

SFP Sustainability Metric

for SF Property Selection Fund and SF Property Securities Fund

Sustainable investment approaches

The fund management company Swiss Finance & Property Funds Ltd takes the following sustainable investment approaches into account for the above-mentioned funds.

Exclusions: Investments in real estate companies and real estate funds (target funds) that do not pursue a publicly published sustainability policy (e.g. on the website or in sustainability reports) and do not publicly commit to the 2050 net zero target and any interim targets of the Paris Climate Agreement or only provide insufficient information on their sustainability policy and disclose it in their legal documents are excluded. The SVVKASIR's "Recommendations for exclusion" list only applies to investments in real estate companies.

The annual publication of the environmentally relevant key figures for AMAS property funds or comparable key figures, as well as a written discussion of the net zero target for 2050 or earlier, are considered sufficient.

ESG integration: ESG criteria are systematically taken into account in the investment process and compared with financial information. Quantitative key figures and qualitative information are collected from the published reports of the property companies and property funds (e.g. energy consumption, water consumption, CO₂e emissions, consideration of social criteria and mobility). The asset manager supplements this data with publicly unavailable measurable and comparable data from GRESB and, where appropriate, with such data from other external professional data providers. The data obtained from the real estate companies and real estate funds as well as external data providers are recorded and analysed in the asset manager's proprietary database. The proprietary analyses of the data on the real estate companies and real estate funds take into account various environmentally relevant key figures. If no improvement in the key figures is achieved over a rolling period of five years, an in-depth analysis is carried out and an engagement with property companies and property funds is mandatory in order to ascertain the reasons for the lack of improvement and the improvement measures that have been introduced. In addition, GRESB itself regularly tightens the criteria for assessing and comparing the sustainability of property portfolios. Based on the data and analyses collected, the asset manager identifies investments with increased sustainability risks and those with sustainability opportunities in order to take these into account in the investment process. These are, for example, risk-return profiles and correlations that combine financial and sustainability indicators, e.g. greenhouse gas intensity in relation to operating cash flow. In the analyses, we take into account other criteria such as the type of use of the properties (e.g. residential share), regional clusters (e.g. share of properties in Latin Switzerland) or the share of fossil fuels.

In addition to the financial indicators, the sustainability indicators enable an in-depth analysis of the target investments and are used in management and engagement discussions with the target investments.

Stewardship (active ownership): Combination of active voting in property companies and involvement in all investment vehicles.

Exercise of voting rights: The "Indirect Real Estate Switzerland - Exercise of voting and election rights" guideline is available at www.sfp.ch and is regularly reviewed.

Engagement: Discussions are held with decision-makers. In the case of indirect investments in property, an exchange is held with the manager of the corresponding investment vehicle on ESG issues and the sustainability approaches applied by the manager. The engagements encourage all stakeholders to provide transparent and comparable information on sustainability, from which concrete investment decisions can be derived. The engagements, which are repeated every 18 to 24 months, allow for an in-depth discussion with the individual managers of investment vehicles (providers) during a constructive dialogue. Aspects from the other sustainability approaches are taken into account. The focus is on an individual discussion with the providers, which is why a standardised questionnaire is deliberately not used. A non-exhaustive list of topics that are always addressed: Greenhouse gas reduction measures and the greenhouse gas reduction path, properties/areas with the greatest potential, self-generated PV electricity, building certifications, biodiversity, proportion of women in management positions, tenant surveys, embedding sustainability in the organisation.

The results of the dialogue are communicated to investors in the "Sustainability policy" section of the annual report.

Climate focus: In its investment activities, the asset manager takes into account the net zero target for 2050 with a long-term reduction in CO₂e emissions for Scope 1 (direct emissions of fuels) and Scope 2 (indirect emissions through the purchase of electricity and district heating) in accordance with the definition of the Greenhouse Gas Protocol (GHGP). The CO₂e emissions per m² of energy reference area of the properties on which the investments are based are measured and monitored on the basis of environmentally relevant key figures in accordance with the AMAS key figures for property funds or a comparable calculation method. Real estate companies and real estate funds that are not yet able to provide data on the AMAS environmental key figures are exempt from the requirements. In this regard, it will be checked whether a CO₂e reduction path is published. The CO₂e intensity of the investment fund should show a downward trend in the medium term. Any necessary correction in the investments of the investment fund to comply with this CO₂e reduction path must be made within one year.

Verification with Global Real Estate Sustainability Benchmark (GRESB) Analyses

As a GRESB Investor Member, we can analyse the reports of GRESB participants individually and in aggregated form. We systematically record the so-called GRESB stars as well as the GRESB scores and have at least access to reports on investments in which we are invested. Aggregated GRESB scores for the portfolio as well as for the benchmark are based on the market weights of the target investments at the end of the corresponding month. As not all Swiss providers are GRESB participants, full coverage cannot be guaranteed.

Management of Swiss Finance & Property Ltd

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