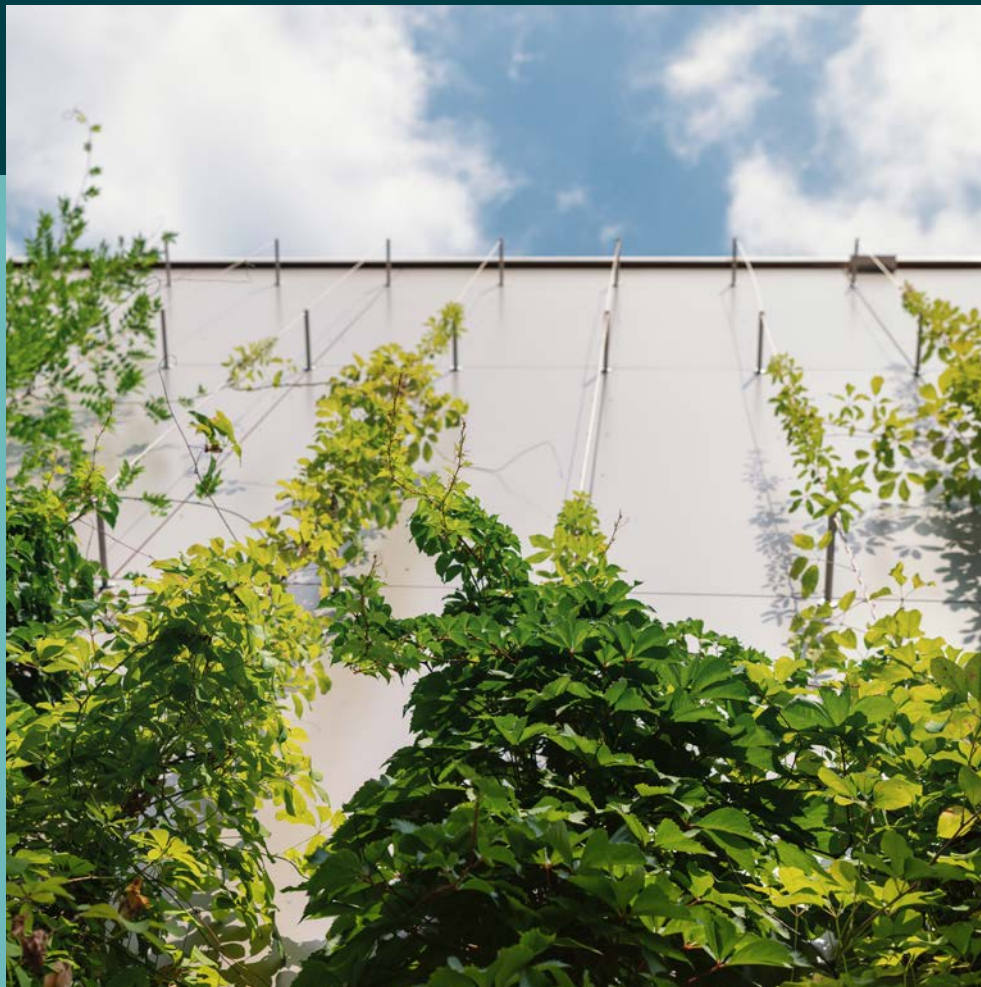




Swiss Finance & Property Group

# ESG Report 2023

Executive summary on strategic sustainability  
at SFP Group



# Introduction

## Preface

### Dear Readers,

In Switzerland, the building sector is the second largest emitter of greenhouse gases. SFP Group is committed to providing climate-friendly products and services, and our commitment to achieve “Net Zero” by 2050 for all managed products contributes to decarbonising the industry. Sustainable resource use and emissions reduction not only support climate protection, but also provide economic incentives.

We value trusting and transparent dialogue with our stakeholders, while social responsibility means open communication, ethical behaviour, fair business practices and respect for human rights.

The GRESB (Global Real Estate Sustainability Benchmark) results for the five real estate funds managed by Swiss Finance & Property Funds Ltd have been published for the first time, with excellent results for all products. Our portfolio and asset managers, in collaboration with the property managers, are constantly striving to publish reliable and comparable data. To enhance comparability, the environmental metrics of the five funds were assessed using the REIDA CO<sub>2</sub>e Report “Methodological Foundations”.

Our approach to ESG engagement has become a fundamental pillar over the years. It is based on partnership with all relevant stakeholders and contributes to the quality of our indirect portfolios as

well as our transparent communication. Our GRESB Investor membership and our focus on the information and investment needs of our clients reinforce our commitment.

I wish you an interesting and informative read.

Kind regards,



Adrian Murer  
Chief Executive Officer

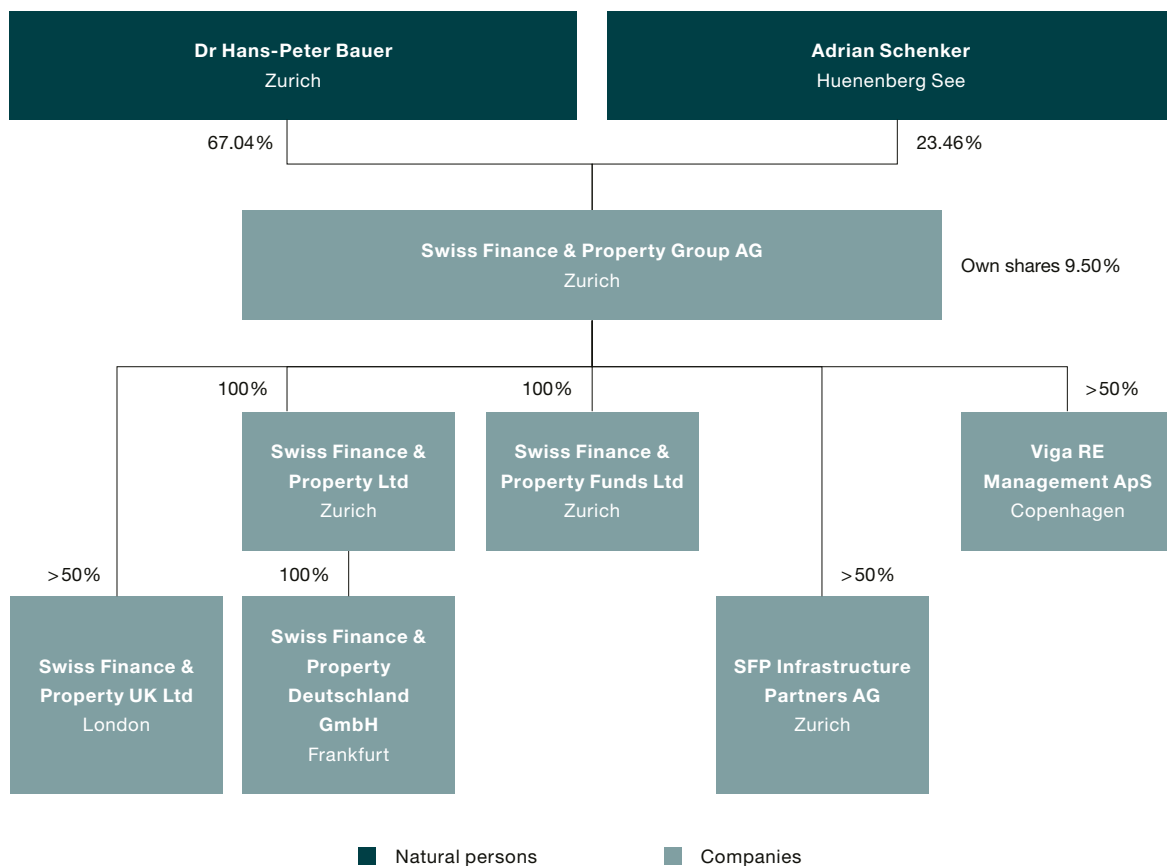


## About SFP Group

Swiss Finance & Property Group AG (SFP Group) is one of the largest independent real estate asset managers in Switzerland. Our core business includes asset management of direct and indirect real estate and infrastructure investments as well as capital market transactions, placement and advisory services. We operate in several regions, including Switzerland, Germany, the United Kingdom and Denmark.

SFP Group holds 100% of the registered shares of the two subsidiaries Swiss Finance & Property Ltd and Swiss Finance & Property Funds Ltd. Since 2022, SFP Group has also been the majority shareholder of the Danish real estate asset manager Viga RE Management ApS, the Swiss investment advisor SFP Infrastructure Partners AG and Swiss Finance & Property UK Ltd.

### Structure chart SFP Group



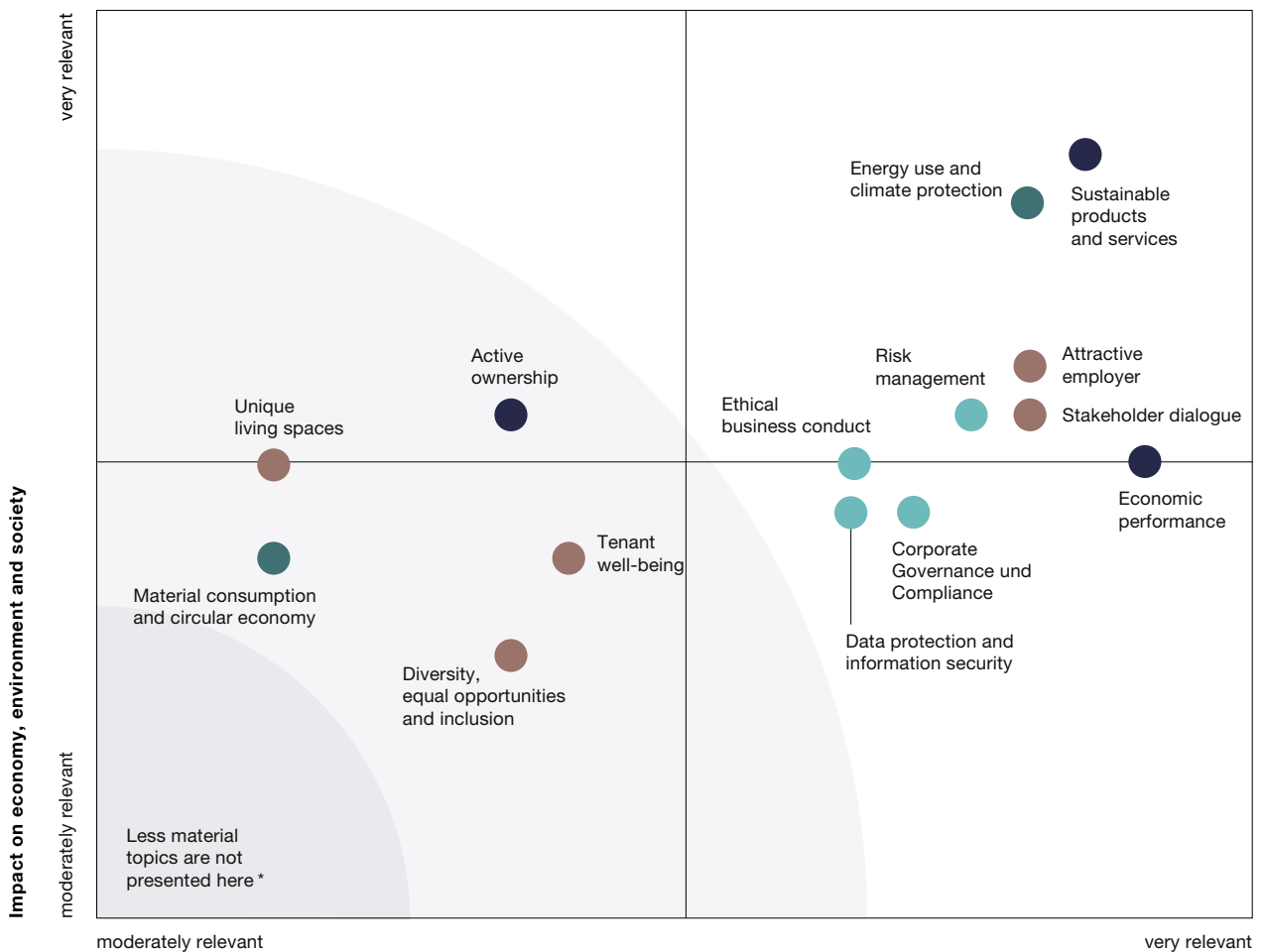
# A focus on ESG at SFP Group

## Material topics

In 2021, SFP Group identified its significant sustainability topics through a comprehensive materiality analysis. During the reporting year, the ESG Steering Committee, which is responsible for climate and sustainability-related issues, validated and adjusted

the prioritisation of these key topics, as necessary. As a result, "Innovation" was considered moderately relevant, while the positioning of the remaining 14 topics was reaffirmed. SFP Group built its sustainability strategy and ESG reporting on these topics.

### Materiality matrix of SFP Group



### Relevance for future business success of SFP Group

#### Caption:

- Economy
- Environment
- Social Responsibility
- Governance

\* Topics that SFP Group has monitored, but which are moderately relevant in the context of this sustainability reporting, are not shown in the materiality matrix. These are the topics "Biodiversity", "Environmental responsibility along the supply chain", "Social responsibility along the supply chain", "Water use and wastewater", "Indirect economic effects" and "Innovation".

## ESG strategy

Our corporate strategy revolves around three ambitions that define the company's direction:

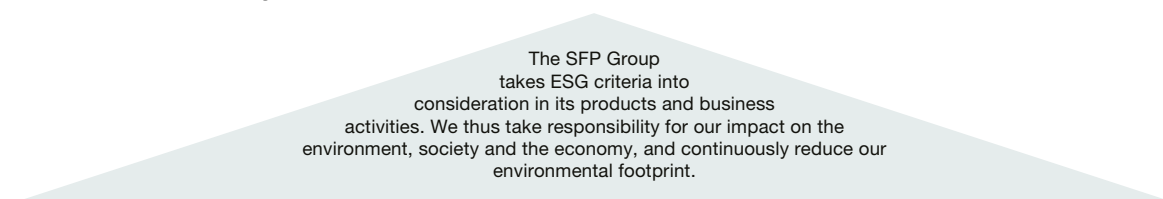
- operating as a leading, independent real estate asset manager
- acting as an intermediary between financial and real estate expertise
- achieving the constant and sustainable growth of managed assets

We pursue sustainable and constant growth in day-to-day operations within the framework of the strategic foundation.

As a leading independent real estate asset manager, ESG considerations hold particular importance for us in investment decisions and portfolio management.

We visualise our sustainability strategy by means of a house. The house's foundations are our core values of (climate) risk management, good governance, compliance with laws and regulations and ethical business conduct. Our four strategic pillars – products, customers, environment and social responsibility – are based on these core values.

### The ESG sustainability house



#### Our ambition

Products	Clients	Environment	Social responsibility
The SFP Group consistently takes sustainability into consideration throughout its entire product portfolio.	Transparent and trustworthy ESG reporting for clients and other stakeholders.	Active reduction of the negative environmental impact of our investment products.	Maintenance of a secure, innovative, inclusive and inspiring work environment. We maintain open communication.

#### Our commitment

Our investment products are rated with regard to their social and environmental sustainability. Directly held properties report their CO <sub>2</sub> e emissions and endeavour to continuously reduce them.	Supporting stakeholders and offering training on ESG criteria to employees who deal with clients, and practising active ownership as an investor.	We are halving our operational CO <sub>2</sub> e emissions (Scope 1 and 2) across all our direct products and reducing our energy consumption in comparison to 2019 by 2030, investing in renewable energy sources and procure at least 50% of our electricity from renewable sources.	We promote active dialogue with our stakeholders and empower our employees to do their best. We aim to have an employee turnover rate of less than 18% by 2030 and have zero tolerance of discrimination.
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#### Our core values / governance

With ethically sound and exemplary corporate governance as a basis, we comply with all applicable statutory, environmental and social requirements. Thanks to our comprehensive precautionary measures, our risk management activities are well founded, robust and also take climate-related risks into consideration. Not only do we not tolerate corruption and give our employees regular training on guidelines and procedures for tackling it, we also expect our business partners to do the same.

## Global Real Estate Sustainability Benchmark (GRESB)



### Direct Real Estate Investments

Swiss Finance & Property Funds Ltd published the GRESB results for the five direct real estate investment vehicles for the first time in 2023:

	SF Commercial Properties Fund	SF Retail Properties Fund	SF Sustainable Property Fund	SF Urban Properties Ltd	SFP AST Swiss Real Estate
GRESB Rating	****	****	****	****	***
GRESB Score	83 of 100	85 of 100	85 of 100	85 of 100	77 of 100



### Indirect Real Estate Investments

As part of our ESG commitment, we have access to the GRESB reports for all relevant investment vehicles, giving us a deep insight into the individual assessments at a portfolio level. The GRESB

portfolio analysis tool allows us to analyse our indirect real estate investments on an aggregated basis.

	SFP AST Global Core Property (hedged CHF and unhedged)	SF Property Selection Fund	SF Property Securities Fund
GRESB Rating	*****	****	****
GRESB Score	88 of 100	86 of 100	84 of 100
Coverage ratio <sup>1</sup>	100%	74%	69%

<sup>1</sup> The coverage ratio refers to the assets under management which are covered by a GRESB rating.

## Economic developments

Economic goals are of great importance to ensure comprehensive corporate sustainability. A stable financial basis and favourable business prospects give SFP Group the necessary flexibility to make a sustainable impact. Economic impact is driven through economic performance, sustainable products and services and active ownership.



Achieving strong economic performance and enhancing profitability are not only pertinent to our corporate group, but also to our stakeholders. Our decisions affect the value we create for our stake-

holders, whether through returns, taxes, wages, dividends or payments to suppliers:

- In the reporting year, SFP Group predominantly generated returns for investors and shareholders that exceeded the benchmarks of respective products.
- The value of procured services amounted to CHF 51 million.
- Our employees received total compensation of CHF 25 million.
- Expenditure on taxes and fees totalled CHF 6.5 million.





### Direct Real Estate Investments

Despite market-related uncertainties and rising interest rates that characterised the year under review, all products outperformed their benchmarks in terms of distribution yield in 2023 through active management:

We also worked to further improve our sustainable product and service offering. In the reporting year, SF Urban Properties Ltd integrated ESG criteria into all management processes in order to make a long-term contribution to society and the environment.

	SF Commercial Properties Fund	SF Retail Properties Fund	SF Sustainable Property Fund	SF Urban Properties Ltd <sup>2,3</sup>	SFP AST Swiss Real Estate <sup>2</sup>
Number of properties 2023	16	83	107	47	37
Number of properties 2022	18	84	114	48	33
Total assets in CHF million 2023	310.1	904.1	1 469.8	745.6	684.0
Total assets in CHF million 2022	333.9	896.9	1 567.6	754.5	562.1

2 Asset management delegated to Swiss Finance & Property Funds Ltd.

3 Number and asset value of investment properties



### Indirect Real Estate Investments

In 2023, SFP Group's indirect funds for Swiss real estate investments once again clearly outperformed the benchmark after costs. Furthermore, at the "LSEG Lipper Fund Awards 2024 Switzerland", the SF Property Securities Fund was awarded best fund over three years and the SF Property Selection Fund was awarded best fund over five years.

As an important step in fulfilling our fiduciary duties and further enhancing our approach to active ownership, we have updated our internal policy and associated voting guidelines in 2023 based on the Swiss Stewardship Code.

	SFP AST Global Core Property Unhedged	SFP AST Global Core Property Hedged CHF	SF Property Selection Fund	SF Property Securities Fund	Mandates
Total fund assets 2023 in CHF million	21.8	156.5	152.5	505.5	2 188.6
Total fund assets 2022 in CHF million	33.4	181.6	147.3	412.6	1 427.6



# Environmental developments

In view of the impact of climate change, SFP Group recognises the responsibility of the real estate sector, which accounts for 40% of Switzerland’s energy consumption and the opportunities for savings in this area. SFP Group is committed to the decarbonisation of buildings through increased use of renewable energy sources and improved energy efficiency. In addition, SFP Group supports the principles of the circular economy in order to reduce the consumption of resources and waste and to protect the environment.

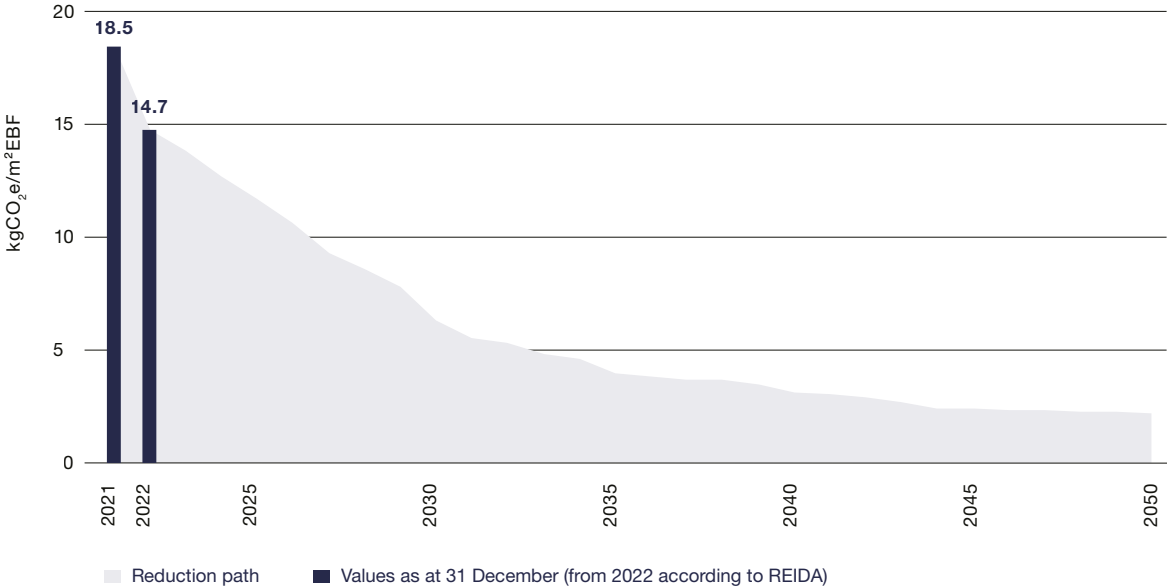


## Direct Real Estate Investments

For new buildings and renovations, we focus on low CO<sub>2</sub>e emissions during construction and operation. For existing properties, we aim to reduce CO<sub>2</sub>e emissions in line with the Swiss Federal Energy Strategy and the “Net Zero by 2050” target. Key measures include switching to non-fossil energy sources, increasing the use of photovoltaic systems and improving the energy efficiency of buildings through energetic renovations.

We have developed a sustainability dashboard that enables the annual review of KPIs, energy portfolio analysis and long-term planning of renewal measures. The greenhouse gas emissions reduction path illustrates the impact of planned actions and the achievement of targets by 2050.

**Greenhouse gas emissions reduction path – total investment products**



In 2023, SFP Group:

- generated over 900 MWh of solar electricity, 65% more than last year
- installed three new photovoltaic systems and expanded an existing one
- commissioned operational improvements at 28 properties
- converted eleven heating systems to renewable energy
- carried out insulation improvements on 15 properties
- signed a framework agreement with an external partner for electric vehicle charging points and launched the first implementation projects

As part of the SF Sustainable Property Fund’s sustainability strategy, the KPI “recycled materials” has been defined for new buildings and renovations. A practical guide has been developed that emphasises the use of recycled concrete to implement this.



### **Indirect Real Estate Investments**

The energetic evaluation of indirect real estate investments is based on the GRESB assessments of the respective investments. Through our GRESB membership, we are able to use GRESB reporting for the analysis of 69% of assets under management in the SF Property Securities Fund and 74% of assets under management in the SF Property Selection Fund. Both funds had a lower CO<sub>2</sub>e intensity in 2022 compared to the benchmark. The share of fossil fuels cannot be directly derived from our analysis due to inconsistent disclosure by various providers.

 **Decarbonising for  
a sustainable future** 

## Social responsibility developments

SFP Group aims to attract and retain skilled employees by offering favourable working conditions and professional development opportunities, and by promoting equality and inclusion. At the same time, we prioritise the well-being of our tenants. SFP Group creates value for its tenants by enhancing existing portfolios based on economic, environmental and social standards, and by creating distinctive living spaces. We ensure the satisfaction of investors, clients and tenants through ongoing stakeholder dialogue.



SFP Group offers its employees attractive working conditions, including competitive salaries, comprehensive total compensation, excellent social benefits, flexible working models and diverse training and development opportunities. In the reporting year, we set ourselves the target of achieving an employee turnover rate of less than 18% by 2030. The turnover rate in 2023 was 14.4%, and the average tenure of all employees at 31 December 2023 was 4.2 years, compared to 3.8 years in the previous year.

During the year, an average of approximately 32.8 hours per person was invested in training during working hours. Once again, no cases of discrimination were reported to Human Resources, the Compliance team or external reporting channels. In addition, a new support service was introduced during the year: employees can now access a hotline for psychological support in traumatic or medical emergencies.

### Key personnel figures of SFP Group

	2023	2022
Full-time	78	83
Female	17	20
Male	61	63
Part-time	36	26
Female	19	13
Male	17	13

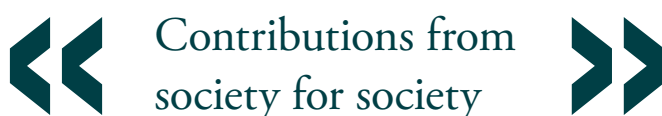
  

	Female 2023	Female 2022
Employees by gender	32%	30%
Executive Board members by gender	0%	0%



### Direct Real Estate Investments

The well-being of our tenants is also important to us. The tenant survey, which was conducted for the second time in the reporting year, enabled us to analyse feedback on satisfaction. As a result, we have, for example, completely renovated a playground on one of our properties.



## Governance developments

SFP Group attaches great importance to sustainability, social commitment and sound corporate governance. Good corporate governance is a fundamental prerequisite for SFP Group to act in a legally compliant and ethically correct manner. It forms the framework for all business activities, including monitoring and controlling risk and guaranteeing data protection and information security.



SFP Group has numerous policies with detailed specifications for specific business areas and the corresponding regulations. The central corporate governance document for the entire Group is the Code of Conduct. The Compliance Department provides annual training to all SFP Group employees on the Code of Conduct and individual policies. Topics include market conduct, personal transactions, conflicts of interest, due diligence obligations, gifts and benefits, corruption, money laundering, terrorist financing, cyber risks and business continuity management. Attendance is mandatory for all employees. New employees receive this training within their first three weeks of employment. In addition, training on specific topics was provided during the year, such as greenwashing and data protection.

Once again, no sanctions were imposed on SFP Group for non-compliance with regulations or laws in the reporting year. There were also no confirmed cases of corruption and no legal proceedings for anti-competitive behaviour or antitrust violations.

As an asset manager of direct and indirect real estate and infrastructure investments as well as capital market transactions, SFP Group is exposed to a variety of financial and non-financial risks as part of its business activities. To improve operational resilience, in 2023 SFP Group analysed its IT and cyber strategy to ensure that all critical functions maintain their tolerance to disruption and can continue to operate even in a crisis. This reaffirmed the Group's operational resilience, and ongoing reviews ensure that this will be maintained in the future.

In an era of increasing digitalisation, data protection and information security, and in particular the protection of personal data, are of great importance. SFP Group protects the privacy of its stakeholders by ensuring data protection and information security. A particular focus in the year under review was the optimisation of the company-wide CRM system. A penetration test was carried out in collaboration with a specialised external service provider, resulting in additional measures to ensure data integrity. At the same time, the project to transform the entire IT infrastructure was successfully completed, with various measures taken to enhance the security of the SFP infrastructure. Once again, no data protection violations were detected in SFP Group. The regulatory audit reports for the year under review again did not contain any data protection-related comments, nor were there any complaints from clients or employees.

 **Good corporate governance**   
is essential

# Imprint

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