



Swiss Finance & Property Group

# ESG Report 2022

Executive summary on strategic sustainability  
at SFP Group



## Preface

### Dear Readers,

SFP Group is actively engaged in climate protection and attaches great importance to the responsible use of resources. It is committed to meeting the Swiss Federal Council's climate targets for 2030 and 2050, which aim to achieve a long-term reduction in greenhouse gas emissions in line with the Paris Agreement.

As an asset manager, the SFP Group integrates sustainability aspects into real estate investments throughout their lifecycle and along the supply chain. Social responsibility is emphasised through open dialogue with employees, shareholders, investors, tenants, service providers and partners.

In the reporting year, Swiss Finance & Property Funds Ltd submitted its first GRESB (Global Real Estate Sustainability Benchmark) report for its five direct real estate investments. Collecting valid data posed a major challenge for portfolio and asset managers. Consistent data and calculation methods are equally important for analysing indirect investments in order to optimise the reduction paths for our indirect real estate funds.

GRESB's comprehensive reporting allows us, as GRESB investor members, to engage in in-depth ESG discussions and produce differentiated ESG reports for our investors.

I hope you will find it an interesting read.

Kind regards,



Adrian Murer  
Chief Executive Officer



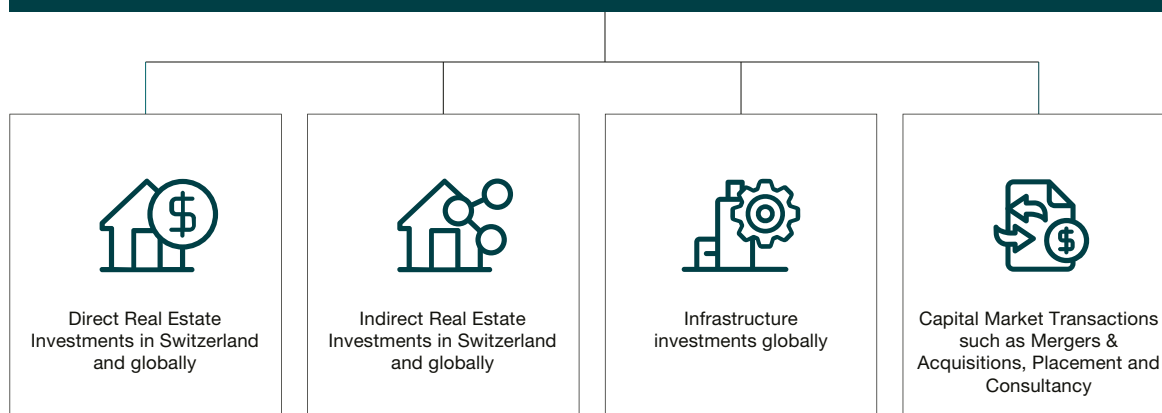
## About the SFP Group

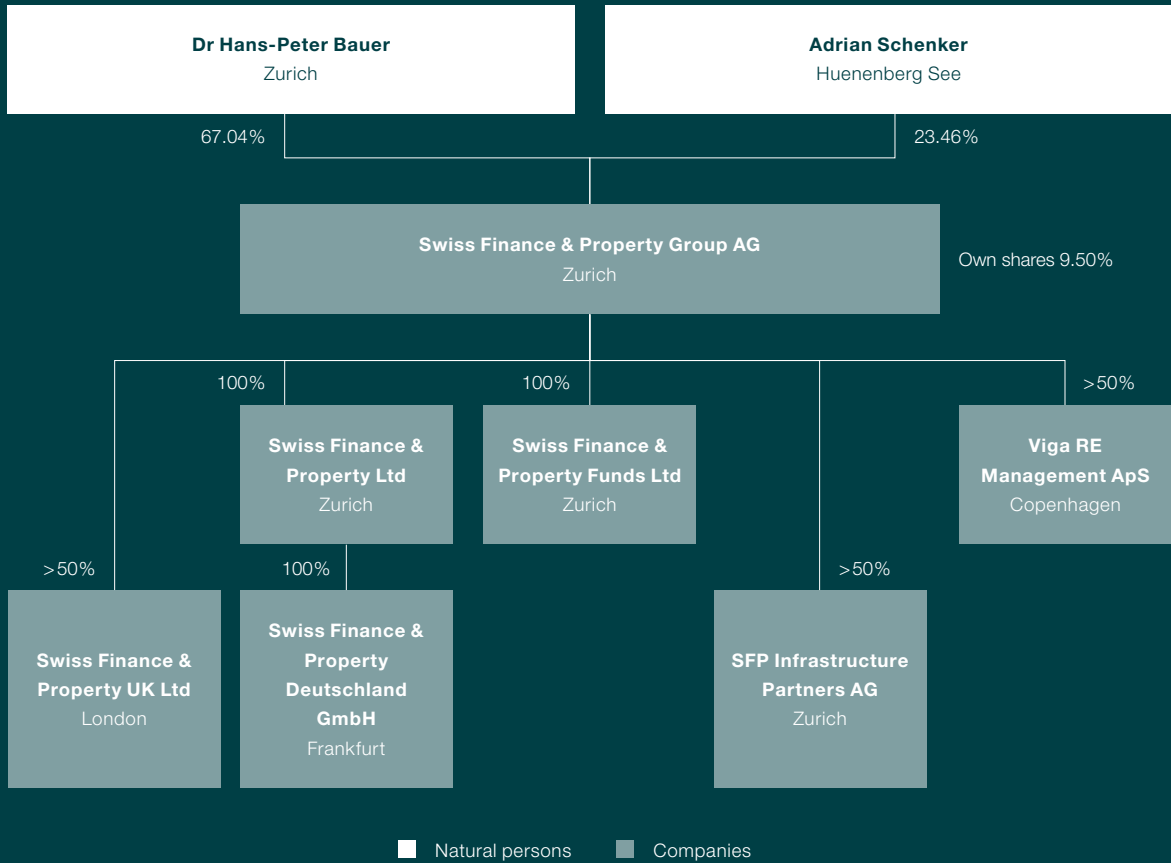
Swiss Finance & Property Group AG (SFP Group) is one of the largest independent real estate asset managers in Switzerland. SFP Group's core business includes asset management of direct and indirect real estate and infrastructure investments, as well as capital market transactions, placement and advisory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

Swiss Finance & Property Group AG holds 100% of the registered shares of the two subsidiaries Swiss Finance & Property Ltd and Swiss Finance & Property Funds Ltd. Since 2022, Swiss Finance & Property Group AG 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.

### Business Areas

The activities of Swiss Finance & Property Group focus on the following four business areas





## A Focus on ESG at SFP Group

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

- As an independent fund manager and securities firm, SFP Group specialises in the complete value chain of real estate and infrastructure investments
- Combining expertise in both real estate and financial markets
- Achieving the sustainable, constant growth of managed assets

Sustainable and constant growth is pursued 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 SFP Group in investment decisions and portfolio management.

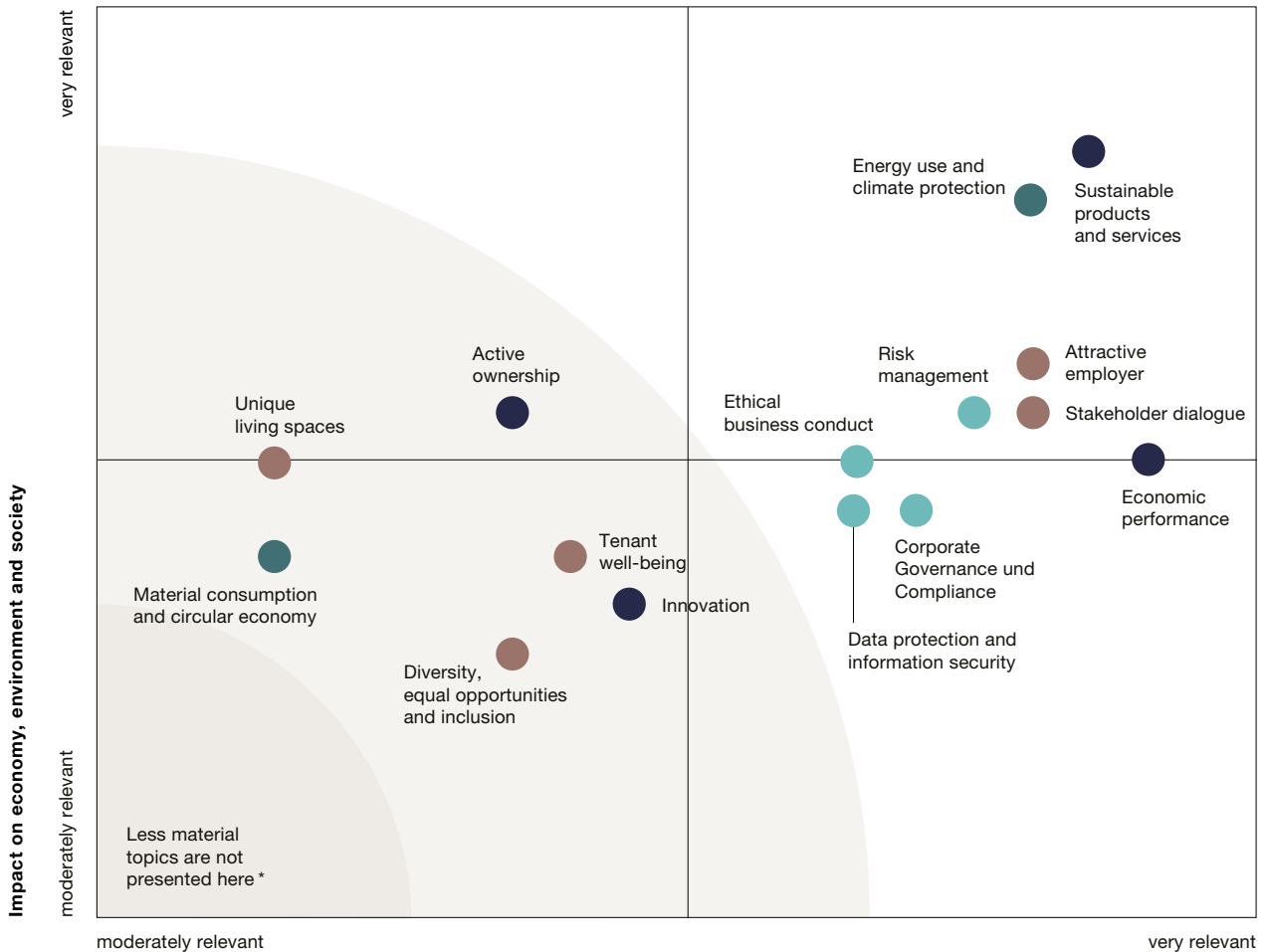
The Group company Swiss Finance & Property Ltd has been a GRESB Investor Member since 2021 and can evaluate a large part of its Swiss and global indirect real estate investments. In 2022, Swiss Finance & Property Funds Ltd submitted its first GRESB report for its five direct real estate funds for the first time and made use of the 'grace period' option.

# Material Topics

In 2021, the SFP Group identified its significant sustainability topics through a comprehensive materiality analysis. During the reporting year, the ESG Steering Committee (refer to “Organisational Integration within the Company”) validated and adjusted the prioritisation of key topics, as necessary. As a

result, the topic of “Indirect economic impacts” was no longer considered significant, while the positioning of the remaining 15 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 the 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” and “Indirect economic effects”.

## Economic Developments

To ensure comprehensive corporate sustainability, economic goals are of great importance. A stable financial basis and favourable business prospects give SFP Group the necessary flexibility to have a sustainable impact. Economic impact is driven through economic performance, innovation, 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 business partners, customers, investors and property occupants. Our decisions in-

fluence the value we create for our stakeholders, whether through returns, taxes, wages 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 56 million.
- Our employees received a total compensation of CHF 26 million.
- Expenditures on taxes and fees totalled CHF 9 million.

◀◀ Linking climate change awareness to profitability ▶▶



### Direct Real Estate Investments

Despite market-related uncertainties that characterised the reporting year, the distribution yields of all products are above average.

	SF Commercial Properties Fund	SF Retail Properties Fund	SF Sustainable Property Fund	SF Urban Properties AG <sup>1,2</sup>	SFP AST Swiss Real Estate
Number of properties 2022	18	84	114	48	33
Number of properties 2021	18	91	108	47	27
Total assets <sup>3</sup> in CHF million 2022	333.9	896.9	1 567.6	754.5	562.1
Total assets <sup>3</sup> in CHF million 2021	331.1	883.5	1 427.1	718.2	385.4

1 Asset management delegated to Swiss Finance & Property Funds Ltd

2 Asset investment properties

3 This year's report shows the total assets instead of the market value



### Indirect Real Estate Investments

The indirect funds for Swiss real estate investments achieved a significantly above-average performance after costs in 2022 and reached the targets set in comparison with their competitors.

	SFP AST Global Core Property Unhedged	SFP AST Global Core Property Hedged	SF Property Selection Fund	SF Property Securities Fund <sup>4</sup>
Total fund assets <sup>4</sup> 2022 in CHF million	33.4	181.6	147.3	412.6
Total fund assets <sup>4</sup> 2021 in CHF million	64.2	205.0	166.7	426.2

4 In this year's report, total fund assets are shown instead of total fixed assets



# Environmental Developments

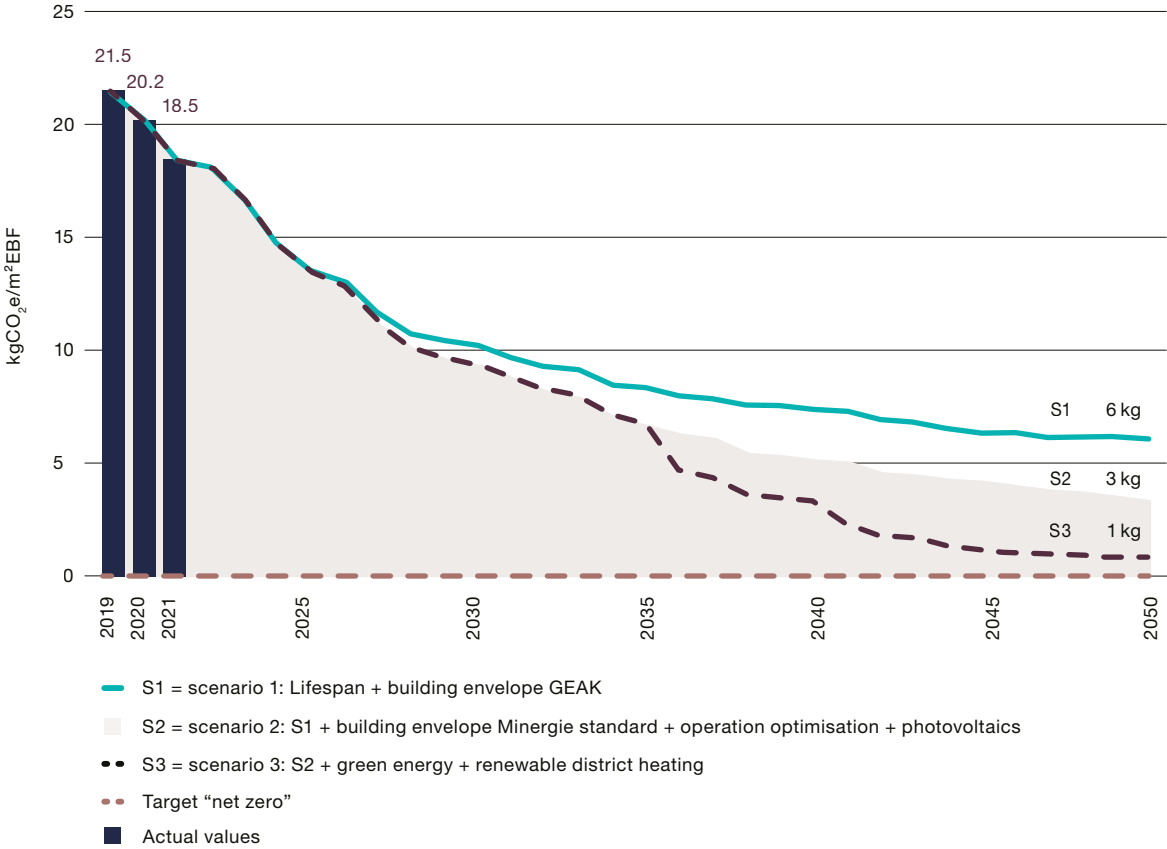
In view of the impact of climate change, SFP Group recognises the responsibility of the real estate sector, which accounts for 40% of Switzerland’s energy consumption and offers opportunities for savings. SFP Group is focusing on more renewable energies and energy-efficient buildings. In addition, SFP 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

We aim to be carbon neutral in all our properties by 2050. Our energy and greenhouse gas reduction paths are characterised by better insulation, renewable energy and operational improvements. The greenhouse gas reduction path outlines the impact of our measures and our achievement of the 2050 target for each scenario. Adjustments are possible based on impacts. In addition, the energy intensity and greenhouse gas emissions pathways are consistently being improved.

Greenhouse gas emissions reduction path Total investment products



In 2022, SFP Group:

- generated over 600 MWh of solar energy across its properties;
- managed the design and implementation of a total of 18 photovoltaic systems;
- undertook or commissioned operational improvements for 16 properties;
- converted seven heating systems to renewable energy;
- upgraded seven building envelopes to GEAK level (70 kWh/m<sup>2</sup>).

SFP Group integrated resource and material considerations into overall redevelopment and new build plans as part of a sustainable building policy.



#### **Indirect Real Estate Investments**

Indirect real estate energy evaluations rely on detailed analysis of GRESB reports, especially for global assets. Since 2021, SFP Group's ESG goals include tracking greenhouse gas emissions, energy, and water consumption intensities for each investment vehicle. Information density improved compared with the previous year, with most providers currently enhancing data quality.



Towards 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. Through ongoing stakeholder dialogue, we ensure the satisfaction of investors, clients and tenants.



In 2021 and 2022, we conducted anonymous surveys to measure overall employee satisfaction. High satisfaction rates from surveys and exit interviews underline the collaborative atmosphere and trust within SFP Group. This is also reflected in a 12% reduction in staff turnover in the reporting year. Recognising the role of compensation in attracting talent, we reviewed benefits in 2021. From 2022, employees will benefit from an improved pension plan.

Motivated, skilled employees enhance our economic performance and stakeholder relationships. Twelve employees underwent training, and a first commercial internship ran successfully from August 2021 to July 2022.

SFP Group is strongly opposed to discrimination. Our Code of Conduct shapes our ethos and is reinforced by values and a workplace policy. The reporting of discrimination follows three steps: line manager, HR and Compliance. It is noteworthy that no cases of discrimination reached HR or Compliance this year. In addition, an external channel is available for reporting, with no external discrimination claims being received this year.

### Key personnel figures of SFP Group

	2022	2021
Full-time	83	78
Female	20	14
Male	83	64
Part-time	26	22
Female	13	12
Male	13	10

	Female	Female
Employees by gender	30%	24%
Executive Board members by gender	0%	0%

### Direct Real Estate Investments

We seek an open and solution-oriented dialogue with our tenants through property managers or, in special cases, directly. Processes are being further optimised and information flows accelerated as part of the process of increasing digitalisation. The position of sustainability manager for direct real estate investments was also filled during the reporting year. In addition, the first group-wide tenant survey conducted during the year provided initial feedback on tenant satisfaction.

## 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 the monitoring and control of risks and the guarantee of 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 organises annual training for all SFP Group employees, including the Board of Directors. Topics include market conduct, self-dealing, managing conflicts of interest, due diligence, pecuniary benefits and corruption (active and passive bribery), money laundering, terrorist financing, cyber risks and business continuity management. In addition, the client relationship, marketing and communications teams have been trained on how to avoid greenwashing.

No sanctions were imposed on SFP Group for non-compliance with regulations or laws in the year under review. There were 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 in the course of its business activities. In the year under review, SFP Group extended its internal reporting framework to include ESG risks. Physical and transitory risks were added as drivers to the existing risk catalogue. In addition, the funding strategy was revised in response to the end of the low interest rate environment in spring 2022 to ensure a stable position in the new market environment. In addition, the stress scenarios were adjusted for the stress tests carried out in the period under review.

Effective data protection and information security is a particular challenge for SFP Group. In the year under review, cyber risks continued to increase. Great emphasis was again placed on training and keeping employees informed. In addition, SFP Group will plan and implement all necessary measures in view of the revised Data Protection Act, which will formally come into force in 2023. In 2022, no data protection violations were detected at SFP Group. The regulatory audit reports for the year under review do not contain any data protection-specific comments. There were also no complaints from clients or employees.



Shared values, clear rules and proactive monitoring



# Impressum

**Publisher**

Swiss Finance & Property Group

**Seefeldstrasse 275**

8008 Zurich

**Editing and Implementation**

Swiss Finance & Property Group

**Consulting for Materiality Analysis and ESG Reporting**

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**Concept and Design**

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Swiss Finance & Property Group



*Signatory of:*

