

Thinking beyond tomorrow.

Responsible Investing in Swiss Real Estate Securities



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"A sense of responsibility towards the environment and other people has been around in society for some time. It is a topic that has already put down roots and will continue to grow in significance. Today, sustainability has evolved from being a trend to a business imperative and is becoming increasingly evident in the selection of financial assets, including in the real estate industry. However, developing an integrated approach to sustainability within the real estate investment world is a long and complex process which has increased the need for sustainability metrics and benchmarks. Independent certifications and benchmarks are a way of systematically evaluating the sustainability performance of companies or other entities that aim to implement sustainability measures or create positive impacts. Therefore, sustainability benchmarks such as GRESB or the Swiss Sustainable Real Estate Index (SSREI), will continue to grow and grow in importance. As a complement to such benchmarks, especially where data is lacking, qualitative awareness is important. As part of our commitment to sustainability, our goal is to both educate the market while contributing to its further development and improvement."

Engagement Highlights 2Q21

Fundamenta Real Estate AG¹

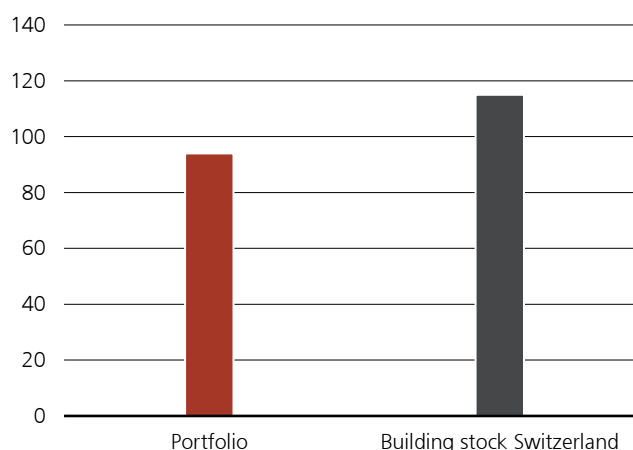
Fundamenta Real Estate incorporated the health and sustainability of its properties into their strategy. The focus is on creating value for a broad range of stakeholders whose demands have a social, an economic and an environmental dimension. The company accommodates these requirements with a dedicated bottom-up approach to holistic value creation.

The objectives derive from a structured materiality analysis and defines fields of action and measures for each of the three dimensions. Measurability is ensured by a long-term key performance indicator system which captures, validates and consolidates all relevant data (including historical data) in an overarching management tool.

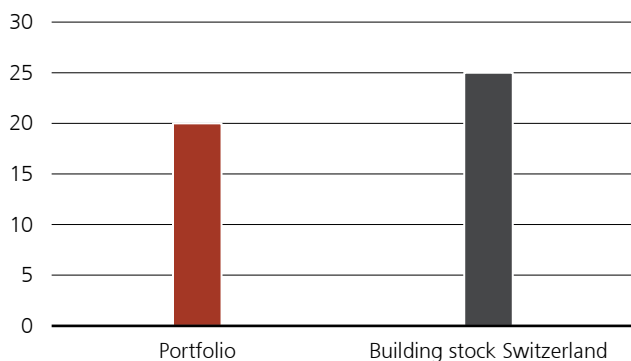
Fundamenta Real Estate will further develop its sustainability management, continuously increase its contribution to a sustainable future for its stakeholders and regularly report on the progress made. Fundamenta Group, which is entrusted with the asset management, signed the United Nations Principles for Responsible Investment (UN PRI) in 2020 to reinforce its sustainability strategy

Selected key figures:

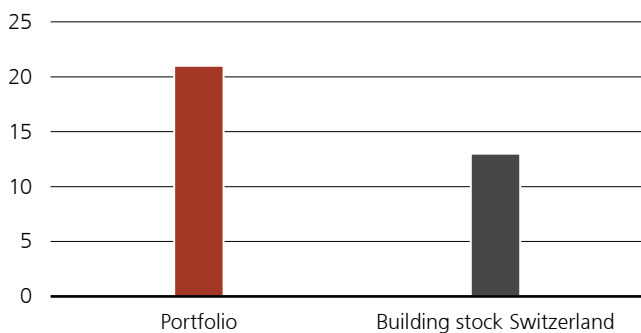
Energy intensity in kWh/sqm EBF



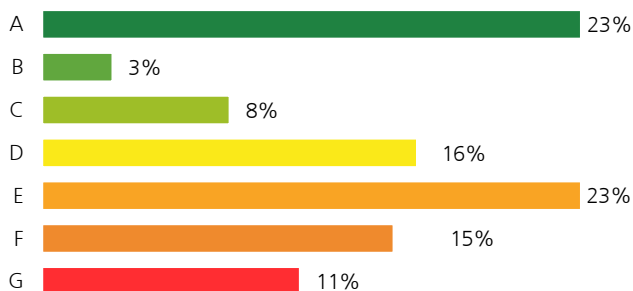
CO2 Emission in kgCO2 /sqm EBF



Renewable energy sources, share in %



Efficiency rating, real estate share



Source: Fundamenta Real Estate AG (excerpt Sustainability Report 2020 / as of 2019). Data Fundamenta: as of 2019; Comparison Switzerland: FM Monitor 2019 for "residential" use

Helvetica Property Investors AG²

Helvetica, the fund management company of the Helvetica Swiss Commercial Fund (HSC Fund), Helvetica Swiss Living Fund (HSL Fund) and Helvetica Swiss Opportunity Fund (HSO Fund) is working towards sustainable development to assure the future of our environment. Sinovis AG, a specialist for sustainability in the real estate sector, is accompanying Helvetica along this path in an advisory capacity and is ensuring clear objectives and transparency in order to create credibility and trust among the relevant stakeholders. For Helvetica, sustainability is a philosophy and culture that will be incorporated into thinking and actions.

In 2020, Helvetica decided to have the sustainable development of its portfolios and individual properties certified with the DGNB/SGNI "Buildings in Operation" certification. This certification system has been in place since the beginning of 2020 and is attracting a great deal of interest in the real estate landscape. It is specifically designed for the operation of properties and focuses on achieving climate neutrality. To learn about the certification process and assessment criteria, Helvetica submitted one property each from the HSC Fund and the HSL Fund for certification. Both properties achieved the silver award. In addition, two separate studies were conducted; one to examine the replacement of oil and gas heating systems and another to assess the feasibility of photovoltaic systems for all fund properties.

This year, the sustainability strategy is being developed on a corporate level and concrete action guidelines are being formulated. Helvetica will define sustainability targets, and a certification strategy at the portfolio level for the next three years based on the findings of the certifications. By fall, the relevant data for assessing sustainability and developing the property-specific CO2 reduction path will be compiled for all properties and will be made available to all relevant stakeholders in a sustainability monitoring report. The first sustainability report in which Helvetica will report annually on sustainable development and target achievement will be published in the last quarter.

Investis Holding SA³

Founded in 1994, Investis Group is a leading real estate company for residential properties in the Lake Geneva region and a provider of real estate services operating throughout Switzerland. The portfolio consists almost exclusively of residential properties in central locations in Geneva and Lausanne. The 167 buildings in the portfolio with 3,006 residential units in the mid-price segment were valued at CHF 1,490 million as of 31 December 2020. The Real Estate Services segment offers comprehensive real estate services throughout Switzerland under well-known brands.

For years, Investis has taken into account all specific cantonal regulations in Geneva (such as SABRA, LDTR or LCI) and Vaud (LPPL, LATC) as well as local initiatives (Eco21) in its annual renovation programs. The company commissioned an externally recognized company to draw up an energy audit for the entire portfolio by the end of 2020 which is classified according to categories (electricity, CO2, heat consumption) for each building. This serves to refine the refurbishment strategy and to create a more transparent tracking of CO2 and energy saving options. Investis continues to push the sustainability topic.

The portfolio consists almost exclusively of older properties in city centers. Investis aims to significantly improve the sustainability scores of its properties using concrete targets and measurable results. Through integrating a structured process, Investis aims to take a holistic view while broadly supporting sustainability activities with the relevant stakeholders. Investis will inform its stakeholders accordingly in due course.

Swisscanto Invest⁴

Swisscanto Invest introduced the uniform Responsible Standard in all actively managed funds of the traditional asset classes at the beginning of October 2020. The central element of the standard is the implementation of the Paris Climate Agreement as part of the investment objective. For this purpose, the SIA Energy Efficiency Path (SIA 2040) is used as a guideline for direct real estate investments. Its target values for non-renewable energy consumption and greenhouse gas emissions correspond to the vision of the 2000-watt society and are compatible with the 2-degree target of the Paris Climate Agreement.

A comparison of 2019 with 2014 shows that the asset manager is on the right path. The end-energy consumption of the properties in the Swisscanto Invest portfolio has decreased by a total of 5.0% or 6,610 MWh and the CO₂ consumption by 12.4% or 3,480t in the five years (like for like). Among the various energy sources, the share of heating oil was reduced from 23.7% to 18.3% over this period, while the importance of wood and district heating increased.

In addition to energy and CO₂ monitoring in the portfolio, environmental, social and governance criteria (ESG criteria) will be systematically integrated into all investment decisions. Furthermore, participation in the Global Real Estate Sustainability Benchmark (GRESB) will be targeted for all products in the next two years.

Measuring sustainable engagements

GRESB⁵

GRESB is a third party organization which assesses the sustainability performance of real asset sector portfolios and assets in public, private and direct sectors worldwide. It offers ESG data, scorecards, benchmark reports and portfolio analysis tools. The assessments collect information regarding the sustainability performance of companies, funds and assets, including information on performance indicators, such as energy, GHG emissions, water and waste.

In 2020, GRESB assessed more than 1,200 real estate funds and property companies, 118 infrastructure funds, and 426 infrastructure assets globally with over USD 4.8 trillion in institutional capital. A total of 38 Swiss real estate companies and funds participated in the GRESB Real Estate Assessment in 2020 and the number of participants is growing.

Swiss Sustainable Real Estate Index (SSREI)⁶

The SSREI index was launched in June 2020 by MV Invest with the aim of creating transparency and market comparability of real estate portfolios (real estate funds, real estate corporations, investment foundations and pension funds) with regard to their long-term value. In addition, the SSREI tools also allow an estimation of the potential for improvement and the associated investment needs. This, in turn, should incentivize owners to make their property strategies more time and cost-efficient in line with the increasing relevance of sustainability requirements.

The index is based on a clearly defined grid of requirements, whose structure and content is derived from the Swiss Sustainable Building Standard (SNBS), the official and publicly available standard of SwissEnergy. A verification (External Assurance) by an independent inspection body is required for inclusion in the SSREI in order to guarantee reliability and market credibility. Société Générale de Surveillance (SGS), one of the world's most recognized certification bodies with headquarters in Geneva, has been commissioned for this purpose. As a long-term certification partner for SNBS, SGS has proven experience in the field of sustainable real estate management.

Sources: **1** Fundamenta Real Estate AG, May 2021. **2** Helvetica Property Investors AG, May 2021. **3** Investis Holding SA, June 2021. **4** Swisscanto Invest, May 2021. **5** GRESB, UBS Asset Management Switzerland AG, December 2020. **6** MV Invest AG, June 2020.

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