



ESG Report 2021

Executive summary on strategic sustainability at SFP Group



Swiss Finance & Property Group

Preface

Dear readers,

As many of you know, real estate accounts for around 40% of global greenhouse gas emissions. As a major player in the Swiss real estate industry, Swiss Finance & Property Group (SFP Group) has a significant responsibility to address this issue. This is why we are enhancing our commitment to the environment, to society and to compliance with regulatory requirements.

In the 2021 business year, the focus of direct real estate investments was on reducing CO₂ emissions and using resources responsibly. The five sustainability strategies drafted in the reporting year for the direct investment solutions provided valuable impetus for implementation. For the indirect real estate investments, we deepened our ongoing positive dialogue with relevant providers and further developed our ESG commitment. At the regulatory level, the authorisation by the Swiss Financial Market Supervisory Authority (FINMA) as a securities firm continues to drive the professionalisation and strengthening of governance at SFP Group.



We are convinced that the integration of ESG criteria into our processes saves resources in the long term and supports future-oriented decisions.

Kind regards,

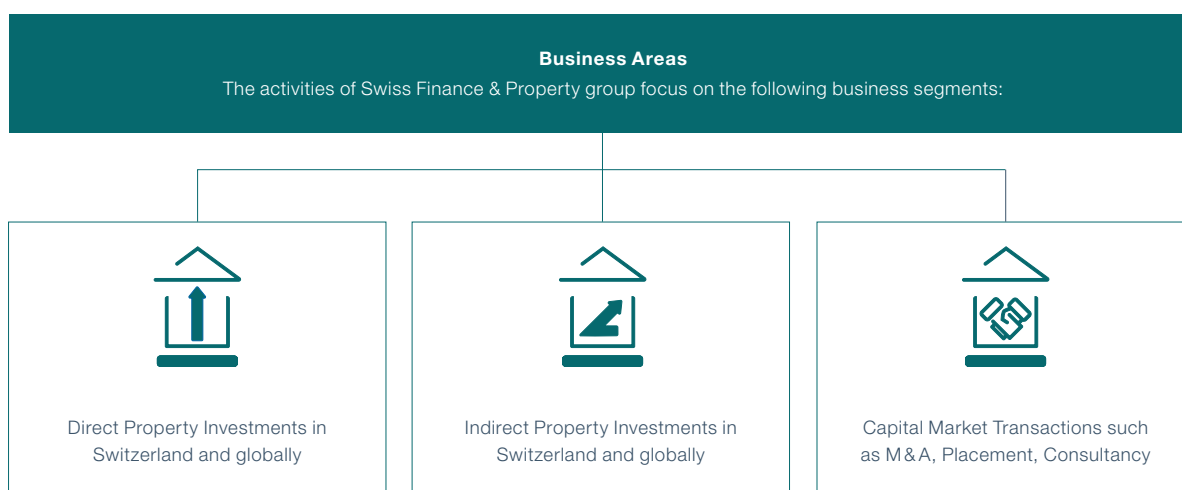
A handwritten signature in black ink that reads "Adrian Murer". The signature is fluid and cursive.

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 its funds and portfolios,

which hold real estate directly or invest indirectly through other funds or securities, SFP Group offers highly specialised services for private and institutional investors.



A focus on ESG at SFP Group

In its corporate strategy, SFP Group focuses on three ambitions that define the company's direction:

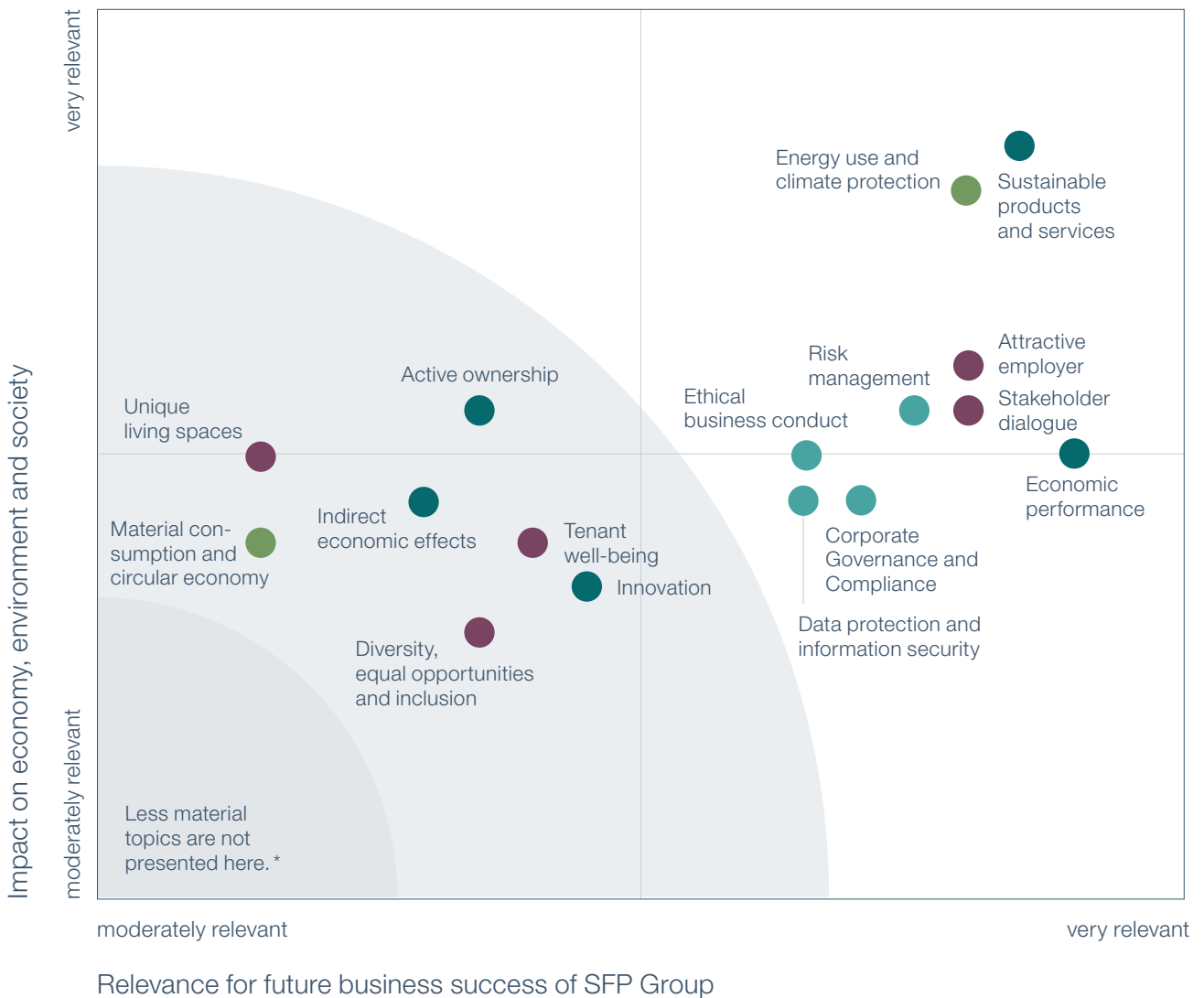
- to be a leading independent real estate asset manager;
- to serve as an interface between finance and real estate know-how; and
- to achieve sustainable and constant growth in assets under management.

The alignment with these goals is supported in everyday business by a strategic foundation comprised of ESG commitments and core values. These core values include exemplary corporate governance, compliance with laws and regulations, (climate) risk management and ethical behaviour as a company.

Material topics

SFP Group identified its most critical sustainability issues through a materiality analysis conducted according to the concept of double materiality, and then built its sustainability strategy and ESG reporting on these topics.

Materiality matrix of SFP Group



Caption:

- Economy
- Environment
- Social Responsibility
- Governance

*Topics that SFP Group has monitored, but which are not 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" and "Water use and wastewater".

Ensuring economic performance

To ensure comprehensive corporate sustainability, economic goals are of great importance. A stable financial basis gives SFP Group the necessary flexibility to have a sustainable impact. In addition, economic performance is part of the company's contribution to its business environment. SFP Group creates value for its stakeholders in the form of returns, taxes, wages and payments to suppliers, including the following in the year under review:

- SFP Group generated CHF 192 million for its investors and shareholders.
- The value of purchased services amounted to CHF 37 million.
- SFP Group's employees received total compensation of CHF 22 million.

- Its expenditure on taxes and fees amounted to CHF 9 million.
- SFP Group maintained business relationships with over 500 suppliers and partner companies.

The key factor is the financial success that SFP Group achieves for its clients: the performance of the products should be in the upper third compared to competitors, measured against common performance indicators. The distribution yields of all products were above average in the reporting year. The indirect funds for Swiss real estate investments achieved a performance in line with or exceeding the benchmark after costs in 2021. In contrast, the direct products did not achieve the target.

Direct real estate investments

	SF Commercial Properties Fund	SF Retail Properties Fund	SF Sustainable Property Fund	SF Urban Properties AG***	SFP AST Swiss Real Estate***
Number of properties 2021	18	91	108	47*	27
Number of properties 2020	17	90	94	43**	14
Total fixed assets 2021 in CHF million	326.7	869.4	1404.6	721.5	384.1
Total fixed assets 2020 in CHF million	306.8	804.9	1160.0	638.3	212.5

*incl. building leases

**Investment properties only

***Asset management delegated to Swiss Finance & Property Funds Ltd

Indirect real estate investments

	SFP AST Global Core Property*	SF Property Selection Fund	SF Property Securities Fund
Total fixed assets 2021 in CHF million	269.2	166.4	425.7
Total fixed assets 2020 in CHF million	239.2	157.0	423.7

*Consolidated hedged/unhedged

Clients do not only pay attention to the financial performance of their real estate investments, they also expect companies to contribute in environmentally and socially relevant areas.

By gradually expanding its ESG commitment, SFP Group is meeting these demands of clients and investors while also strengthening its market position.

Protecting the environment

An important measure in the fight against climate change is the reduction of greenhouse gas emissions. Since real estate is responsible for 40% of global energy consumption, through sustainable buildings, the real estate sector can make a significant contribution to climate protection. In Switzerland, the building sector is responsible for around 45% of energy consumption. By reducing its own emissions, increasing energy efficiency and offering products and services with a low CO₂ footprint, SFP Group contributes to climate protection. The company's aim is to achieve climate-neutral operation of its own properties by 2050 at the latest.

In 2020, SFP Group adopted a cross-company strategy to reduce the energy consumption and greenhouse gas emissions of its direct real estate investments. For indirect investments in real estate, potential target funds and companies have been screened for ESG criteria since 2019 as part of its ESG engagement. In addition,

SFP Group relies on the Global Real Estate Sustainability Benchmark (GRESB) assessment, which covers all target funds in its global investment strategy and thus allows for a comprehensive sustainability assessment. In Switzerland, SFP Group expects almost full coverage with some delay.

In 2020, a path to reduce energy intensity and greenhouse gas emissions was developed for direct real estate investments. The data is now collected annually, which makes it possible to show the reductions in CO₂ emissions and resource consumption per property. Reductions can be achieved through various measures such as building envelope renovations, the replacement of fossil heating systems or the installation of photovoltaic systems. With this basic work, the company has achieved a significant increase in transparency and has laid the foundation for a customer-centred sustainable development of the direct real estate products.

Total greenhouse gas emissions of the funds



* era = energy reference area

Empowering our people

Know-how is currently the scarcest resource in the real estate industry. Satisfied, motivated and highly qualified employees enable SFP Group to continuously improve its economic performance, develop further and meet the requirements of clients, business partners and other stakeholders.

SFP Group is committed to being an attractive employer, recruiting competent employees and retaining them in the corporate group for the long term. Providing good working conditions and further training opportunities to its employees, such as by offering family-friendly work hours, is very important to the company. Self-responsibility is valued and encouraged.

SFP Group offers not only internal but also external training opportunities for all employees at all functional levels. In the reporting year, it supported training and further education in the areas of real estate, capital and financial markets, as well as in the areas of law, management, sustainability and foreign languages. On average, around 40 hours per person were invested in training or further education.

To fully capture employee satisfaction, SFP Group began conducting an annual anonymous survey of all employees in 2021. In addition, the company regularly evaluates its employee fluctuation rate as a rough indicator of employee satisfaction. In the reporting year, this rate was reduced to 15% (previous year 17%).

Key personnel figures of SFP Group

	2021	2020
Full-time	78	70
Female	14	17
Male	64	53
Part-time	22	24
Female	12	11
Male	10	13

Diversity of SFP Group

	Female	Male
Employees by gender	24%	76%
Executive Board members by gender	0%	100%

Diversity, equal opportunity and inclusion

By promoting diversity, equal opportunity and inclusion, SFP Group can contribute to the elimination of discrimination and thus influence equality and social stability within the company and in society at large.

In 2021, SFP Group issued regulations against sexual harassment, bullying and discrimination in the workplace, which complement the Code of Conduct.

Governing and managing responsibility

Impeccable corporate governance is a prerequisite for SFP Group's legal compliance and ethical actions and thus sets the framework for all business activities.

SFP Group has several directives that contain detailed guidelines for specific topics and relevant rules that apply across the business units. These directives are regularly updated, approved by the Board of Directors and put into effect. As the highest governance body of SFP Group, the Board of Directors is responsible for the design of and compliance with corporate governance. The management of the Group companies implements these guidelines within their areas of responsibility and in accordance with the organisational and competence regulations issued by the Board of Directors.

Compliance conducts an annual employee training session in which the Code of Conduct and the specific directives are explained to all employees. Training topics include: market conduct, proprietary transactions, addressing conflicts of interest, due diligence, monetary benefits and bribery/corruption, money laundering, cyber risks and business continuity management. Attendance at this employee training is mandatory for all employees.

In the reporting year 2021, no sanctions were imposed on SFP Group due to non-compliance with requirements or laws. There were no confirmed incidents of corruption and no legal proceedings due to anti-competitive behaviour and violations of antitrust law.

Risk management

Risks are part of business, but they need to be monitored and controlled. At SFP Group, everyone is responsible for the correct handling of risks, while the risk management officers are responsible for adhering to the group-wide risk framework and monitoring risk management. In addition to financial risks, SFP Group is increasingly taking social and climate risks into account.

Data protection and information security

By ensuring data protection and information security, SFP Group protects the privacy of stakeholders such as clients and employees.

No data protection breaches were identified at SFP Group in 2021.

Impressum

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Sustainserv GmbH

Concept and Design

LST AG

Contact

Carmen Achermann Chalverat
ESG Manager
achermann@sfp.ch
T + 41 43 344 74 46



Swiss Finance & Property Group

Swiss Finance & Property Group
Seefeldstrasse 275
8008 Zurich

T + 41 43 344 61 31
info@sfp.ch
www.sfp.ch

Signatory of:



www.sfp.ch