

ESG Report 2020

Executive Summary on
Strategic Sustainability at SFP Group



Swiss Finance & Property Group

Preface and SFP Group in Brief

In an environment shaped by the pandemic, questions about societal resilience and robust risk management have moved to the centre of public awareness. During these challenging times, we want to offer our tenants and investors dedicated support and transparent information on ESG (Environmental, Social, and Governance) topics. We recognise the great potential of real estate to contribute to the reduction of energy consumption and greenhouse gas emissions, as well as other aspects of environmental protection, social responsibility, and responsible governance.

I hope you enjoy reading this Executive Summary of Swiss Finance & Property Group's (SFP Group) second ESG Report.



Adrian Murer
Chief Executive Officer



About SFP Group

The holding company Swiss Finance & Property Group (SFP Group) is an investment and consulting firm specialising in real estate with a core business in real estate management and investment consulting. In addition to our funds and portfolios, which hold real estate directly or invest in indirectly through other funds or securities, SFP Group offers highly specialised

services for private and institutional investors. As a real estate company, stability and a long-term approach are crucial, so we constantly strive to act with foresight, taking into account not only economic but also environmental and social challenges.

Business segments

Swiss Finance & Property Group focuses on the following business areas:



A Focus on ESG

Our core values form the basis of SFP Group's orientation, and our strategic focus areas of products, customers, environment, and employees are built on this foundation. Based on a materiality analysis, SFP Group identified the key sustainability topics related to these focus areas and determined their relevance for our stakeholders, their impact on the environment, society, and the economy, as well as the risks and opportunities they pose for the company. As you see in the illustration "Focus Areas Material Topics", thirteen topics were identified, which now define our strategic framework and sharpen our reporting.

We are in the process of gradually incorporating these topics into our daily operations to support and enhance our decision-making and improve our performance on key ESG issues over the long term. To this end, we held ESG target workshops with all business units and adopted targets in the first months of 2021 to apply our ESG strategy consistently across SFP Group. To support these initiatives, we have set up a sustainability project team.

As a leading independent real estate asset manager, the consideration of ESG aspects in investment decisions and portfolio management is of particular importance to SFP Group.

Focus Areas Material Topics

Products	Sustainable products and services Sustainable real estate development
Customers	Investor, customer and tenant orientation Active ownership Data security
Environment	Climate Energy efficiency and use of renewable energy
Employees	Attractive employer Education and training
Core values	Corporate Governance Risk Management Compliance Economic performance

Ensuring Economic Performance

The stability of our group of companies is important not only for our operations but also for our direct business partners, our clientele, our investors, and the users of our real estate. Thus, by generating a stable return that satisfies our clients, SFP Group promotes sustainability. We offer funds in the areas of “Direct” and “Indirect” real estate investments (see the abbreviated table below). In the year under review, SFP Group generated CHF 191 million for our investors and shareholders. The value of purchased services amounted to CHF 58 million and employees received compensation totalling CHF 19 million. Expenses for taxes and fees amounted to CHF 12 million.

Despite aiming to rank in the top third of the benchmark comparison, we did not achieve this goal with our products in 2020. To tackle this challenge, we have invested more in asset management moving forward. In addition,

FINMA approved the Group’s subsidiary Swiss Finance & Property Ltd a securities firm licence at the beginning of 2021, which will enable us to offer a new product range moving forward.

SFP Group safeguards the interests of our investors and represents them vis-à-vis third parties. According to internal directives, SFP Group is obliged to fully exercise our voting and election rights. In addition, we maintain a structured ESG dialogue with all funds and companies in which we invest. One hundred percent of our assets have also undergone a sustainability screening. We are increasingly focusing on sustainable products and services and intend to systematically include ESG criteria in all investment decisions in the future and report corresponding key figures.

Direct real estate investments

	SF Commercial Properties Fund	SF Retail Properties Fund	SF Sustainable Property Fund	SF Urban Properties Ltd	SFP AST Swiss Real Estate
Number of properties	17	90	94	43 ¹	14
Total fixed assets in CHF million	306.8	804.9	1160	638.3	212.5

¹ Investment properties only

Indirect real estate investments

	SFP AST Global Core Property	SF Property Selection Fund	SF Property Securities Fund
Total fixed assets in CHF million	239.2	157.0	423.7

Protecting the Environment

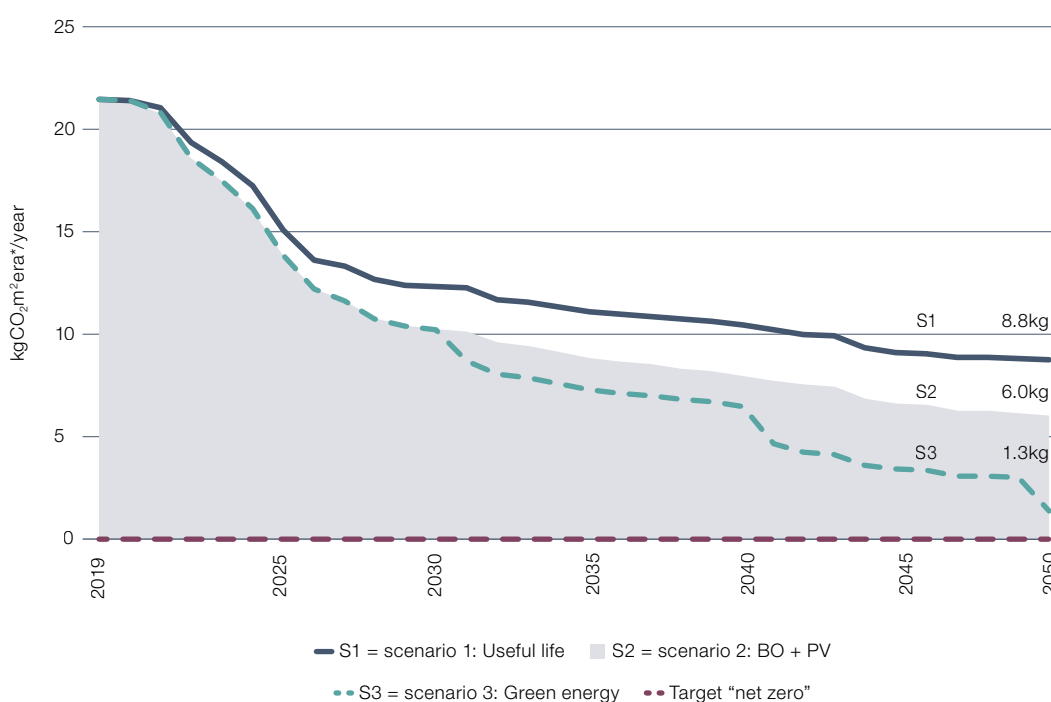
Since real estate produces approximately a quarter of greenhouse gas emissions in Switzerland, SFP Group has a particular responsibility to advance climate protection. To meet this challenge, we have set ambitious climate targets, including halving our climate emissions by 2030 compared to 2019 and aiming for net-zero CO₂ emissions by 2050.

To fulfil these goals, SFP Group will continuously improve properties under our purview over the next few years to lower their greenhouse gas emissions, increase their energy efficiency, and use more renewable energy sources. A baseline analysis shows that SFP Group obtains the majority of the energy consumption from non-renewable sources, in alignment with most Swiss building stock. In 2020, total CO₂ emissions from heat generation

and general electricity in our 258 properties were approximately 16 803 tons of CO₂ equivalents (down 6% from 2019). This includes electricity for common areas and the energy sources used to generate heat and hot water for the properties; it does not include tenant electricity.

To achieve the interim target for 2030 and the net-zero target for 2050, SFP Group has evaluated the renovation and refurbishment plans and identified the following key measures according to ecological and economic criteria: the 2050 target requires an 83% reduction in energy consumption to 18 kWh/m² EBF (energy reference area) and a balance sheet-neutral operation. To meet this challenge, a prioritised list of measures was defined for the funds, with a primary goal of reducing energy consumption and greenhouse gases.

Total greenhouse gas emissions of the funds



* era = energy reference area

Empowering Our People



Satisfied, motivated, and highly qualified employees enable us to continuously improve our economic performance, further develop our products, and meet the requirements of our customers, business partners, and other stakeholders. Satisfied employees stay with the company longer, are loyal, and continue their education within and outside the company.

As an attractive employer, SFP Group aims to recruit competent employees and retain them for the long term. Thus, we have set a target fluctuation rate of less than 10% per year by 2030 (base year 2020: 17%) and are applying appropriate employee satisfaction measures to ensure we achieve this. To further involve all employees in the company and give them more responsibility, we are working to further strengthen the internal organisation and define

processes even more clearly. To measure our success, we will conduct a qualitative survey of all SFP Group employees from 2021.

Since our employees are our most valuable asset and the key to personal and organisational success, we promote their professional development. We support employees in pursuing individual training courses, with or without a degree, language course, and advanced trainings, such as seminars, webinars, and informational events. On average, each employee participated in 12.4 hours of training and development in the reporting year.

Of our 94 employees as of the end of 2020, 28 were female and 66 male. Their level of education ranged from completed vocational training to doctorate degrees.

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Governing and Managing Responsibly

The essential task of Corporate Governance at SFP Group is to ensure the ethical conduct of the company and protect our reputation. In this way, Corporate Governance also safeguards the interests of the relevant stakeholders. In the year under review, SFP Group's organisation was greatly improved by making various organisational adjustments and by unbundling personnel between the management functions and the Board of Directors. The company founders are focused on their functions as Board Directors (Chairman and Vice President).

The central document for Corporate Governance is the Code of Conduct, which sets out the values, principles, and actions that govern SFP Group's business activities. It can be viewed on SFP Group's website and is also available to employees via the intranet, and its key points are posted as wallpaper on all employees' screens. In addition, SFP Group conducted anti-corruption training for all employees and management in 2020.

The Chief Financial and Risk Officer is primarily responsible for compliance with external and internal regulations and laws. In day-to-day practice, the Legal & Compliance department of SFP Group oversees compliance with laws, regulations, and internal rules. In the year under review, no sanctions were imposed on SFP Group due to non-compliance with requirements and laws. To ensure that this remains the case, the group increased its compliance resources in 2021.

Understanding and managing risks are one of our core competencies. To achieve this efficiently and broadly, we divide risks into market risks, counterparty risks, and operational risks. As environmental, social, and governance (ESG) criteria are becoming an increasingly important factor in evaluating risk, we completely revised the form and content of our risk reporting in 2020. New stress scenarios are now incorporated into risk measurement to prepare the various business lines for possible risk scenarios, and SFP Group collects climate-related data, among other data points, to take into account in their risk planning.

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This Executive Summary version of our ESG Report 2020 presents a brief overview of our approaches, results, and plans concerning environmental, social, and governance (ESG) topics at SFP Group. More details can be found in our full ESG Report that is available in German on the SFP Group website.



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