>2</sub> emissions through air and auto travel. Electric filling stations and sufficient covered bicycle stands support resource-conserving forms of mobility. Moreover, UBM has eliminated the use of plastic bottles in its new office location. These standards are only several of the reasons underlying the DGNB Gold certification received by UBM's headquarters.

### Energy and emissions

The energy intensity at UBM's corporate locations was significantly lower year-on-year at 92kWh/m<sup>2</sup> in 2018. This represents a reduction of 14.0% compared with 2017. The total floor area in the corporate locations rose by approximately 1,500 m<sup>2</sup> during 2018 and led to an increase of 51,107kWh in the overall energy consumption to 694,973kWh. The intensity of greenhouse gas emissions also declined during the reporting year.

#### Energy indicators UBM's locations<sup>1</sup>

	2018	2017
Total energy consumption (kWh)	694,973	643,866
GFA of buildings (m <sup>2</sup> )	7,541	6,024
<b>Energy intensity (kWh/m<sup>2</sup>)</b>	<b>92</b>	<b>107</b>
Direct and indirect GHG emissions (Scope 1/2) (t)	253	239
Direct GHG emissions (Scope 1) (t)	6	5
<b>Intensity of GHG emissions (kg/m<sup>2</sup>)</b>	<b>34</b>	<b>40</b>

<sup>1</sup> The data for the locations in Germany include projections because the ancillary cost statements are not yet available.

### Standing assets

Real estate development is UBM's core business. Rented standing assets comprised only about 30% of the property portfolio at year-end 2018. The corporate strategy includes the further reduction of standing assets because of the greater focus placed on the company's transformation to a pure property developer. Nevertheless, the sustainable management of properties as regards resource management is an important issue for UBM. The regular evaluation of technical operating equipment represents a key factor for cost and resource savings.

### Energy and emissions

Through the strategic transformation to a pure property developer within the context of the "Pure Play Program PPP", UBM is increasing the sale of standing assets. The value of the standing asset portfolio amounted to €520m at the end of December 2017, but had declined to €370m by year-end 2018. This led to a substantial reduction in energy consumption in the standing asset portfolio. However, the energy intensity and greenhouse gas emissions increased due to the comparatively high share of older properties in the Czech Republic and Poland. Of the total gross floor area, 183,535m<sup>2</sup> is located in properties in the Czech Republic and Poland and only 9,377m<sup>2</sup> in standing assets in Austria. The CO<sub>2</sub> emission factor in the Czech Republic and Poland is 2.5-times higher on average than the factor in Austria.

### Hotel operations

UBM has developed more than 50 hotels over the past 25 years. Its activities in hotel operations have been bundled since 2016 in the subsidiary UBM hotels, which is responsible for 14 hotel operating companies. Management or franchise contracts for the operation of all hotels were concluded with international hotel chains. Through the selection of well-known international brands as hotel managers, the company ensures the implementation of appropriate standards. The project partners use various management systems which, among others, are focused on sustainable operations, like the "GREEN ENGAGE" system used by the IHG chain. A measurement and monitoring system was developed and has been installed in nearly all hotels in recent years to guarantee sustainable management. Systematic monitoring allows UBM's building services departments and the hotel operators to follow the processes in detail.

### Energy and emissions

The collection of data on all types of consumption by a building's relevant technical equipment is crucial for optimising energy and emission indicators. A measurement and monitoring concept is prepared for each hotel to support the continuous optimisation of building operations.

#### Energy indicators standing assets

	2018	2017
Total energy consumption (kWh)	27,290,835	39,844,402
Natural gas (kWh)	989,987	3,120,921
Electricity (kWh)	18,233,439	25,676,919
District heating (kWh)	8,067,408	11,046,563
GFA of buildings (m <sup>2</sup> )	192,912	342,861
<b>Energy intensity (kWh/m<sup>2</sup>)</b>	<b>141</b>	<b>116</b>
Indirect GHG emissions (Scope 2) (t)	18,209	26,946
<b>Intensity of GHG emissions (kg/m<sup>2</sup>)</b>	<b>96</b>	<b>81</b>

The data on hotel operations reflect the sustainable development targets, in particular for the reduction of energy and resource consumption. Although 10,493 m<sup>2</sup> of gross floor area (GFA) and 289 new rooms were placed in operation during 2018, energy consumption in the hotel operations fell from 17.1m kWh to 16.7m kWh in 2018. Accordingly, the energy intensity and intensity of greenhouse gas emissions also declined during the reporting year.

### Waste

Efforts to reduce the negative impact on the environment include the reduction of waste. The managers in the individual hotels work together with public companies for the disposal of glass, paper, oil, plastic, residual waste and cooking oil. An analysis of the data showed that further initiatives must be developed and implemented in this area. For example, separation of the various waste materials – paper, plastic and residual waste – must not only be possible in the guest rooms, but also in the carts used by the housekeeping staff. From UBM's viewpoint, the installation or changeover of amenities in the guest bathrooms to refillable soap, shower gel and shampoo dispensers represents a further opportunity to reduce waste.

### Employees

UBM respects, protects and supports the interests of its employees because they represent valuable assets and make an important contribution to the company's success. UBM is well aware of the high responsibility towards its workforce and creates the necessary conditions for a good working environment. The goal is to create and maintain a motivating workplace that promotes good health and offers individual opportunities for development.

Direct contacts form the basis for mutual understanding – and for the organisation of UBM Day in Vienna during 2018, where the entire staff met to exchange information and ideas. Projects were presented, the mantra “one goal. one team. one company.” was explained in detail and illustrated by activities that brought all employees together. This event supported the exchange of know-how between employees from all countries and further expanded the open corporate culture with regard to cross-border cooperation. The enthusiastic response of the participants made it clear that more UBM Days will follow. The first cross-border UBM Hotel Day was also held in 2018. Sixty participants exchanged information

### Indicators hotel operations

	2018	2017
Total energy consumption (kWh)	16,729,279	17,048,014
Overnights (numbers)	675,879	629,004
<b>Energy intensity (kWh/overnight)</b>	<b>25</b>	<b>27</b>
Direct GHG emissions (Scope 1) (t)	14	21
Indirect GHG emissions (Scope 2) (t)	6,338	6,818
<b>Intensity of GHG emissions (kg/overnight)</b>	<b>9</b>	<b>11</b>
Total water consumption (l)	114,488,990	105,978,630
Water consumption (l/overnight)	169	168
Non-hazardous waste (m <sup>3</sup> )	7,573	6,347
Hazardous waste (m <sup>3</sup> )	-	-

on the latest trends in the hotel business and best practice examples for planning and design. The UBM expert teams for interior design and hotel operations presented their projects and, for the first time, were able to enjoy a larger internal audience. The success of the event was followed by the transfer of this format to the residential business: The first UBM Residential Day was held at the beginning of 2019.

Sustainable communications are also supported by the new headquarters. The entire office space is now located on a single level, where modern, open rooms create the setting for good staff interaction. In addition, a modern lounge with comfortable seating as well as table football and darts are available on 150 m<sup>2</sup> for communication and simultaneous team building. A newly designed green inner courtyard provides an inviting place to linger.

### Impact and risks

The potential risks to staff vary depending on the sector. For example, employees working at construction sites are exposed to a higher risk of injury from accidents than their colleagues in asset management. Greater attention is therefore paid to compliance with occupational health and safety standards and the creation of fair working conditions. Other risks can arise through the exploitation of leased personnel or employees who are not paid in accordance with the collective agreements of the country to which they are assigned, e.g. in connection with construction company contracts. Hotel operations are similarly connected with occupational safety risks, where socio-cultural aspects are also relevant.

### Management approach

UBM supports and encourages qualifications, motivation and diversity within the company. It works proactively and sustainably in support of a working environment that promotes good health and is free of discrimination to preserve a culture of mutual respect and appreciation throughout the entire workforce. All employees are treated equally – without differentiation by gender, social background, sexual orientation, nationality, religion or age. Decisive action is taken against any form of discrimination. Diversity and equal opportunity have high priority for UBM. Consequently, there is no difference in the compensation paid to men and women who have the same responsibilities and qualifications. The company is increasing its efforts to raise the percentage of female employees. A flexitime system is offered throughout the UBM Group to support the work-life balance. UBM sees added value in the employment of staff with different ages and encourages the exchange of experience between young and old (buddy principle). Compensation policies for all employees working for UBM and its subsidiaries comply with the applicable legal regulations.

## Employees by type of employment and gender

	2018	2017
Total employees	365	748
Total employees hotels	52	439
Total employees development	313	309
Female employees <sup>1</sup>	148	140
Male employees <sup>1</sup>	165	169
Total full-time <sup>1</sup>	267	264
Female full-time <sup>1</sup>	105	101
Male full-time <sup>1</sup>	162	163
Total part-time <sup>1</sup>	46	45
Female part-time <sup>1</sup>	43	42
Male part-time <sup>1</sup>	3	3

<sup>1</sup> excl. Hotel

## Development age groups

	2018	2017
Employees aged between 20-30	27	39
Employees aged between 30-40	83	91
Employees aged between 40-50	115	104
Employees aged >50	88	75

## Development employees by country

	2018	2017
Austria	138	134
Germany	96	86
Poland	36	48
Czech Republic	32	30
Romania	3	8
Other	8	3

### Facts and figures

UBM Development had 365 employees as of 31 December 2018. The substantial reduction in the workforce from 2017 to 2018 resulted from the deconsolidation of the subsidiary UBM hotels. At year-end 2018, 313 employees worked in the development area and 52 in hotel operations.

An analysis of the number of employees in the development area by country shows a strong increase in Germany. It reflects the fact that the largest project portfolio is currently located in that country as well as the resulting need for additional personnel. In contrast, the reduced focus on new projects in Poland during 2018 and in the coming years has led, and will continue to lead, to a decline in the number of employees.

Roughly 15% of the employees utilise the part-time work option, whereby 93% of these employees are women. A look at the age structure shows the largest share of the workforce between 40 and 50 years. These figures differ only minimally from the previous year.

### Occupational health and safety

The safety and health of its employees has top priority for UBM. The employees working at the construction sites for development projects are exposed to particular risk. The repeated occupational safety inspections were therefore transferred to an external health and safety coordinator. This is intended to ensure compliance with the Austrian Construction Coordination Act at a neutral level. The coordinator carries out regular on-site inspections at the construction sites and prepares detailed reports. The accident rate equalled zero in 2018. In the hotel sector, UBM contractually obliges the hotel operators to manage the hotel in accordance with legal requirements. These requirements include adherence to fire and safety regulations as well as the appointment of a company physician. The hotel operator is legally required to document all work accidents.

Employees' health is a central issue for the company, and UBM has introduced various measures to support the health of its workforce. In addition to the creation of healthy workplaces, the related measures include active prevention projects. A fitness room was installed at UBM's headquarters at the Office Provider in Vienna during 2018, where health-promoting sport activities like Pilates, yoga or boxing are offered. An equipment room provides space for individual weight and cardio-training. Employees can enter various running events in Vienna as a member of the "UBM Express", whereby participation in events like these promotes good health and, at the same time, supports the company's team spirit. UBM also offers an annual subsidy for membership in a fitness studio.

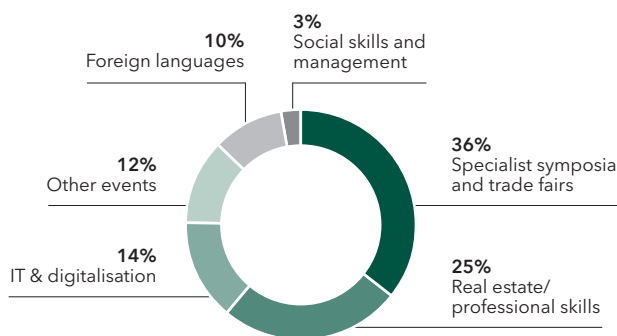
### Training and continuing education

A core component of staff development is the annual appraisal meeting, which includes a review of the employee's performance and the evaluation of possible training measures. UBM actively offers further development opportunities as part of its human resources strategy, but also supports the independent development of its employees. Data on training and continuing education were not available for 2017, but were collected for the first time in 2018. Specialist conferences and trade fairs formed the largest component of the training programmes, followed by real estate and technical subjects. Additional training courses covered IT & digitalisation, foreign languages, social, management and leadership skills and other subjects.

Roughly 60% of the development workforce took part in training measures in 2018, and each of these employees attended training on an average of six days. Nearly 20% of the training and continuing education courses represented internal events. This includes the UBM Hotel Day, which was organised for the first time in 2018. In addition, the company is currently supporting three employees in attending an MBA programme.



Number of training days 2018 by training category



### Human rights and working conditions

UBM has issued an ethics code to ensure, among others, that there are no violations of human rights in the company. The code states that UBM does not tolerate any form of discrimination and supports equal opportunity and equal treatment, regardless of skin colour, nationality, social background, disabilities, sexual orientation, political or religious conviction, gender or age. The personal dignity, private sphere and personal rights of every individual are respected and inviolable. Degrading treatment of employees, for example through physical abuse, sexual harassment or similar actions, is never tolerated. The UBM ethics code requires compliance by every employee. Training is currently not conducted in this area. There is no structured audit of compliance, but all employees are instructed to report any violations to the company. Moreover, all suppliers agree to provide information on social & employee issues, respect for human rights and the fight against corruption when contracts are awarded.

### Social Issues and Compliance

Responsible and transparent management has top priority for UBM – this protects the company's long-term success and reputation. Consideration must be shown for all stakeholders, and social responsibility must also be taken into account. Compliance management is designed to ensure the fulfilment of all applicable legal regulations. UBM has issued rules of conduct in the form of various internal guidelines and an ethics code to ensure correct and exemplary actions. In addition, a comprehensive compliance guideline was issued to prevent rule violations in the company.

#### Impact and risks

UBM can have wide-ranging, positive effects on the local economy through the development of real estate, e.g. through an increase in employment and income. The awarding of contracts for projects is connected with a significant risk related to corruption. High priority is therefore given to the evaluation of tenders in accordance with legal regulations. Data protection and data security are also becoming more and more important because of the danger that data could be manipulated, stolen or deleted.

#### Management approach

Responsible management has top priority for UBM – it protects the company's long-term success. In connection with the awarding of contracts for construction services, UBM requires an evaluation of the business partners' sustainability performance. All suppliers are required to provide information, among others, on environmental, social and employee-related issues, the fight against corruption etc. UBM places high value on correct dealings with its business partners, customers, public authorities and employees. Full compliance with directives and legal regulations plays an important role, with particularly high priority given to data protection and data security. Only in this way can the trust of all stakeholder groups be maintained.

### Local economic effects

Real estate development and hotel operations create positive impulses for the local economy, for example through the creation of jobs in a hotel or contracts for external suppliers and service providers. The purchase of regional products also generates positive income effects for the local economy. Moreover, the construction of new properties can have a positive impact on urban quarters as well as the expansion of the local public transportation network.

### Health of end users and accessibility

The ecological examination of the materials used represents an obligation towards the building's users as well as investors. A healthy indoor climate not only has a positive influence on health, it also helps to improve performance. UBM therefore considers it important to reflect demographic changes (e.g. higher life expectancy) and the related effects in its projects. The company is committed to optimising buildings so they will be accessible and usable for everyone – for people with and without disabilities and for people of every age – in a normal manner, without particular obstacles and generally self-sufficient. Independent certifications based on the system developed by the German Sustainable Building Council substantiate these efforts. In this system, failure to meet the accessibility criterion provides grounds for loss of the certification. The hotels last developed by UBM exceed the minimum requirements defined by the system which, at the same time, represent the legal requirements.

### Anti-corruption

The greatest compliance risk for UBM lies in the awarding of projects due to the large number of people involved in the decision process. UBM has implemented numerous measures to prevent corruption and to call employees' attention to the related potential hazards. Employees receive training from the compliance department when they join UBM, and regular e-learning programmes are available on different subjects. In addition, employees who have access to restricted information must agree in writing to protect the

confidentiality of this sensitive data. A number of employees in the standing confidentiality areas were classified as permanent insiders in 2018, while other confidentiality areas are established on a project-related basis. In order to minimise the error rate and ensure maximum anti-corruption protection, an electronic tool was introduced in 2018 to support the automated management of data. UBM has installed a whistleblowing system which allows employees and external persons to anonymously report irregularities or violations to the legal department. Compliance issues are reviewed regularly at UBM, and new guidelines were issued in 2018, among others on money laundering and terrorist financing, anti-trust and competition law, conflicts of interest and data protection. All employees are required to comply with these guidelines.

### Data protection

Data protection and data security enjoy maximum protection at UBM – not least due to the introduction of the EU Data Protection Regulation ("EU Datenschutzgrundverordnung", DSGVO) on 25 May 2018. The confidential treatment and protection of personal data is a matter of course. An implementation project coordinated by UBM ensures timely compliance with all new legal regulations throughout the Group. The necessary measures were implemented in a three-step process (data collection phase, gap analysis, application). The initial focus was placed, among others, on the adaptation of existing contracts with service providers and processors, the revision of the website and the finalisation of internal documentation. In order to create the necessary awareness for this important subject among employees, Group guidelines on data protection were issued, training courses were conducted and specially designed information was made available to each employee. UBM is therefore compliant with the Data Protection Regulation and will remain so in the future through the regular review of internal data processing and processes. Ongoing training for employees and continuous surveys will be held to sharpen the awareness for data sensitivity and maintain the focus on data protection.

## Goals and Measures for 2019 - 2020

Topic	Goals	Measures
<b>General</b>		
Professionalise CSR management and strategy	Anchor the sustainability strategy throughout the Group	Stakeholder dialogue, Green Table, Executive Committee
Data management	Develop, optimise and expand the internal reporting and monitoring system	Anchor the indicators to be collected for the most important sustainability topics
		Identify the status quo for data sources and data goals
<b>Property development</b>		
Standing assets and new construction	Increase the scope of building certifications	Arrange for certification of all development projects in the commercial asset class
		Continued evaluation of the extension of building certification to residential properties and standing assets
Implement the UBM sustainability benchmarks	<p>Improve the sustainability performance of buildings - for all commercial assets in regard to:</p> <p><b>Energy</b></p> <ul style="list-style-type: none"> <li>■ Reduction of the CO<sub>2</sub> component</li> <li>■ Construction and usage</li> <li>■ Increase the use of renewables as a per cent of total energy in construction and building operations</li> </ul> <p><b>Water efficiency</b></p> <ul style="list-style-type: none"> <li>■ Reduce water consumption</li> </ul> <p><b>Microclimate and biodiversity</b></p> <p><b>Mobility</b></p> <ul style="list-style-type: none"> <li>■ Passenger transport (public/not public)</li> </ul> <p><b>Responsible sourcing</b></p>	<p>Anchor technical requirements, benchmarks and targets:</p> <ul style="list-style-type: none"> <li>■ LCA- and LCC-valuations</li> <li>■ Water concepts with a focus on seepage</li> <li>■ Sensible rooftop design</li> <li>■ Focus on design of outdoor areas with regard to biodiversity</li> <li>■ Limit soil sealing</li> <li>■ Bicycle stands</li> <li>■ Integrate new forms of transport</li> </ul>
Ecological construction products & materials	Survey and evaluate the product groups and volumes	<p>Define product groups and start data collection</p> <p>All raw materials permanently integrated in the building must be legally harvested and traded; this applies to wood/timber products and natural stone</p> <p>Evaluate ecological impact on commercial property development projects &gt; lifecycle assessment</p>

Topic	Goals	Measures
<b>Standing assets/Group offices</b>		
Energy management	Targeted optimisation of energy usage and cost reduction	Survey and define measures in accordance with Austrian Energy Services Act
<b>Hotels</b>		
Resource consumption	Increase awareness for the better management of energy and potential savings during the lifecycle of a property	Issue guidelines to help guests and employees improve resource-friendly use (energy, water and waste)
	Evaluate opportunities for savings during the lifecycle of a property	Realise opportunities for savings
<b>Employees</b>		
Staff satisfaction	Increase employees' satisfaction	Continue dialogue with employees
	Increase awareness for the better management of energy	Improve awareness for resource-friendly use through introduction of "sustainability day"
<b>Compliance</b>		
Anti-corruption guideline to prevent corruption	Integrate the guidelines in Group processes	Monitor implementation
		Ongoing training for employee on the prevention of corruption via an e-learning tool
Data protection guideline		Monitor implementation