

# Sustainability report

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# Highlights 2023

## CO<sub>2</sub> emissions

We were able to reduce CO<sub>2</sub>e emissions per square metre of rental space from 10.3 kg/m<sup>2</sup> in the previous year to 8.9 kg/m<sup>2</sup>. This corresponds to a reduction of 13.3%.

# - 13.3%

## Focus on ergonomics

In 2023, all workstations at all locations were checked for ergonomics and employees were advised accordingly by specialists.



## Green Finance Approach

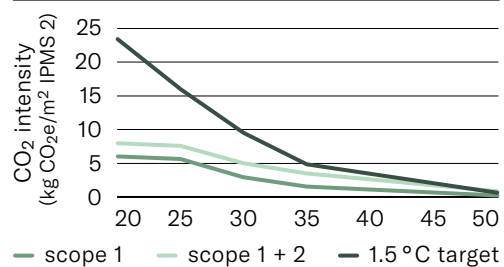
Since spring 2023, all our bonds and bank loans have been linked to our sustainability strategy and, in particular, our commitment to reducing CO<sub>2</sub> emissions. This emphasises the importance of sustainability as an integral part of our strategy.



## 1.5 °C target

We have compared our CO<sub>2</sub> reduction pathway with CRREM's 1.5 °C decarbonisation pathway. From today's perspective, we are well on track with our portfolio to make our contribution to the 1.5 °C target ("1.5 °C target aligned").

Reduction pathway – PSP vs. 1.5 °C target



### Expansion of photovoltaic capacity

2023 have installed an additional 338 kWp of photovoltaic capacity. In the reporting year, we produced around 1 574 MWh of environmentally friendly solar power with our own photovoltaic systems.



### Benchmarks and Awards

Our transparency and good performance in the area of sustainability have also been confirmed by external ratings.



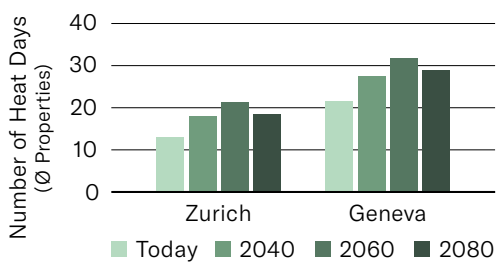
### TCFD reporting

We are reporting in accordance with the TCFD (Taskforce on Climate-Related Financial Disclosures) requirements for the first time in this annual report and are communicating more detailed information on our assessment of the physical risks associated with climate change.

### Biodiversity

The greening project at Seestrasse 353, Zurich with a special focus on biodiversity was implemented in 2023 and has already received a lot of positive feedback. This pilot project is intended to serve as a template for other biodiversity projects in the portfolio.

**Number of Heat Days city comparison: RCP 4.5**



# Sustainability in our business strategy

Our core business is the letting of commercial properties in Switzerland. This business model with a long-term focus ensures that we recognise our responsibility towards people and the environment as an integral part of our business strategy.

We have been reporting on our sustainability efforts in our annual report for more than ten years. External benchmarks such as CDP or GRESB show us that we are on the right track.

Commercial properties can only be sustainable if they are rented out and provide good rental income in the long term. This also presupposes that the tenants are satisfied and that the rental properties meet changing requirements in terms of property and location quality, price and service. Sustainability is therefore an integral part of our business strategy and is based on our values. Our employees, tenants, business partners, investors as well as the public are crucial stakeholder groups for us. Through openness, transparency and regular dialogue, we strive to receive, reflect on and where appropriate implement their concerns for the success of our Company. More about our values and our dialogue with different stakeholders can be found on our website.


















[www.psp.info/values](http://www.psp.info/values)

In 2019, we carried out a materiality analysis for the first time and revised it in 2021. We assessed whether the demands of our stakeholders and the effects of our work on the environment and society are reflected appropriately in our business approach. We also considered in which areas we can and must be able to make a meaningful contribution to achieving the UN Sustainable Development Goals (UN SDGs). The analysis resulted in the identification of 12 topics in 4 impact areas, which we have been able to match up with the most important requirements. Further information concerning our materiality analysis can be found on our website.

[www.psp.info/sustainability](http://www.psp.info/sustainability)

### Our 12 material issues

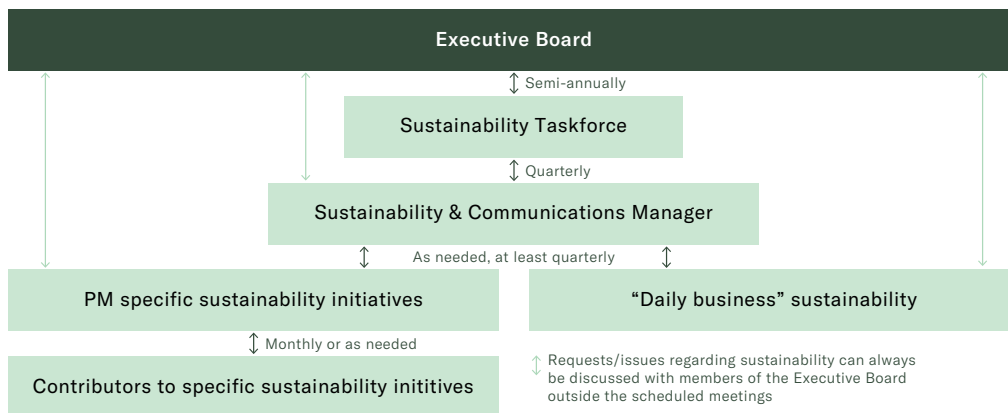
These form the basis for defining and setting priorities for our sustainability initiatives.

   Target 7.2 Target 12.2 Target 13.1	Portfolio	Tenants	CO <sub>2</sub> -reduction/ resource conservation	  Target 7.3 Target 11.6
  Target 8.4 Target 9.1			Flexibility of use	 Target 13.3
  Target 11.3/11.4/11.6 Target 15.5			Local development	 Goal 3 / Target 3.9
	Finances	Employees	Financial strength	  Target 5.1/5.5 Target 10.2
 Target 17.16/17.17			Transparency	 Target 4.3/4.4
 Target 16.5			Ethical business conduct	 Goal 3

Relevant UN SDGs

Relevant UN SDGs

Sustainability initiatives at PSP Swiss Property are discussed and steered by a nine-member panel comprised of representatives from Property Management, Construction, Asset Management, Business Development, Transactions, Human Resources and Communications under the leadership of the Chief Investment Officer and with coordination by the Sustainability & Communications Manager (“Sustainability Taskforce”). Sustainability initiatives are discussed with the Executive Board, which reviews the measures proposed and their prioritisation every six months. As a member of the Sustainability Taskforce, the CIO operates as the interface between the Executive Board and the Taskforce. All departments that have a clear connection with climate targets (Asset Management, Construction and Property Management) report to the CIO. On account of his responsibility for the investment plan for our real estate portfolio, he plays a key role in decisions on measures to reduce CO<sub>2</sub> within the portfolio. Other measures at property level are not necessarily steered by the Taskforce, but are often implemented directly within the relevant business area, in consultation with the CIO.



Significant changes or new developments in the sustainability strategy and climate risks are reported to the Board as required.

The sustainability report outlines our activities in the reporting year as well as the priorities for the coming year. It describes the prioritisation and organisation around sustainability topics and provides the corresponding key figures. The following table provides an overview of the long-term goals and priorities as well as the focus areas for the reporting year and the 2024 financial year.

Further information concerning our targets and measures may be found on the following pages in the parts concerning portfolio, tenants, employees, and finances and disclosure.

Material issues	Long term strategy	KPI
<b>Portfolio</b>		
<b>CO<sub>2</sub> reduction/ saving resources</b>	<ul style="list-style-type: none"> <li>– Reduction of CO<sub>2</sub> emissions by 50% until 2035</li> <li>– Net zero CO<sub>2</sub> emissions by 2050</li> </ul>	<ul style="list-style-type: none"> <li>– kg CO<sub>2</sub>e/m<sup>2</sup></li> <li>– kWh/m<sup>2</sup></li> </ul>
<b>Flexible usage</b>	<ul style="list-style-type: none"> <li>– 100% of landlord-obtained electricity from renewable sources until 2025</li> </ul>	<ul style="list-style-type: none"> <li>– kWp installed photovoltaic capacity</li> </ul>
<b>Local development</b>	<ul style="list-style-type: none"> <li>– Increasing own photovoltaic capacity</li> <li>– Strengthening circular economy</li> <li>– Enhancing the property environment</li> </ul>	<ul style="list-style-type: none"> <li>– % certified properties</li> <li>– Wüest ESG Rating</li> <li>– Size of Green Asset Portfolio</li> </ul>
<b>EPRA environmental performance measures pages 298–299</b>		
<b>Tenants</b>		
<b>Operational efficiency</b>	<ul style="list-style-type: none"> <li>– High tenant satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>– Yearly LfL improvement of energy and water use (kWh/y and m<sup>3</sup>/y, respectively)</li> </ul>
<b>Service orientation</b>	<ul style="list-style-type: none"> <li>– thanks to first-class rental space that meets utilisation requirements and promotes well-being</li> <li>– thanks to close support</li> </ul>	<ul style="list-style-type: none"> <li>– Tenant survey trend (internal KPI)</li> </ul>
<b>Tenant wellbeing</b>	<ul style="list-style-type: none"> <li>– Increased involvement of tenants in sustainability efforts with the goal of <ul style="list-style-type: none"> <li>– improving energy efficiency</li> <li>– reducing water consumption</li> <li>– reducing the amount of waste</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>– % Tenant revenue with green lease</li> </ul>
<b>EPRA environmental performance measures pages 298–299 and social performance measures page 301</b>		
<b>Employees</b>		
<b>Corporate culture</b>	<ul style="list-style-type: none"> <li>– Sustained high level of employee satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>– KPI on diversity</li> </ul>
<b>Support and training</b>	<ul style="list-style-type: none"> <li>– thanks to a pleasant, respectful corporate culture</li> <li>– thanks to excellent employment conditions</li> </ul>	<ul style="list-style-type: none"> <li>– KPI on development, training and turnover</li> </ul>
<b>Health and wellbeing</b>	<ul style="list-style-type: none"> <li>– thanks to an inspiring and health-promoting office infrastructure</li> <li>– Ensuring employability in the labour market <ul style="list-style-type: none"> <li>– thanks to the promotion of professional skills</li> <li>– thanks to support in professional development</li> </ul> </li> <li>– Maintaining a diverse workforce</li> </ul>	<ul style="list-style-type: none"> <li>– KPI on health and safety</li> <li>– Results from employee survey</li> </ul>
<b>EPRA social performance measures page 300</b>		
<b>Finances and disclosure</b>		
<b>Financial strength</b>	<ul style="list-style-type: none"> <li>– Conservative financing policy with adequate debt ratio</li> <li>– Sustainable financing consistent with the portfolio</li> </ul>	<ul style="list-style-type: none"> <li>– Credit rating</li> <li>– Equity ratio</li> </ul>
<b>Transparency and ethical business practices</b>	<ul style="list-style-type: none"> <li>– EBITDA margin of around 80%</li> <li>– Dividend covered by EPRA earnings</li> <li>– Reporting according to IFRS and EPRA</li> </ul>	<ul style="list-style-type: none"> <li>– EBITDA</li> <li>– Dividend distributed</li> </ul>
<b>Key figures pages 10–13</b>		
<b>EPRA governance performance measures page 302</b>		



Priorities for 2023: progress on targets	%	Priorities for 2024
<b>Circular economy:</b> greater integration into processes: some examples of reuse	50%	<b>CO<sub>2</sub> reduction pathway:</b> completion of implementation within the investment planning tool (training, rollout, verification)
<b>Embodied carbon in new buildings</b> and renovations: organised PSP Academy, prepared data and provided information within Construction Department meeting	100%	
<b>CO<sub>2</sub> reduction pathway:</b> pursued further incorporation into investment planning, carried out analysis with reference to 1.5 °C decarbonisation pathways	100%	<b>Adaptation to climate change:</b> in-depth analysis of individual properties, recording of portfolio resilience
<b>Physical climate change risks:</b> systematic (quantitative) assessment carried out	100%	
<b>District heating and cooling networks and photovoltaic installations:</b> continuation of strategy	100%	<b>District heating and cooling networks and photovoltaic installations:</b> continuation of strategy, specific development of photovoltaics strategy
<b>Biodiversity:</b> pilot project at Seestrasse 353, Zurich finalised, façade greening at the car park P-West, Zurich, potential of roof spaces identified for various types of use	100%	<b>Biodiversity:</b> information event for raising awareness, ensuring transfer of know-how relating to insights from the pilot project at Seestrasse 353, Zurich
<b>Wüest ESG rating:</b> ratings published for green assets, detailed analysis carried out of data requirements for revised rating	75%	<b>Wüest ESG rating:</b> information events concerning establishment of ESG rating as a working instrument, systematic incorporation of data requirements into tools
<b>Green leases:</b> expansion of addenda limited to additional major tenants, mandatory inclusion of a sustainability clause in all new leases	100%	<b>Green leases:</b> preparation of action plan for the systematic implementation of sustainability clauses within leases
<b>Tenant fit-out:</b> prepared draft for tenant booklet on sustainability in relation to tenant fit-out	25%	<b>Tenant fit-out:</b> completion of tenant booklet on sustainability in relation to tenant fit-out
<b>Sustainability targets and measures in relation to property management (“Optima”):</b> data requirements incorporated into comprehensive data management project	50%	
<b>Optimisation of operations:</b> training events held for Property Management employees and caretakers	100%	<b>Waste:</b> trialling sensible ways of recording the waste generated in our properties
<b>Tenant electricity:</b> pilot trial concerning the efficient recording of electricity carried out, scope 3 emissions estimated on this basis	100%	<b>Tenant electricity:</b> introduction of a systematic recording process, calculation and auditing of scope 3, category 13 (“Downstream Leased Assets”)
<b>Tenant survey:</b> carried out, completed in December 2023/ January 2024	100%	<b>Tenant survey:</b> detailed assessment, preparation of measures
<b>Operational health management:</b> measures continued with a focus on ergonomics, physical health and the holding of a PSP Academy on sleep health	100%	<b>Operational health management:</b> continuation of measures with a focus on physical health and resilience
<b>Health survey:</b> follow-up carried out, survey concerning usage of fitness equipment at the Zurich location	100%	<b>Great Place to Work:</b> conduct of a new employee survey
<b>Sustainability at our own offices:</b> awareness raising in relation to electricity consumption and waste disposal concept partly carried out, made more difficult by construction work	50%	<b>Equal pay:</b> new salary equality analysis
<b>Financing:</b> Green Bond Report published in Q1 2023	100%	<b>Green Equity:</b> adaptation of Green Equity Principles and accreditation as “Green Equity” on the Swiss Stock Exchange
<b>Supply chain:</b> rollout of Code of Conduct for Suppliers for Construction and IT departments completed	75%	<b>Supply chain:</b> completion of rollout of Code of Conduct on all levels
<b>Child labour:</b> clarifications carried out concerning the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and child Labour (VSoTR)	75%	<b>Child labour and modern slavery:</b> refine processes for assessments of building materials
<b>Transparency in relation to climate risks:</b> TCFD reporting for the first time within the 2024 Annual Report	100%	<b>Transparency in relation to climate risks:</b> further implementation of TCFD requirements
<b>Cyber-risks:</b> cyber-risk analysis reviewed and conducted in greater detail by independent partner	100%	

# Portfolio

We focus on easily accessible, centrally located properties that create both economic and social value and have a low environmental impact. Since the launch of our sustainability programme in 2010, we have been able to reduce the specific greenhouse gas emissions of our properties by 54%.

Preserving resources and minimising CO<sub>2</sub> emissions over the entire life cycle of a building, flexibility of use and the contribution of the building to local development are the three aspects that significantly shape the sustainability of our buildings. We use the following two pieces of information as “guidelines”, in line with the key criteria under our Green Finance approach:

- **CO<sub>2</sub> emissions at property and portfolio level:** our CO<sub>2</sub> reduction pathway is dealt with in the Focus Issue “CO<sub>2</sub> reduction pathway with reference to the CRREM” on pages 230–231, specific goals and measures are set out in the chapter entitled “Reduction in CO<sub>2</sub> emissions and conservation of resources” on pages 232–243, and further strategic information is presented in the Focus Issue “TCFD reporting” on pages 288–297.
- **Wüest ESG rating at property and portfolio level:** in order to be able to draw conclusions concerning portfolio improvement across different categories, in 2022 we decided to have all properties assessed according to the ESG Rating by Wüest Partner AG. Depending upon the purpose, the results of the analysis may be investigated at different aggregation levels. This means that for instance the overall rating, individual parameters or indicators relating to the overall portfolio or part of the portfolio can be compared. The analysis is suitable both as an external communications instrument as well as a tool for ongoing property and portfolio optimisation. The rating is updated each year. Further information concerning the rating methodology can be found on the website.  
[www.psp.info/esg-rating-at-a-glance](http://www.psp.info/esg-rating-at-a-glance)

The percentage of buildings certified under a sustainable building label is often used to measure of the sustainability of a portfolio. Currently, a total of 8.5% of our rental spaces are certified. However, in terms of a sustained cost-benefit analysis, we believe that the highest possible number of certified properties is not necessarily desirable, but rather a focus on effective measures regarding climate protection and other sustainability aspects across the entire portfolio. Although we strive to achieve the level of a sustainable building label for new buildings or extensive renovations, we do not necessarily require certification. We prefer to focus on improving the ESG rating and investing the money saved more effectively in concrete, consumption-reducing measures to avoid the so-called “performance gap” that arises in new buildings and renovations.

Environmental performance measures pages 298–299: Certified buildings

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**Priority 2024** We will systematically incorporate the data requirements for the Wüest ESG rating into our processes and tools and use workshops to better anchor the ESG rating as an internal working tool.

## Focus Issue: CO<sub>2</sub> reduction pathway with reference to CRREM

CRREM is the leading global initiative for setting targets in relation to CO<sub>2</sub> emissions from real estate (“in-use emissions”; scope 1+2) that are compliant with targets under the Paris Climate Agreement. In this regard, CRREM has published regional and property-specific decarbonisation pathways for limiting global warming to a maximum of 1.5 °C or 2.0 °C by the end of the century, which thus also apply to Switzerland. By setting scientifically-grounded CO<sub>2</sub> reduction pathways (Science-Based Targets Initiative, “SBTi”), CRREM has set itself the challenge of assessing risks and uncertainties in relation to the decarbonisation of business properties.

In order to establish whether our CO<sub>2</sub> reduction pathway communicated in 2021 is compatible with the 1.5 °C target, we compared our own reduction pathway with the CRREM decarbonisation pathways. We essentially based the calculation, subject to certain restrictions (see “Emissions factors”), on the assumptions and guidelines contained in the CRREM Risk Assessment Tool V2.04 as well as the corresponding CRREM Risk Assessment Reference Guide V2 from September 2023 (“Reference Guide”). **The modelling contained in these is not identical in all respects to our own assumptions for the currently existing reduction pathway. However, we are continuing to adhere to it without any changes. Assumptions concerning the replacement of heating systems and refurbishment work remain unchanged.**

### Definition of surface area

The definition of surface area required by CRREM corresponds to the IPMS 2 gross internal area. This means that the sum total of the surface areas on each storey of an office building is measured up to the relevant internal spatial boundary. IPMS 2 is an internationally recognised standard for defining real estate space, including in particular for office buildings. This standard sets out clear guidelines for calculating office spaces in order to create a uniform and comparable basis for the real estate sector. On average, the surface area determined according to IPMS 2 is around 40% greater than the energy reference area, which is widely used in German-speaking countries.<sup>1</sup>

### Emission factors

Emission factors for district heating and electricity purchases are linked to the respective reduction pathway for the electricity grid according to CRREM assumptions. This entails an assumption that the decarbonisation of district heating sources operates in parallel to the decarbonisation of the electricity grid. This method is used in accordance with the Reference Guide as heat production and distribution is often dependent upon electricity. Our originally published reduction pathway assumed that emission factors would remain constant. Energy consumption for cooling systems is imputed to general landlord-obtained electricity. Planned photovoltaic systems and their pro rata coverage of electricity consumption and coolant losses from cooling systems are not taken into account within the current pathway. In addition, no modelling has been conducted for the normalisation of extraordinary tenancy arrangements.

### Planning period

The planned energy renovations and heating replacements along with the corresponding target figures for energy consumption are presented for the current reduction pathway. Acquisitions and disposals are not taken into account. We have modelled the reduction until 2035 in accordance with our investment plan. The further into the future the planning period reaches, the more inaccurate its implementation will be, as we are reliant on third parties for instance as regards connections to lake water cooling and heating networks. The period falling after 2035 is therefore shaded in the following reduction pathway.

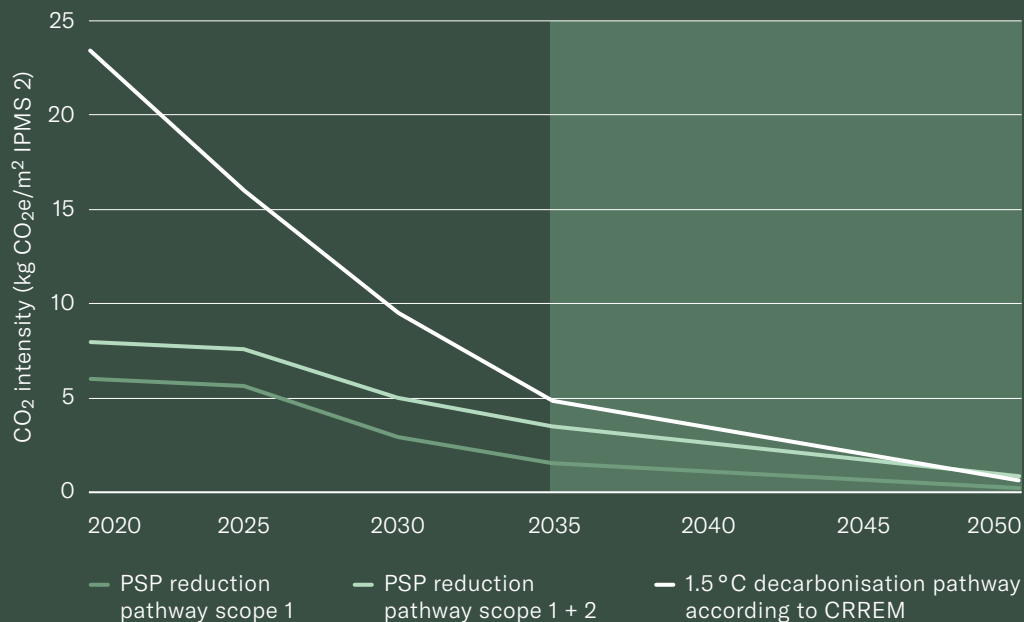
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<sup>1</sup> Detailed explanations concerning the energy reference area can be found in the delimitations and explanations on the performance measures on page 308.

## CO<sub>2</sub> reduction pathway with reference to CRREM

Following the application of the previously described assumptions and restrictions, this results in the following reduction pathway for PSP Swiss Property. The benchmark is the decarbonisation pathway for achieving the 1.5 °C target according to CRREM, based on a pro rata usage allocation of the property portfolio.<sup>2</sup>

Reduction pathway with reference to CRREM assumptions – PSP vs. 1.5 °C target



As is apparent from the graph, based on the assumptions described, from our current perspective our portfolio is on track to fall below the threshold levels by 2035 that are necessary in order to achieve the Paris climate targets of a maximum increase of 1.5 °C (“**1.5 °C target-aligned**”). An external independent firm has assessed our calculation methodology as comprehensible, taking into account the given assumptions and reservations of PSP Swiss Property.

### Net zero target

The net zero target is not only one of the Paris climate targets but is also set out in the “Climate and Innovation Act” approved by Swiss voters in the referendum held on 18 June 2023. From 2050, the quantity of greenhouse gases emitted into the atmosphere by Switzerland should therefore not be any higher than the quantity absorbed by natural or technological carbon capture mechanisms (net zero target). The net zero target is therefore enshrined in law.

**We remain focused on our goal of halving specific CO<sub>2</sub> emissions by 2035 compared to 2019. For the years after 2035, we have committed to achieving net zero for operational CO<sub>2</sub> emissions (scope 1, 2 and 3) by 2050.**

**Priority 2024** We are currently working on incorporating the calculation of anticipated CO<sub>2</sub> reductions directly into the renovation planning tool and dynamically recalculating the reduction pathway in the event of any changes in the schedules for particular projects. In 2024 we plan to complete verification and training in relation to the new solution, followed by its rollout.

<sup>2</sup> Further explanations concerning the CRREM decarbonisation pathway can be found in the delimitations and explanations on the performance measures on page 308.

## Reduction in CO<sub>2</sub> emissions and conservation of resources

### Careful usage of resources throughout the lifecycle

We want to keep resource usage and environmental pollution caused by the construction, modernisation and operation of our buildings as low as possible and minimise negative effects on the general public this may have. We endeavour to use carefully both land and building materials as resources. We therefore factor sustainability considerations into all phases of business operations:

#### Acquisition of buildings

We examine potential purchase properties with regard to their environmental impact or possible exposure to physical risks, and also assess their ecological characteristics. **Access to public transport, materialisation and energy efficiency** are essential criteria. This does not mean that we only consider ecologically high-quality and energy-efficient properties. Most older buildings do not meet today's ecological standards. However, if our assessment comes to the conclusion that a building can be renovated at reasonable cost, such a property also offers an opportunity to contribute to improving sustainability and generate added value in the long term.

#### Construction related measures

Our development areas are or were predominantly previously developed former brewery sites. New acquisitions within the portfolio are generally speaking centrally-located commercial properties in major economic centres. In this way we ensure that we do not contribute to urban sprawl or impair biodiversity.

In new construction and renovation projects, we try to balance the possibilities for optimising energy efficiency, flexibility of use and the impact on the neighbourhood-specific social environment. Our **guidelines** applicable to new construction, tenant fit-out work and modernisation are based on the Swiss Sustainable Building Standard (SNBS) and SIA 112/1 and set out principles along with a checklist containing questions and aspects to be considered during the various project phases. These relate for instance to the prioritisation of various sustainability goals, criteria such as grey energy or reusability in the choice of materials, energy efficiency or indoor climate.

**New buildings:** sustainability and energy efficiency are key criteria for new buildings. As a general rule, we aim to comply with the Minergie standard and often exceed it. Since we generally own and manage the newly constructed buildings ourselves, we optimise them for operation and invest in good long-term energy management systems. The use of innovative, electrochromic windows, such as those used in the new Clime building in Basel, not only leads to lower cooling energy requirements and lower maintenance costs (no need to replace blinds), but also increases the well-being of tenants. Considerations on adapting to the effects of climate change, so-called physical risks, are also reflected in our specifications for new buildings (more information on adapting to climate change can be found in the Focus Issue “TCFD Reporting” on pages 288–297). However, new buildings only represent a small part of our business.

**Modernisations:** considerations on energy efficiency and reduction in CO<sub>2</sub> emissions are important factors that also shape our long-term investment plan. We carry out renovations in accordance with regional regulations as well as the Minergie standard. We employ a team of specialists in the field of HVAC (heating, ventilation, air conditioning) in order to implement the optimisation process in terms of operation and construction. Our employees strive to continuously acquire new know-how in energy and sustainability issues. Examples of successful renovations may be found on our website. [www.psp.info/co2-reduction-path](http://www.psp.info/co2-reduction-path)

**Tenancy changeovers:** we are seeking to reduce resource consumption between tenancies. By increasingly incorporating a certain basic infrastructure and using generally appealing, flexible usage concepts, we aim to avoid rental properties having to be thoroughly refurbished following each change of tenant. Further information concerning this aspect may be found in the section “Flexibility of use” on page 244.

**Embodied carbon (scope 3):** our CO<sub>2</sub> reduction path relates to scope 1 and scope 2 operational emissions. **scope 3 data**, such as for example CO<sub>2</sub> emissions arising during the production of the building materials that are used in construction, as well as during the construction process itself, are not taken into account. However, these also contribute to climate change and are also significant. In the reporting year 2022, we had embodied carbon of our three current replacement new buildings (ATMOS and B2Binz in Zurich as well as Clime in Basel) calculated in order to better assess the ratio of embodied CO<sub>2</sub> emissions compared to CO<sub>2</sub> emissions during operation. Thanks to the use of low-carbon cement, for example, 82 tonnes of CO<sub>2</sub> were saved in the new **B2Binz building in Zurich**. Changing the material used for the façade cladding from an aluminium sheet to a steel sheet also led to considerably lower emissions. In the reporting year, we organised an information event for all employees (PSP Academy) on the topic

of scope 3 and embodied carbon, building on the principles developed. In 2024, we will continue to work on integrating embodied carbon more systematically into the specifications and planning. The scope 3 calculations for the three new buildings can be viewed on our website.

[www.psp.info/en/scope-3](http://www.psp.info/en/scope-3)

### **Operation of properties**

**Automated measurement:** we place particular value on well-maintained buildings. By optimising operations over the long term, we aim to keep energy consumption low whilst maintaining a high level of equipment efficiency. An important prerequisite for this is suitable measurement. For this reason, we are constantly expanding our smart metering and monitoring functions. Further information on our consumption-reducing measures can be found in the section “Operational efficiency” on pages 254–258.

**Acquisition of thermal energy and electricity from renewable sources:** with our clear focus on reducing CO<sub>2</sub>, we are continuously optimising our contracts with energy suppliers (electricity, gas, district heating) in terms of the proportion of renewable energies. Inner-city energy networks that use lake water are becoming increasingly important. The constant temperature of deep water in the lake is used for heating and cooling purposes. The most significant challenge in this respect is timing, as the planning and expansion of the energy networks does not always correspond with the renovation cycle for our facilities and properties. Considerable efforts are currently being made in the cities of Geneva and Zurich to realise inner-city energy networks using lake water. We closely monitor developments in the catchment area of our properties in order to coordinate our long-term planning for the replacement of heating and cooling systems accordingly and, where necessary, to find and define joint transitional solutions at an early stage.

**Own production of solar electricity:** we also produce energy from renewable sources such as solar electricity in order to make our own contribution to expanding capacity and also to give our tenants the opportunity to benefit from clean electricity at favourable costs. Where possible, we apply the model of a property producing and consuming its own energy. Under this model, the solar power produced is sold directly to the tenants or consumed in situ in the building’s technical systems (heat pumps, cooling systems, etc.). Over the next five years our photovoltaic capacity should be increased by 3 MWp, which is anticipated to raise the volume of self-generated solar electricity as a proportion of owner-consumed electricity to more than 10%.



**Priority 2024** We aim to pursue our strategy of exploiting prospects for connection to district heating and cooling networks wherever possible.  
With regard to photovoltaics, we want to intensify the expansion of capacity.

**Development of energy sources for heating**

**2023**

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- 55.5% Gas

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- 8.8% Oil

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- 33.8% District heating

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- 1.8% Electricity/heat pumps



**2015**

---

- 46.0% Gas

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- 26.5% Oil

---

- 25.2% District heating

---

- 2.5% Electricity/heat pumps



**2010**

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- 46.0% Gas

---

- 33.0% Oil

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- 21.0% District heating



## Key measures to reduce the CO<sub>2</sub> emissions of our portfolio

Area	Measures/targets
<b>Reduce CO<sub>2</sub> intensity of energy consumption</b>	
Replace fossil heating by heating with a lower CO <sub>2</sub> footprint	<ul style="list-style-type: none"> <li>– No fossil fuel heating systems in new buildings</li> <li>– When renewing heating/cooling systems, switch to heat pumps or district heating/cooling with a high renewable element wherever possible</li> </ul>
Sourcing of electricity	<ul style="list-style-type: none"> <li>– By 2025, sourcing 100% of electricity from renewable energy sources</li> </ul>
<b>Improve energy efficiency</b>	
Energy renovation (insulation, replacing windows)	<ul style="list-style-type: none"> <li>– Optimisation of energy efficiency through improved insulation of the façade, roof and basement and by replacing windows; in a general orientation towards the Minergie standard</li> <li>– Renewal of the building services</li> </ul>
Measures not dependent on lifecycle (e.g., lighting)	<ul style="list-style-type: none"> <li>– Replacement of lighting systems with LED systems, awareness-raising among tenants</li> </ul>
Optimisation of operations	<ul style="list-style-type: none"> <li>– Optimisation of operations as a permanent task</li> </ul>
<b>Own production of renewable energy</b>	
Increasing own photovoltaic capacity	<ul style="list-style-type: none"> <li>– Increase own photovoltaic production within the ambit of the existing potential analysed</li> </ul>

### **End-of-life of a property and recycling of building materials**

The idea of the **circular economy** is to keep products and materials in circulation or to recycle in order to avoid waste and reduce the consumption of primary raw materials. Reprocessing is only possible if construction materials can be segregated properly during demolition. Therefore, considerations concerning the circular economy should already be incorporated into the planning stage. This is the case for example for the reduction of built-in grey energy, the utilisation of reusable or recyclable materials, avoiding composite materials that are difficult to separate or using easily-detachable fastenings. There is still a challenge in this area due to the underdeveloped market for used building materials. The most efficient approach is therefore to reuse them within the same property or within the portfolio. In the property at **Peter Merian-Strasse 88, 90 in Basel**, for example, partition walls from the 5<sup>th</sup> floor were stored and reused for the refurbishment of the 1<sup>st</sup> floor. Thanks to good contacts, a removed catering kitchen on the 6<sup>th</sup> floor could immediately be reinstalled in a clubhouse. **In Lausanne**, a raised floor from the property at **Place Saint-François 15** was reused for a rental space at **Avenue de Sévelin 46**. We are striving to make employees aware of such opportunities.

In the following table we discuss a few of the major initiatives concluded during the reporting year that have had effects on CO<sub>2</sub> emissions. The quantities are estimates of the expected savings. These savings have not yet been fully factored into the figures for this reporting year.

## CO<sub>2</sub> reduction measures during the reporting year

Area	Measures in 2023
<b>Reduce CO<sub>2</sub> intensity of energy consumption</b>	
Replace fossil heating by heating with a lower CO <sub>2</sub> footprint	<ul style="list-style-type: none"> <li>In 2023 a number of connections to district heating networks were prepared and new heat pumps were installed, in general however only in conjunction with gas as a mechanism for providing peak coverage, as various restrictions on the usage of heat pumps apply to city-centre locations. The property at <b>Bleicherweg 14 in Zurich</b>, which was previously heated with oil, is now heated exclusively by a heat pump.</li> </ul>
<b>Improve energy efficiency</b>	
Replacement new buildings	<ul style="list-style-type: none"> <li>The new property at <b>B2Binz in Zurich</b> was completed at the end of 2023 in line with the Minergie standard, although has not been certified. With the aim of reducing embodied carbon, low-CO<sub>2</sub> ECO cement has been used, amongst other things. The property is heated and cooled by an air/water heat pump. The photovoltaic system on the roof provides part of the electricity needed. Thanks to the use of renewable electricity, CO<sub>2</sub> emissions are practically zero.</li> </ul>
Complete renovations	<ul style="list-style-type: none"> <li>The <b>“Zürcherhof” at Limmatquai 4 in Zurich</b> has been comprehensively renovated and was handed over to tenants at the end of 2023. External insulation could not be installed due to heritage preservation rules. However, thanks to new internal insulating plaster, insulated windows, the newly insulated roof and efficient gypsum cooling ceilings on the upper floors, energy consumption is set to be cut by at least 30%. This should result in a reduction in CO<sub>2</sub> emissions by at least 15 tonnes per year.</li> <li>The property at <b>Bleicherweg 14 in Zurich</b> was fully overhauled in 2023, including renovation of the building envelope and windows, the fitting of a new, insulated roof and retrofit insulation of floor tiles. Thanks to the installation of a new air/water heat pump, future CO<sub>2</sub> emissions will be practically zero, which should result in a reduction of CO<sub>2</sub> emissions by around 12 tonnes per year.</li> <li>In the autumn of 2023, at Bahnhofplatz 2 the last phase of the renovation project <b>“Bahnhofquai/-platz” in Zurich</b> was completed. The roofs of all properties were replaced and insulated, new windows were installed throughout, internal thermal insulation plaster was installed in some places, and ceilings above the basement floor were insulated. Thermal insulation of the façades to the property complex was not possible because it is subject to heritage protection. As no connection could be established to the lake water district heating network, the properties are heated via centralised gas heating system, in conjunction with cooling with thermal recovery. The properties are now in excellent energetic condition.</li> </ul>
Building envelope and building technology	<ul style="list-style-type: none"> <li>The <b>“Hôtel de Banque” in Geneva</b> purchased in 2020 consists of three adjacent properties at Rue de la Confédération 2, Rue de la Corraterie 5, 7 and Rue de la Cité 6. Various work has been carried out since the purchase, mainly at Rue de la Corraterie 5, 7 and Rue de la Cité 6. Aside from a significant upgrade to the entrance area and the renovation of the office floors, the work has focused mainly on building technology: separation work was carried out to enable a shift from single-tenant to multi-tenant, a new building management system was installed. Furthermore, a new ventilation system and LED lighting with automated control were fitted.</li> <li>The building technology system at <b>Avenue Agassiz 2 in Lausanne</b> was renovated without interrupting operations. A new cooling/heating machine with thermal recovery will significantly reduce gas heating consumption in future.</li> <li>At <b>Förrlibuckstrasse 110 in Zurich</b>, six new flats were created on the top floor thanks to an increase in the height of the attic floor. As a result of the new, insulated roof in addition to efficient ventilation and cooling, the property will become significantly more efficient, despite being used more intensely. Old lights were replaced by LED lighting during renovation of the <b>P-West car park</b> at Förrlibuckstrasse 151 in Zurich.</li> </ul>
Optimisation of operations	<ul style="list-style-type: none"> <li>A discussion of the optimisation of operations is contained on pages 255–256.</li> </ul>

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**Area****Measures in 2023**

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**Own production of renewable energy**

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Increasing own photo-voltaic capacity

- A photovoltaic system was installed on the roof of the property at **Waldeggstrasse 30 in Liebefeld** with a capacity of 207 kWp and anticipated production of 225 000 kWh per year. The new property at **B2Binz in Zurich** also has a photovoltaic system with a capacity of 78.6 kWp, which will generate 78 000 kWh of renewable electricity in future. The photovoltaic system installed in the renovated property at **Bleicherweg 14 in Zurich** has a capacity of 19.5 kWp and will generate around 20 600 kWh of electricity each year.
  - Our tenant Swisscom has installed a photovoltaic system over an area of around 1 300 m<sup>2</sup> on the roof of our property at **Binzring 15, 17 in Zurich** with a capacity of 285 kWp, which will start operating in 2024. Before this could be done, some preliminary renovation work on the roof was required. The anticipated annual electricity generated totalling 236 550 kWh will be used up entirely for Swisscom's own operations. It will not be imputed to our own solar production.
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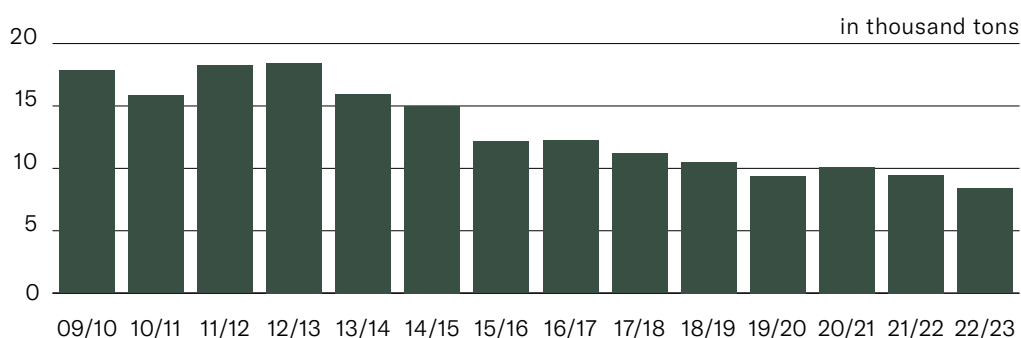
## Impact of the measures on consumption and CO<sub>2</sub> emissions at portfolio level

Due to numerous interdependencies as well as internal and external influences, it is difficult to precisely calculate the effects of our renovation projects and operational optimisations on consumption and CO<sub>2</sub> emissions. Data relating to energy and water are recorded after a lag of half a year, in line with the statements of account for heating and ancillary costs. The current reporting period for these figures runs from 1 July 2022 until 30 June 2023.

### Absolute consumption and emissions

In absolute terms, our **total energy consumption** in the investment portfolio **decreased by 5.5% in 2023 compared to the previous reporting period**, from 92.2 million kWh to 87.2 million kWh. The CO<sub>2</sub>e emissions of the portfolio (scope 1 and 2) were reduced by 11.2%, i.e. by 1 056 tonnes. These absolute values give an idea of the environmental footprint of our portfolio. However, their suitability for analysing the effects of taken measures is limited, considering that the investment portfolio changes from year to year due to purchases, sales and reclassifications (see delimitations and explanations on page 303 ff.).

### CO<sub>2</sub>e emissions absolute



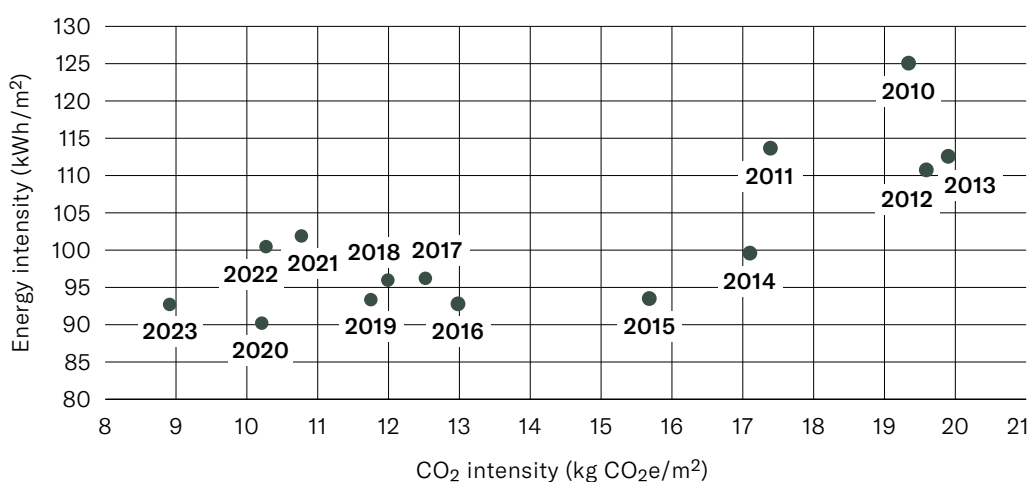
### Specific consumption and emissions (intensities)

The specific values (consumption and emissions per square metre of rental space) – also called intensities – give the best indication of effective improvements in the portfolio. Our **energy intensity decreased by 7.7% from 100.5 kWh/m<sup>2</sup> to 92.7 kWh/m<sup>2</sup>** in the reporting year. **Adjusted for heating degree days**, however, at a reduction of 0.9%, the intensity has hardly changed. The warm winter therefore made a major contribution to the reduction in energy intensity. The fact that the offices – with a few exceptions – are now practically back to normal levels of occupancy was also beneficial for energy efficiency.

A **decrease in vacancy** usually increases energy consumption and water consumption, both in absolute terms and per square metre of rental space. In the reporting year<sup>3</sup>, the vacancy rate decreased from 3.7% to 3.3%. This corresponds to an increase of heated space of approximately 0.4%. However, in view of the fact that some underutilisation still prevails, this effect seems negligible.

**CO<sub>2</sub> intensity decreased** significantly from **10.27 kg CO<sub>2</sub>e/m<sup>2</sup> to 8.91 kg CO<sub>2</sub>e/m<sup>2</sup>, i.e. by 13.3%**. Various positive factors contributed to this: mainly due to the warm winter, heat consumption from oil and gas fell by 6.8% and district heating consumption by 8.5%. At the same time, the proportion of biogas was again increased slightly and the proportion of district heating from renewable sources rose again from 45% to 50%.

### CO<sub>2</sub> intensity vs. energy intensity



<sup>3</sup> The reporting year i.e. measurement period for the environmental key figures is 01.07.2022–30.06.2023. Accordingly, the vacancy rates refer to 30.06.2022 and 30.06.2023. The vacancy rate on 31.12.2023 stood at 3.6%.

### **Analysis of the “like-for-like” data**

The “like-for-like” portfolio includes only those properties that were under our operational control and classified as investment properties, both in the reporting year and in the previous year. The changes therefore relate to exactly the same number of properties. This allows conclusions to be drawn about the improvement in operational efficiency and the effects of measures taken during operation. However, the impact of major renovations is not apparent here, as properties under renovation are not included in the “like-for-like” portfolio.

In the “like-for-like” portfolio, total energy consumption fell significantly (from 88.4 to 81.6 million kWh). **Heat consumption decreased by 10.1%**, while electricity consumption decreased by 2.3%. This resulted in a **reduction of CO<sub>2</sub>e emissions by 14.3%**, corresponding to 1 305 tonnes of CO<sub>2</sub>e. Adjusted for heating degree days, however, the total energy consumption in the “like-for-like” portfolio remained stable at 88.2 million kWh. This confirms the conclusion from the analysis of intensities that the main contribution to the reduction in energy consumption can be attributed to the higher temperatures in winter and therefore the lower heating requirements. We are confident, though, that the efforts intensified since 2022 to raise awareness and train management and caretakers on the topic of energy efficiency will bear fruit.

### **Share of renewable energy and own production of solar power**

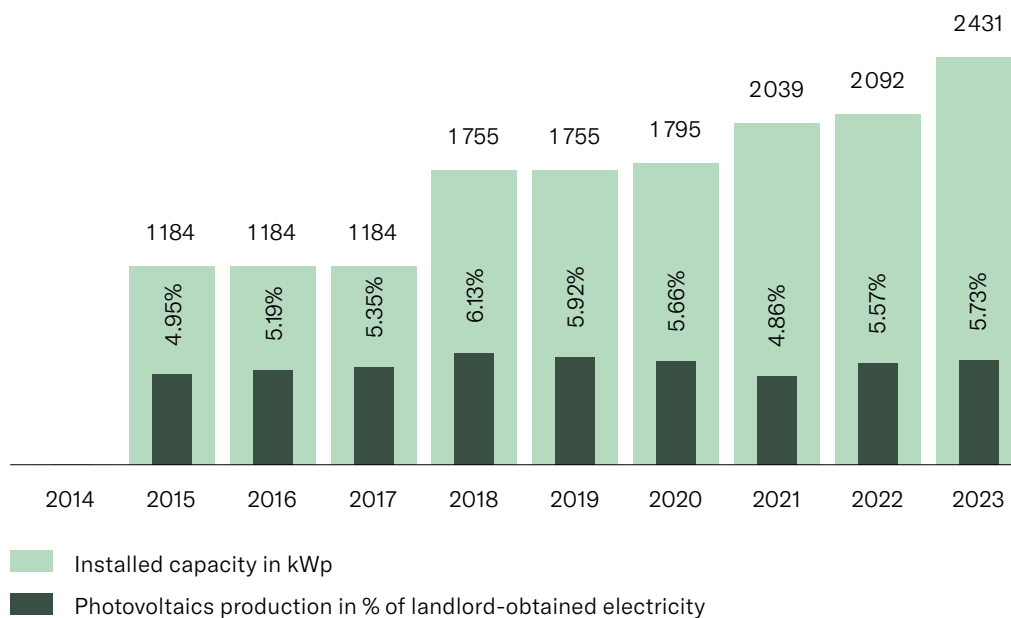
The share of energy purchased from renewable sources was **52.1%** in the reporting year (previous year: 49.2%). The increase is mainly due to a slightly higher proportion of biogas and a higher renewable share in district heating. We already cover **99% of the electricity demand for our entire portfolio with renewable energy**. In 2023, we produced around **1 574 MWh of environmentally friendly solar electricity with our own photovoltaic systems**. This corresponds to 5.7% of common electricity consumption (see following chart).

Environmental performance measures pages 298–299: Electricity, District heating and cooling, Fuels (oil/gas), Proportion of total landlord-obtained energy from renewable sources, Greenhouse gas emissions scope 1, 2 and 3, Energy intensity, Greenhouse gas intensity, Photovoltaic installations and self-generated electricity

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**Photovoltaics: installed capacity and production in % of landlord-obtained electricity**



## Flexibility of use

With the increasing degree of digitalisation, new forms of cooperation and decentralised, mobile work patterns are emerging in the office world. Working from home has become established in the office world, while at the same time there is a growing realisation that regular in-person meetings between employees are essential for a good corporate culture. In the light of these developments, the product and quality of spaces offered will become even more important: sufficient space and flexibility, security, calm, daylight, energy efficiency as well as further sustainability considerations will increasingly become priorities for our tenants. The UN Sustainable Development Goals which have been stipulated as being relevant for us in this context present us with some challenges: on the one hand, we need to save resources and make buildings as resilient as possible – also in terms of climate change. On the other hand, buildings will have to be adaptable in line with the changing demands of users. The challenge is therefore to build economically and ecologically sustainable buildings, which can at the same time be repurposed without any major expenditure of resources. We achieve greater flexibility through the following measures and thus also consume resources more responsibly.

## Basic infrastructure and flexibility

Even today, larger companies in particular want to rent premises for the longer term and fit them out according to their very specific requirements. However, in order to avoid everything having to be removed upon departure in order to cater to the needs of the next tenant, we are becoming increasingly convinced that providing some level of **basic infrastructure** makes sense. Apart from heating, this includes ventilation, toilets, showers and, increasingly, also air-conditioning. Since building technology is becoming ever more complex, planning cannot stop at the basic fit-out stage, but must incorporate tenant fit-out considerations. For instance, even if there is optimal generation of cool air there is still a need for an optimal delivery device within the tenant fit-out. This will also be beneficial for future tenants thanks to the operating cost savings thereby enabled. In addition, a uniform electrical distribution system in the basic fit-out, such as for example a raised-access floor, will support tenants in simplifying upgrades and conversions. Pre-calculated **fit-out options** make it easier for tenants to plan costs. It is important to find generally appealing, flexible designs and materials, so that a tenant fit-out with a lifespan of 20 years can be used for more than one rental client.

A good arrangement of the spatial and technical infrastructure allows a **high degree of flexibility** in the subdivision of rental space. This applies to, for example, the precise positioning of the bathrooms and entrances, as well as the option of moving walls. Depending on the need, large spaces should be available on one level, which can be divided into smaller units in case of changes in tenancy. While in existing buildings the potential for increased flexibility is predetermined and often limited by the construction method (e.g., solid or framed), in new buildings the façade and column grid is already planned with this in mind. The new ATMOS and B2Binz buildings in Zurich or the Clime in Basel are based on this concept. Such considerations have also been centrally incorporated into recent renovations, for example at Limmatquai 4 and at Theaterstrasse 12 in Zurich. A large part of the refurbishment work at the Hôtel de Banque property in Geneva involved unbundling and installing more flexibility.

### More space for exchange

We are making more room for flexible **cooperation and exchange**. It is possible that demand for space within offices for workstations may fall. At the same time however, demand is rising for larger interaction spaces and common, multi-functional and open meeting areas, including spaces for informal exchanges. An office is no longer just a workplace with a desk, but rather a productive, creative and social meeting place where people work together in constantly changing structures. In the new B2Binz building in Zurich, the need for social interaction was taken into account, for example, with the various beautifully landscaped terrace areas. Infrastructure for mobility (e.g., bicycle parking spaces, charging stations for electric vehicles etc.) and fitness as well as additional service offers (e.g., lobby, catering or bookable conference rooms) are also becoming increasingly important.

The significance of **co-working** will increase further. We consider the co-working providers to be an ideal complement to our long-term rental business. This allows our tenants to react to short-term space needs in an uncomplicated manner and, for example, to rent areas tailored to the needs of a specific project. On the other hand, co-working tenants can rent a larger space directly from us when they grow.

## Local development

Most of our properties are positioned in central locations and are well connected to public transport. From a sustainability point of view, they are therefore generally well positioned, as they are accessible by environmentally-friendly mobility and do not contribute to urban sprawl. Due to their central location, these properties also have a special importance in the cityscape and in revitalising the surrounding area. With their spatial presence, our properties influence not only the immediate surroundings and the everyday life of tenants and neighbours, but also the perception of passers-by. For this reason, we attach great importance to architectural quality for new buildings and conversions, but also for major renovations, which ultimately leads to an enhancement of the public space.

## Preservation of historical properties

The urban location of our properties in large cities means that a considerable number of them are under historic preservation. A monument reminds us of historical events, cultural events, social or technical achievements. Such protected buildings have an identity-forming character, and with their preservation we can conserve an intangible value for society. As owners, we therefore bear a great responsibility, which we fulfil with the help of selected artisans and other partners. These properties offer a high quality work environment and are popular with tenants because of their uniqueness.

All stages of the challenging **“Bahnhofquai/-platz” project in Zurich** have now been completed. The work was carried out in close cooperation with the historical monument preservation authorities. Also for the renovation of the property at **Limmatquai 4 in Zurich**, efforts have been made to identify historically valuable elements that contribute to the character of the building and that are worth retaining. This concerns both the façade as well as the basic internal structure, which should reflect the original structural concept. In addition, the renovations at **Bärenplatz 9, 11, 27 / Käfiggässchen 10, 22, 26 and Zeughausgasse 26, 28 in Bern** involve a strong heritage preservation element. Some visual impressions of the result can be found on the photo pages 250–253, 262–265 and 280–283.

More about the “Bahnhofquai/-platz” in Zurich renovation project:

[www.psp.info/en/bahnhofplatz](http://www.psp.info/en/bahnhofplatz)

More about the renovation projects in Bern:

[www.psp.info/heritage-preservation](http://www.psp.info/heritage-preservation) and [www.psp.info/en/zeughausgasse](http://www.psp.info/en/zeughausgasse)

## Participatory development and local commitment

Local commitment also means that, when developing large areas or during major construction projects, we think about neighbourhood development with the goal of finding solutions with all parties involved, leading to a sustainable use of the site from an ecological, social and economic point of view.

We engage closely with authorities, partners and local residents in relation to major construction projects. We seek to develop solutions in as cooperative a manner as possible that generate economic and social value over the long term and cause minimal damage to the environment. We take account of urban development targets in terms of the usage mix, infrastructure and sustainability for the relevant areas and try to support them in the best possible way. We also give due consideration to aspects of city identity. These processes are long-winded. For example, the legally binding development plan for the **Grosspeter site in Basel** dates back to 2004. The site is now being transformed in stages. A new focus in terms of urban development was created with the Grosspeter Tower in 2017. The Clime wooden construction will further increase the value of the site with its sustainable, ecologically responsible architecture.

The early involvement of various stakeholder groups was decisive also for the renovation of the property at **Theaterstrasse 12 in Zurich**. As the property is situated in a very prominent location on one of Zurich's most important squares, it was necessary for instance to engage in intense dialogue with various urban development offices.

Communication and interaction with local stakeholders and neighbours are an essential element of our social commitment, within both construction projects as well as when operating properties. That is why we conduct regular dialogue and information events, especially in relation to new-build projects. However, not everything is organised in formalised "programmes". Some interesting projects also emerge from the situation, for example in the case of interim use. The example of **Bollwerk 15 in Bern** shows: existing vacancies are made available to young and creative companies at a favourable price for a limited period of time.

Social performance measures page 301: Local commitment

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## Ecological enhancement of the surroundings

We endeavour to better exploit the potential for **promoting biodiversity** by ecologically enhancing the surroundings to our properties – and where possible also terraces, façades and roofs. Although this involves individual measures in some cases, it often occurs in relation to replacement new buildings, renovations or other value-enhancing measures that offer added value to tenants. The long-term goal is to contribute to improving biodiversity and countering undesired heat islands in cities.



Various greening projects were realised in Zurich in 2023: the landscaping with a specific focus on improving biodiversity for the property at **Seestrasse 353** was fully realised in the reporting year. This project will serve as a template for further landscaping work in the portfolio. In the **P-West multi-storey car park** at Förrlibuckstrasse 151 in Zurich, the more than 100-metre-long façade on the north side was fully equipped for greening. The outside area of the rented catering space at **Förrlibuckstrasse 110** is an inviting place to linger thanks to new planting. A lot of green space was planned from the outset for the **new B2Binz building**: the roof structures are covered in greenery and the various terraces are equipped with numerous plant boxes.

**Priority 2024** We want to make employees more aware of opportunities in the area of greening and biodiversity and ensure that we can build on the findings from our implemented biodiversity projects.

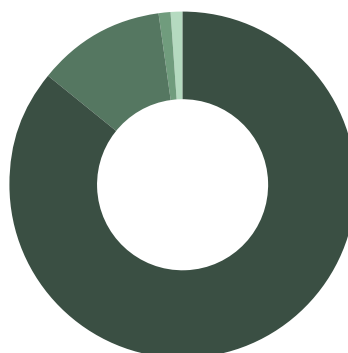
## Promotion of sustainable mobility

It is important to predict the mobility needs of users of offices and commercial premises, to take appropriate account of them within planning and strive for mobility that is as sustainable as possible. Almost 86% of the buildings in our portfolio are situated in areas falling within PT [Public Transport] Quality Class A, 12% in PT Quality Class B. Thus, 98% of the buildings in the portfolio is very well or well connected.

The public transport (PT) quality classes provide information on the accessibility of an area with public transport. Important criteria that are included in this indicator are the distance to the stop, the type of transport, and its frequency. The PT quality class parameter is also included in the Wüest ESG assessment.

### Public transport quality classes

■	86% PT quality class A – Very well connected
■	12% PT quality class B – Well connected
■	1% PT quality class C – Moderately connected
■	1% PT quality class D – Poorly connected



Source: INFOPLAN-ARE, [opentransportdata.swiss](https://opentransportdata.swiss)

In new buildings, requirements for bicycle parking spaces, charging stations for electric vehicles and facilities such as cloakrooms and showers are incorporated into the planning as a matter of principle. This applies to **ATMOS and B2Binz in Zurich** as well as **Clime in Basel**. Considerations for the promotion of sustainable mobility are also incorporated into refurbishments, such as the **“Hochstrasse” conversion project in Basel**, or at **Förrlibuckstrasse 110 and Bleicherweg 14 in Zurich**. The renovated **P-West multi-storey car park in Zurich** now has various public and rentable parking spaces with charging stations. At **Binzring 15, 17 in Zurich**, our tenant is implementing a project to promote electromobility. Bicycle mobility is being promoted in **Geneva**: the first basement floor of the property at **Rue de la Corraterie 5, 7** has been converted from a car garage into a bicycle garage with capacity for 100 bikes.

# Renewed splendour at Bärenplatz

Bärenplatz in Bern has been given a significant facelift with the three renovated buildings. This has come as a benefit not only for users of these properties, but also for residents and the many tourists that visit our federal capital each year.

At the start of 2019, PSP Swiss Property purchased three adjacent properties in a perfect location on Bärenplatz directly in front of the Parliament Building. However, the three buildings, which were constructed during different periods, were in serious need of renovation. Whereas the property at Bärenplatz 9 is an early modernist building, Bärenplatz 11 (originally two separate buildings) dates back to the 17<sup>th</sup> and 18<sup>th</sup> centuries. The history of the property at Bärenplatz 27 can be traced back to the 16<sup>th</sup> century.

Renovating protected properties within the UNESCO perimeter of the City of Bern is a complex undertaking. It required the conduct of numerous analyses and the preparation of large numbers of documents in conjunction with historical monument preservation authorities: a building history analysis was instructed, more than 150 probes were carried out, and every room was recorded and documented down to the smallest detail, including material composition. In many cases, various structures and styles from different construction periods overlapped with one another within the buildings. It then had to be decided which period was the dominant period for each building, and should therefore be represented.

History continues to be written with the comprehensive renovation of the three properties, which are now being used in new ways. Since the middle of 2022, the Lucerne-based family business Remimag has been operating the restaurant “Röschtigrabe” on the ground floor of all three buildings. Contemporary offices were created on the upper floors, including co-working spaces and an events area. The upper storeys were converted to residential use. Alongside the two single-level flats at Bärenplatz 27, all three buildings now have maisonette flats on the attic floors.





### Office with a view onto Bärenplatz

The office premises at no. 9 were reinstated to the style of the modern period during the renovation and painted in bright colours typical of the period.



### A stylish combination of the old and the new

The historic building fabric has been made visible within the flats and incorporated into a modern interior design.



### Dining and conversation at the Röschtigrabe

Switzerland meets the world at Röschtigrabe to enjoy the wide range of fresh specialities from throughout Switzerland, and, “not only for discussion and talking about politics, but for laughing together, passing the time and enjoying one another’s company”, as the restaurant’s operators proclaim.



### Paintings in need of protection

The wall paintings discovered in naive peasant style were classified as requiring protection by the historical monument preservation authorities. They were gently restored and integrated into an apartment.

# Tenants

We like to have tenants who value our service and our buildings and can work productively in them.

For us, appreciation, reliability, quality and transparency are the basis of a professional and successful business relationship that is successful in the long term. With our own **property management and caretakers**, we aim to offer our tenants an optimal framework for successful business activities – by having a customer focus and providing functional, flexible and attractive business premises. When doing so we work as efficiently as possible so as to enable our tenants to benefit from low costs. Thanks to our efforts in relation to energy efficiency and reducing CO<sub>2</sub> we have already been able for instance to save at least CHF 44 million in energy costs and CO<sub>2</sub> taxes for our tenants since 2010.

## Operational efficiency

Operational efficiency in the management and maintenance of our properties reduces our costs and improves our internal communication as well as our engagement with tenants and business partners. Technology transformations over the last few years have significantly affected and changed how we handle information and how we communicate. We have access to new tools for working and cooperation, which have changed the way in which we work, at the same time offering exciting opportunities for innovative forms of cooperation as well as flexible working models. In this regard the release of Microsoft 365 during the reporting year acted as a catalyst for change. We are focusing on **promoting and improving process-oriented work**. A further decisive step in our digital transformation came with the launch of our first data warehouse project in connection with Microsoft Power BI. This **data management strategy** will become a core issue in future, as it will allow us to obtain valuable information from our data and to make data-driven decisions. This has also enabled **information relating to sustainability** and project organisation to be better incorporated into and made accessible within this structure.

As part of operational efficiency, we also want to keep the environmental impact as low as possible, especially in the areas of energy and water consumption as well as CO<sub>2</sub> emissions. An important basis for this is the adequate measurement of consumption. More than two-thirds of our properties are now connected to our energy control and alarm management system. This allows us to centrally monitor the relevant consumption values of our properties and take corrective action if necessary. With our “Optima” project and the more systematic integration of the data required for the Wüest ESG rating, we are continuing to advance the recording and performance tracking of measures.

## Optimisation of operations

Often, once in operation, new or renovated buildings consume significantly more energy than predicted (“performance gap”). Once proper operation and tenant comfort has been ensured, the next stage involves energy optimisation, as occurred for instance for the properties of the renovation project **“Bahnhofquai/-platz” in Zurich** where, thanks to the efforts made to optimise the operation of the common heating system, an annual energy saving of 10% is anticipated.

Newly emerging problems with comfort or sudden increases in energy consumption for various reasons – in particular as a result of working from home or in the wake of pandemic-related office closures – cannot be excluded even during operation. The optimisation of operations from an energy perspective must therefore increasingly be regarded as an ongoing task. The focus is on efficient plant operation, which we ensure for the entire expected duration. Depending on the particular use at issue, the task of optimisation can also consist in preventing energy consumption from rising. For example, an optimisation project has been launched at **Förllibuckstrasse 60, 62 in Zurich** in partnership with the largest tenant. The first measurement taken one year after the start of work identified a reduction in heating requirements by around 25%.

The growing complexity of building technology also increases the demands for expertise amongst caretakers. Broad specialist knowledge covering all trades is necessary to ensure seamless and efficient building operation. In 2023 efforts were continued in the area of **caretaker training** with a focus on building automation, electrical engineering and ventilation technology as well as an exchange of experience.

“Our buildings and the technology contained within them are constantly developing. We have to stay on the ball in order to enable them to operate efficiently. Alongside the “official” aspect of training, informal exchanges are also very important for us. This is the only way we can discover each person’s technical strengths and weaknesses, so that we can support one another in our everyday work.”

Uli Peterschewski, Technical Caretaker, responsible for the ATMOS building in Zurich

Environmental performance measures pages 298–299: Electricity, district heating and cooling, fuels (oil/gas) – “Like-for-like”, Greenhouse gas emissions scope 1 and 2 – “Like-for-like”, Energy intensity, Greenhouse gas intensity

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## Focus Issue: recording of tenant electricity and scope 3 calculation

The picture of a property's energy consumption or CO<sub>2</sub> footprint is only complete if it also includes the electricity acquired directly by tenants from utilities in relation to the usage of their areas (e.g. lighting or operating devices) in addition to the electricity obtained by the landlord. In 2023 we implemented the first package of measures to record this "tenant electricity" more efficiently. Initial assessments of around two thirds of properties based on overall electricity enquiries with utilities revealed large differences in tenant electricity consumption per unit of surface area – depending upon usage and the level of technology deployed – but also considerable variation in the ratio between landlord-obtained electricity and tenant electricity.

Current estimates based on the data assessed give the following picture:

	<b>2023</b>
2023 electricity consumption, landlord-obtained	27 474.1 MWh
Estimated electricity consumption, tenant-obtained	75 828.4 MWh
Estimated scope 3 emissions for tenant electricity (category 13, location-based)	1 372 t CO <sub>2</sub> e

Based on these estimates, the incorporation of tenant electricity into energy and CO<sub>2</sub> calculations results in total **energy consumption (i.e. plus energy consumption for heat, see table of figures on pages 298–299) of 162 944.4 MWh. This results in an energy intensity of 173 kWh/m<sup>2</sup> and a CO<sub>2</sub> intensity of 10.29 kg CO<sub>2</sub>e/m<sup>2</sup>.**

**Priority 2024** We aim to introduce a systematic process for recording tenant electricity and on this basis to refine and review the calculation of scope 3-CO<sub>2</sub> emissions (according to the Greenhouse Gas Protocol category 13: "Downstream Leased Assets").

## Water consumption and waste prevention

Aside from the focus on energy efficiency, we are attempting to raise users' awareness, as far as we are able, also regarding other environmental issues, including especially saving water and avoiding waste.

- **Water consumption:** as a general rule, office buildings are not major consumers of water. Water-saving valves and devices are installed in new and renovated buildings. The increase in water consumption following the considerable decline during the pandemic continued also during the reporting year. There is a strong correlation between office occupancy and water consumption, i.e. water consumption rose in line with the increasing return of workers to the office. Specific water consumption rose during the reporting year by 11% to 0.43 m<sup>3</sup>/m<sup>2</sup>. However, consumption is still below pre-pandemic levels. It has not been possible to establish definitively whether this occurred thanks to water saving measures or as a result of ongoing under-occupancy of certain offices.
- **Avoiding waste:** since waste disposal and the payment of volume-based waste charges are the responsibility of the tenants in Switzerland, we do not as yet collect any data relating to waste. However, we endeavour to support our tenants in this area and to provide suitable infrastructure and access to services in order to avoid generating waste and to enable and simplify reuse and recycling. For instance, action was taken to improve recycling options for various properties in Zurich West.

**Priority 2024** Sensible options for recording the volume of waste generated in our properties should be tested for selected properties.

Environmental performance measures pages 298–299: Water consumption – “Like-for-like”, Water intensity

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## **Service orientation and wellbeing of tenants**

Our tenants should feel at ease in our buildings so that they can carry out their business activities productively and successfully. This includes a pleasant indoor climate and suitable infrastructure enabling efficient work and engagement in social contact, as well as supporting a good work-life balance. It is also important to guarantee safety and security.

A long-term customer relationship begins with the rental of offices or retail spaces. However, its basis is laid even earlier, during the first customer discussions, the evaluation of the ideal property, and the professional handling of the rental process. This step is followed by comprehensive support for fit-out and occupation. After that, it is the task of our property managers and local caretakers to identify new customer needs at an early stage, provide proactive support, and take the appropriate measures. **Setting us apart from other companies, we offer all these services in-house.**

Good communication is essential in order to identify the needs of tenants and also to raise their awareness concerning issues such as climate change. The following issues are addressed as a matter of priority:

- **Digitalisation in property management and marketing:** through improvements in digitalisation, we can react even faster and in a more targeted manner. Also in marketing, we are achieving greater transparency, efficiency and improved support for customers in finding the ideal property. Efforts are underway, for example, in the areas of electronic rental dossiers, 3D visualisation and electronic rental contracts.
- **Tenant fit-out:** here we have enhanced our capacities in 2020 with the creation of the Business Development Team so that we can better meet the specific needs and increased requirements of our tenants in terms of technical infrastructure, flexibility and sustainability.
- **Raising tenants' awareness:** we would like to raise our tenants' awareness in relation to sustainability and make them more involved in our efforts, for example in relation to energy optimisation and water saving. All new leases now contain a corresponding sustainability clause. This more intensive dialogue is also an important element within our **project "Optima"**.

More about our property managers' everyday lives and the emerging challenges relating to technology, digital transformation and sustainability:

[www.psp.info/property-managers](http://www.psp.info/property-managers)

A broad-based tenant survey was carried out in 2023, which was completed in mid-December. It included a large number of questions concerning wellbeing as well as sustainability demands. The answers will be assessed in detail in 2024 and action will be taken where necessary.

**Priority 2024** We would like to support our tenants in taking appropriate account of sustainability considerations such as energy efficiency, reusability, indoor climate or security when planning their tenant fit-out work. A booklet addressing these issues is due to be completed in 2024.

**Priority 2024** We aim to draw up an action plan for the systematic incorporation of sustainability clauses into leases.

**Priority 2024** The tenant survey carried out in 2023 needs to be assessed in detail. On this basis, priority areas for action will be identified and tangible action taken where necessary, also in the field of sustainability.

Social performance measures page 301: H&S impact assessments and number of incidents

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### **Fine dining and great parties**

Thanks to the self-check-in facilities, the hotel no longer requires a reception on the ground floor. This enabled us to fulfil the wishes of the successful restaurateur family and expand the existing Ristorante Luce to include a new wine lounge and an event hall. The news soon spread that the food at the “Galleria” opened in 2022 is just as good as it is in the “Ristorante”.



## Renovation as an opportunity

The necessary renovation of the old “Hotel Metropole” at Zeughausgasse 26, 28 in Bern offered the opportunity to implement an innovative hotel concept with a new operator, whilst at the same time providing the desired expansion for the existing operator of the restaurant.



“Following the renovation of the property at Zeughausgasse our family gained a new child: the Galleria Luce. It complements our restaurant and also specialises in delicacies from Emilia Romagna. We have been tenants of PSP since 1999, so it feels like a genuine partnership. We have had a friendly relationship, and we treat each other fairly in a spirit of mutual respect. For instance, during the pandemic PSP – of its own accord – helped us out a little on the rent and almost all of our wishes were taken into account during the renovation work. My brother and I have just been able to sign a new, long-term lease – thus ensuring that the two units can be passed on to our sons.”

The two managing directors Nilo Nilovic (left) and Stevo Nilovic (right) with PSP construction project manager Roger Hänggi

### The old roof beams remain

Thanks to the raising of the roof truss and the incorporation of a second row of dormer windows, it was possible to free up the second attic floor for hotel rooms. The old roof beams were retained. The challenge was to fulfil the needs and building requirements applicable to the operator and its interior designers whilst at the same time complying with the parameters prescribed by historical monument preservation authorities.



### Imposing stairway

The central stairway was restored as closely as possible to its historic appearance, and the lift installed in 1967 was removed from the centre of the stairwell. A new skylight on the roof terrace provides natural lighting for the building's vertical connecting shaft.

### An unimpeded view of the Alps

The cosy roof terrace can be accessed by all guests of Stay Kooook and offers a stunning view over the roofs of Bern's Old Town across to the Alps. If you're lucky, you'll be able to make out the Eiger, the Mönch and the Jungfrau.



“In September 2022 we moved in to Zeughausgasse with Stay KooooK, and I can already say that the location is absolutely perfect. We were able to take over a great property here, and there was constant engagement with PSP throughout the renovation process. We at SV Group were actively involved in planning and were able to make our full contribution. Cooperation is still working seamlessly, and if I have any concern or if anything isn't working PSP deals with the issue right away.”

Cécile Vassallo, Operations Manager, pictured with Cedric Maderer, Product Manager, SV-Hotel Stay KooooK



### **Uncomplicated comfort rather than formality**

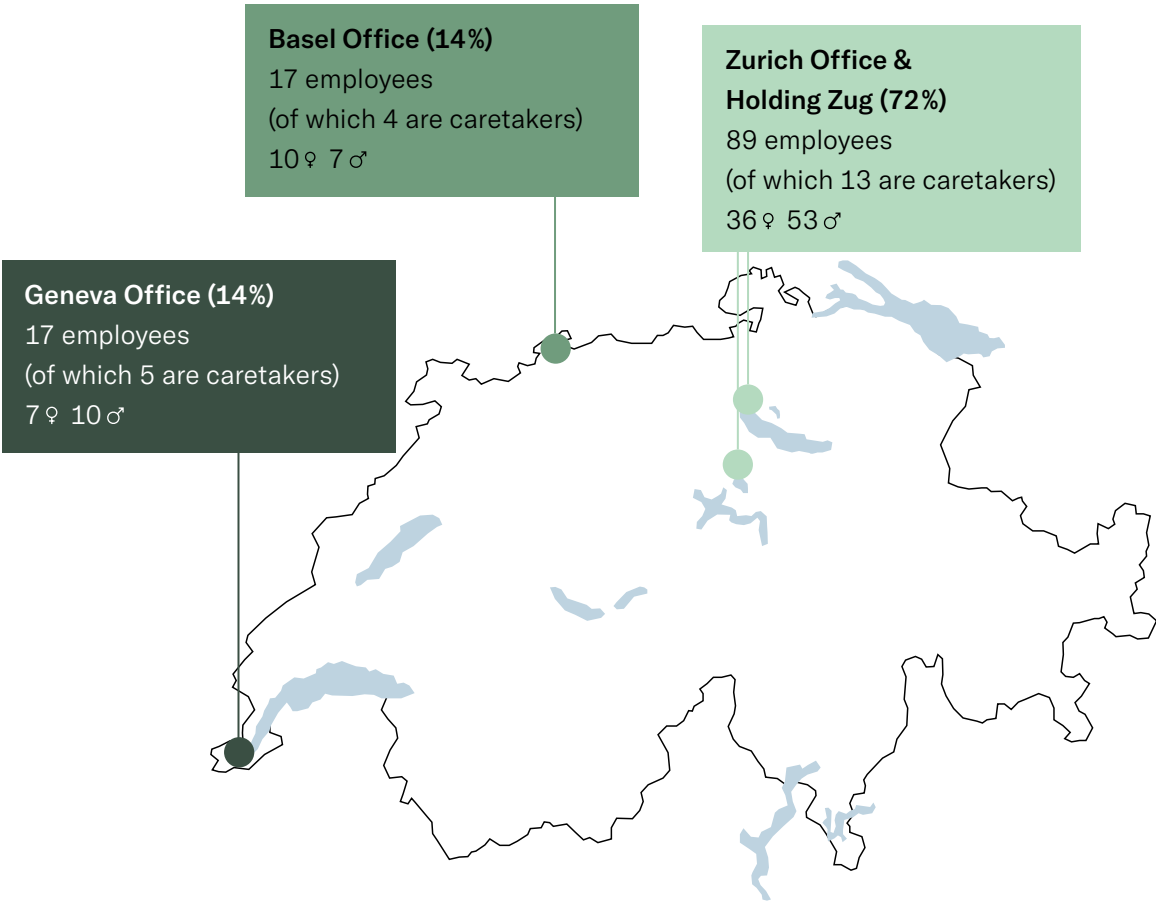
PSP has been impressed by the Stay KooooK concept of SV Hotel Ltd with its lean operating concept, enabling low-cost accommodation to be offered in the city centre. At Stay KooooK, guests can experience the relaxed atmosphere of shared accommodation without having to forego the attentive service offered by a hotel. The large, tastefully arranged residents' lounge and kitchen with its various seating options also facilitates spontaneous, impromptu encounters.

# Employees

Well-trained, competent and motivated employees are the key factor in the success of our business. We offer an attractive, safe and varied working environment that increases the motivation of our employees and enables them to perform to a high standard.

At the end of 2023, 123 employees were working at PSP Swiss Property, 22 of whom were caretakers (end of 2022: 122 employees, 22 of them caretakers). The caretakers work on a property-related basis and are managed by the property management unit of PSP Management AG. Details on our operational organisation can be found on our website.

[www.psp.info/en/operative-organisation](http://www.psp.info/en/operative-organisation)





## Corporate culture

Credibility, respect, fairness, pride and team spirit. These values are important for us, and we seek to embody them through our actions. With our open corporate culture, we lay the foundation for creating trust, conveying security and convincing all our stakeholders with optimal solutions. PSP Swiss Property has thus already been certified twice as a **“Great Place to Work” (GPTW)** and commended as one of the best employers in the category of medium-sized enterprises. Our principles on employment rights and obligations are also set out in our **Code of Conduct**.

[www.psp.info/our-approach](http://www.psp.info/our-approach) and [www.psp.info/en/great-place-to-work](http://www.psp.info/en/great-place-to-work)

**Priority 2024** We aim to carry out another employee survey according to the “Great Place to Work” methodology.

## Workplace culture and communication

An **open discussion culture, flat hierarchies, and our manageable size** allow us to efficiently exchange and discuss ideas, information and concerns. In the context of collaborative corporate management, as much responsibility and competence as possible is transferred to the employees.

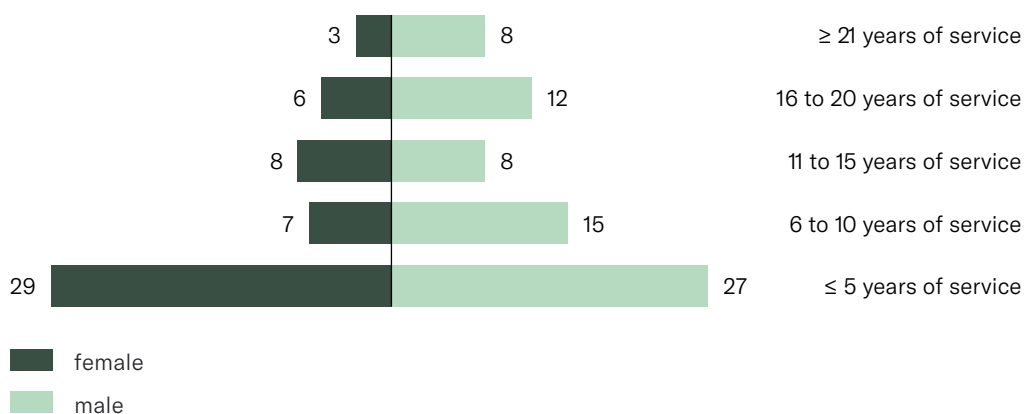
We welcome the uncomplicated and interdisciplinary exchange of information and ideas among our employees. For this purpose, we want to create thinking and work spaces that can also bring employees and business partners together in an uncomplicated way. Our so-called “Collaboration Lab” at the **Zurich site** is actively used for exchanges. Also the new office premises in **Basel, Geneva and Bern** are equipped with modern workstations, meeting rooms, kitchens and various other inviting opportunities for formal and informal exchanges (see also the focus issue “Office infrastructure as a driver of organisational change” and photo pages 272–273).

We inform all employees in a timely manner about important business transactions and internal matters (such as personnel information and organisational changes) in German and French. In the interest of good internal networking and communication, employees are regularly informed in writing or verbally about current topics, developments and goals of the Company as well as about the current course of business on the occasion of the quarterly reporting. The improvements in cross-departmental information and communication thanks to adjustments to the IT infrastructure are discussed in the section “Operational efficiency” on page 254.

Cooperation among us is built on reciprocal appreciation, respect, loyalty and responsibility. GPTW surveys have confirmed that employees like working for PSP Swiss Property. During the reporting year, more than half of our employees had been with the Company for more than five years. The staff turnover rate, which has been around 10% for several years (2023: 8.1%), is testament to this stable staffing level.

Social figures page 300: Employee turnover

#### Years of service of employees



## Equal opportunity and diversity

We offer all employees the same opportunities. We do not tolerate discrimination in any form. It is only by ensuring equal opportunities for all along with a diverse workforce that we can draw in an optimal manner on the experiences and perspectives of all employees alike as a source of innovation, problem solving and dedication.

There are a number of dimensions to diversity: apart from the “core dimensions” such as age, gender, sexual orientation, ethnic and social origin, physical and mental capabilities or religion there are also “external” factors such as education, marital status, parental status or recreational behaviour which can also influence cooperation within teams and affect performance. We attach great importance to diverse teams. However, apart from gender distribution and age structure, we deliberately do not keep statistics on all possible diversity characteristics. Our regular surveys confirm that diversity is well represented in the workforce and that everyone feels they are treated fairly.

[www.psp.info/corporate-culture](http://www.psp.info/corporate-culture)

Three areas deserve special attention:

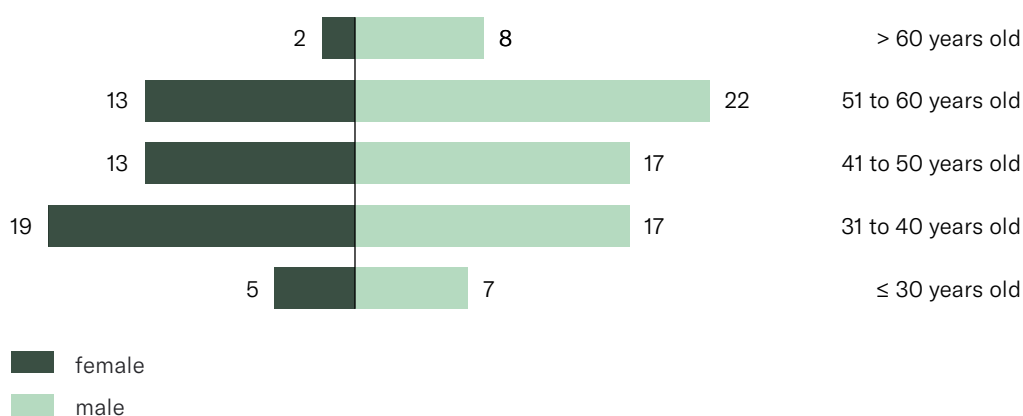
**Gender equality:** the property and construction industry is traditionally male-dominated. With 53 **women** working for the Company, their **share in 2023 was 43%**. Whereas roughly the same numbers of men and women work in Property Management, women are still greatly under-represented in the Construction and Caretaker departments. It is quite unlikely that the proportion of female caretakers will increase significantly over the coming years. We strive hard to recruit women in male-dominated areas such as the Construction department. Nevertheless, out of 17 employees in construction, only two are currently female. The structural problem in this sector is also apparent as regards the representation of women within senior management. Although the externally audited equal pay analysis has confirmed that we are exemplary in achieving equal pay between men and women, it is clearly apparent from the figures on page 300 that there are not enough women at the two highest hierarchical levels. This is recognised. Since the number of people in the Executive Board and senior management is relatively small and turnover is low, it will take some time until the picture changes.

Social performance measures page 300: Gender diversity

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**Inter-generational cooperation:** we take the challenges associated with demographic change in Switzerland very seriously. We always seek to create mixed-age teams. In future, both younger and older employees will have to be increasingly ready to benefit from one another's experience and knowledge. It is also important that employees of every age can ensure their **continuing employability through constant core and advanced training**. Deserving employees may continue to work also after retirement age. To give young people an insight into the world of work, three students completed an internship with us in 2023. Following the successful recruitment of an apprentice in the area of operational maintenance in summer 2022, a concept for an apprenticeship in the commercial area will be drawn up in 2024.

#### Age of employees



**Cooperation and dialogue across linguistic boundaries:** in order to break down language barriers between German and French speaking employees, we offer language courses, which can be attended in the office during working hours in the office or online. Furthermore, joint events or projects with staff from both language regions and regular mutual visits promote mutual understanding. Meetings are held at different locations whenever possible.

## Fair market salaries

We pay competitive market-based salaries, which we determine individually according to criteria such as education, function and level, professional experience and performance. All employees receive a bonus based on individual performance and business results, as well as benefiting from other advantages. These include free continuing education and the financing of accident insurance as well as the provision of daily sickness benefits insurance by the employer. By providing financial support to employees for the use of public transport, we also make an additional contribution to ecological sustainability.

In order to ensure equal pay between men and women, we regularly compare the salaries of our employees. We also always compare salaries when hiring. The equal pay analysis carried out by an external company for the first time in 2020 confirmed that PSP Swiss Property is a fair employer. Following an audit by the auditing company SGS<sup>4</sup>, we were therefore awarded the **“Fair-ON-Pay+” certificate** in June 2020. Fair-ON-Pay is a standardised analytical process, which measures pay equality between men and women within a company according to current Federal Government requirements. This is carried out using amongst other things Logib, the standard analytical tool used in Switzerland for salary equality analyses, which has been developed in accordance with the requirements of the Federal Office for Gender Equality (FOGE). Thanks to the successful initial analysis and the reassessment in the third year (2022), it was confirmed that both data and operational pay equality requirements are still being complied with and thus the SGS certificate issued for four years can be maintained.

**Priority 2024** We will carry out another equal pay analysis.

Social performance measures page 300: Gender pay gap

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<sup>4</sup> SGS (Société Générale de Surveillance SA) in Switzerland is one of the leading providers of services in the areas of auditing, testing, verification and certification and employs around 200 staff at six locations throughout Switzerland.

## Focus Issue: office infrastructure as a driver of organisational change

During this period of globalisation and digitalisation, the expression “New Work” is being increasingly used in relation to new forms of work. It was already being used as early as the 1980s as a countermodel to forms of work in industrialised societies. Today, the key issue is still the same: shifting from rigid hierarchies towards working with enthusiasm and self-motivation, and with as much individual responsibility as possible. Employers also benefit from this, which can thus get the best out of their employees.

The real estate sector is quite a conservative industry, with clear departmentalised thinking and hence also action. But how can we get departments to work more closely together? How can we build the trust required as a basis for promoting individual responsibility and initiative?

The design and construction measures pursued by CEO / CFO Giacomo Balzarini over the last 7 years have been a key success factor in achieving this goal. They have been able to transform the workplace culture and – without any hierarchical orders – break down old structures and achieve positive change in how we work and cooperate.

Year	Measure	Effect
2017	<b>Zurich business location:</b> connection of the 2 <sup>nd</sup> and 3 <sup>rd</sup> floors by a central internal stairway and additional creation of opportunities for exchange in the vicinity of the stairway (“Colab” and “coffee bar”)	<ul style="list-style-type: none"> <li>– Making departments visible to one another</li> <li>– Gradual breaking down of “silos”</li> <li>– Improved cooperation between departments</li> </ul>
2018	<b>Zurich business location:</b> fitting out of a generous kitchen and a fitness room on the 4 <sup>th</sup> floor and relocation of the IT team from their “cubbyhole” to an integrated location on the 2 <sup>nd</sup> floor	<ul style="list-style-type: none"> <li>– Reciprocal understanding among employees from different departments is further promoted through informal discussions</li> <li>– Making IT more visible enhances awareness of digitalisation</li> </ul>
2019/20	<b>Holding headquarters Zug:</b> modernisation of the office at Kolinplatz 2	<ul style="list-style-type: none"> <li>– Creation of an engaging atmosphere for meetings</li> </ul>
2020/21	<b>Basel business location:</b> move from Olten to Basel into state-of-the-art office premises at Kirschgartenstrasse 12	<ul style="list-style-type: none"> <li>– The physical vicinity to portfolio properties as well as tenants facilitates faster action and closer and more personal relationship management – thanks also to meetings in our own, attractive meeting rooms</li> </ul>
2021/22	<b>Geneva business location:</b> move to recently renovated premises at Rue du Prince 9	<ul style="list-style-type: none"> <li>– Open-space rather than individual offices promotes cooperation between Property Management and Construction</li> </ul>
2022/23	<b>Bern branch office:</b> opening of a small office in the renovated property at Käfiggässchen 26	<ul style="list-style-type: none"> <li>– Employees responsible for the Bern portfolio can also work flexibly in Bern and thus deal with projects and tenant concerns more efficiently and with a personal touch</li> </ul>
2023	<b>Zurich business location:</b> closure of the archive areas on the 3 <sup>rd</sup> floor and creation of new working spaces (cooperation space, Metaverse room, Home@Office)	<ul style="list-style-type: none"> <li>– Accelerated switch to digitalisation</li> <li>– Creating space and openness to “experiments” in the field of digitalisation</li> </ul>
2023/24	<b>Zurich business location:</b> internal connection between the 3 <sup>rd</sup> and 4 <sup>th</sup> floors	<ul style="list-style-type: none"> <li>– Better access to the Executive Board on the 4<sup>th</sup> floor</li> </ul>

As a result of these measures, employees from the various departments now work together in a much more relaxed and natural way than before. In addition, they think more holistically and engage with problems and challenges together. Improvements in IT organisation have also made a major contribution to this satisfying development (see page 254), although this process is not yet complete.

We are consciously taking the various renovation and conversion projects as an opportunity to pool experiences in spatial design and to develop the business further. What is and remains important in this transformation is for our identity and values to be tangible at all times. Our employees are extremely proud of the versatile, attractive premises, which serve as an inspiration – not only for employees themselves but also for business partners, clients and prospective employees alike. This has also had a positive impact on the image of PSP Swiss Property as one of the leading providers of office space and as an attractive employer.

Most of the structural work will have been completed by the middle of 2024. However, we are still mindful of the fact that our work is constantly changing and that we will have to pre-empt these changes. A workplace needs to change, and should be ideally prepared for change. We aim to instil this knowledge also in our tenants.

Our film offers a visual journey through our location at Seestrasse 353 in Zurich:

[www.psp.info/en/seestrasse](http://www.psp.info/en/seestrasse)

Further impressions of our office premises can be found here:

[www.psp.info/office](http://www.psp.info/office)



## Employee development and retention

We are aware of our responsibility as a company to provide employees with further training and support them in realising their potential. After all, we also benefit from well-trained, motivated employees.

### Recruitment

We are looking for people who fit into our corporate culture and identify with our values. This requires expertise and willingness to perform, but also a high level of service and customer orientation as well as social skills. We attach great importance to the careful introduction of all new employees into our organisation. In the reporting year 2023, 11 employees took up new positions.

Social performance measures page 300: New hire rate and turnover

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### Assessment and development

Personnel reviews to discuss individual situations or development discussions are held regularly on an ongoing basis between managers and employees. It is particularly important for us to hold development discussions not only at the end of the year but also throughout the year. Our aim in doing so is to take account of the wishes and goals of employees, although also to identify their contribution to achieving goals within the Company. During the reporting year most managers held a discussion of this type at least once with each employee working under them (88%).

We also promote the professional and personal development of employees and encourage them to engage with their everyday work creatively and with a sense of individual responsibility. Our internal themed lunches (“PSP Academy Lunches”), which we hold on a regular basis, are popular. During the reporting year, they considered issues such as for instance “New Work”, embodied carbon or sleep satisfaction. We are also regularly raising our employees’ awareness concerning issues related to cyber-security, and promoting expertise in the field of digitalisation.



External training and continuing education include courses in the areas of real estate, IT, management, communications, accounting, and sustainability. In addition, we have been offering our employees courses free of charge in German, French and English for a number of years.

**Selection of various training and development programmes attended by our employees in 2023**

MAS in Real Estate CUREM	CAS in Leadership	Head of Facility Management FD
Cambridge EMBA	Real estate trustee FD	NDS HF Digital Transformation
MAS in Energy and Resource Efficiency	Expert in Finance and Accounting FD	
Property Manager FD	Business Economist	Language Courses

In 2023 each employee completed an average of 5.4 days of internal or external training or continuing education. The increase in the number of hours dedicated to training in 2023 is mainly a result of the more intensive internal training provided to all employees in IT as well as time-intensive training provided to individual employees in specific areas.

Despite being aware that opportunities for development at a Company with 123 employees are limited, it is important for us to develop and support employees within our Company, for example by moving them between departments or by taking up new positions. Wherever possible, we also attempt to offer job enrichment by allowing employees to take on greater responsibility or representation authority.

Social performance measures page 300: Training and development, performance appraisals

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## Employee health and wellbeing

A comprehensive and effective system of health management is indispensable for lasting commercial success. It not only promotes the wellbeing of our employees but also increases their productivity and reduces absences due to illness. A safe working environment and a good work-life balance are essential aspects of this.

### Health and safety

**Workstations and ergonomics:** generous, modern working spaces and high-quality infrastructure are a matter of course for us. In line with the strict Suva (Swiss Accident Insurance Fund) standards, we provide all employees with ergonomic chairs and desks equipped with electric height adjustment. In 2023 all workstations were subject to an ergonomic audit at all locations and employees were provided with tailored advice by specialists.

Our specialist provides suggestions and focuses on the following criteria:

- comfortable posture when carrying out activities that involve sitting or standing
- correct configuration of desk and chair
- optimal arrangement of working equipment
- sufficient and glare-free lighting
- correct distance from the screen for enhanced visible comfort
- sufficient space to move
- setting of appropriate breaks



**Meals:** all locations have a bright cafeteria area. When purchasing products, we support Swiss family businesses or our tenants where possible.

**Fitness:** the in-house fitness facilities set up in Zurich are actively used by our employees. Our employees in Basel and Geneva benefit from contributions to fitness subscriptions. During the reporting year, PSP Swiss Property participated for the fourth time in the Swiss-wide health promotion initiative “bike-to-work”. Combined with the additional opportunities for our employees to create their own personalised fitness programmes, this encouraged a number of employees to pay more attention to their physical health and to seek to improve it.

**Occupational health and safety:** we naturally ensure that our buildings do not give rise to any risks for employees (e.g., from VOC emissions from carpets or risks of falling). In the field of occupational health and safety, we work in accordance with our safety guideline, along with the corresponding emergency concepts, including an emergency handbook and emergency contact numbers. Each business location has an appointed safety officer, and each new employee is trained by the safety officer. Courses are held regularly (first aid, defibrillator and fire prevention courses), and tests are carried out with all staff. Cleaning staff also receive instructions and training.

Social performance measures page 300: Injury rate, lost day rate

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## Work-life balance and mental health

We are responsible first and foremost for the wellbeing of our employees at work, but we are aware of the challenge of balancing work and private life. Balance is important for personal development. It also strengthens physical and mental health and general wellbeing.

**Flexible working time models:** in 2018, we introduced the so-called “annual working time” for all employees and caretakers. On the one hand, this enables us to increase operational efficiency, but on the other hand it also increases the time autonomy of employees, thus ensuring a better balance between family, leisure, and career. Since 2020, the holiday entitlement for all employees has been at least five weeks, corresponding to 25 days per year. The legal minimum in Switzerland is four weeks, or 20 days per year.

**Part-time work:** we also offer part-time work in order to exploit all potential and enable family compatibility. Part-time work after retirement, continued employment on an hourly basis or early retirement are also possible. In 2023, 42 employees were employed part-time, which corresponds to more than a third of the workforce and includes employees at all levels.

**Working from home:** all employees are equipped so that they can work from home. The working methods introduced during the pandemic as well as the competences developed in the area of digitalisation have proven to be beneficial. There is always scope for working from home, in consultation with line managers. Nevertheless, we still consider the office to be the most important place or anchor point where our corporate culture and values can be communicated and actively lived. Our office space is therefore set up in such a way that all employees feel comfortable and can use various options to do their work where it makes the most sense (see also focus topic “Office infrastructure as a driver for organisational change” on pages 272–273).

**Mental health:** healthy sleep is important for mental health and resilience. In order to raise employee awareness in this area, we organised a “Lunch Academy” on the topic of healthy sleep in the reporting year. We further offer our employees the opportunity to obtain free, anonymous advice on personal or professional matters from external specialists. In order to deal with any potentially stressful crisis situations, we have had a contract with a care organisation since the beginning of 2020 that could support us in dealing with them.

Social performance measures page 300: Absentee rate

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**Priority 2024** We want to intensify our efforts in relation to occupational health management and thereby pay particular attention to the mental health and resilience of our employees. This continues to include active absence management.

# Small, but refined

During the course of the renovation of our Bärenplatz properties, a small but refined PSP office was created at Käfiggässchen 26. This means that the employees who manage the Bern portfolio can work flexibly from the Bern branch office whenever required. This enables them to follow projects more closely and to manage our tenants with a more personal touch.

## Happy to meet here

The Bern office has a welcoming meeting room with wooden flooring in the traditional Bern style and is ideal for discussions with clients or business partners.





“Although I work for our Basel business location, I often have to be in Bern for our commercial properties. Our office’s location is fantastic – right in the middle of the Old Town. The thing that I particularly like about my work is the diversity. No individual day is the same as any other, and a single call can turn everything on its head. We are on the road a lot and in direct contact with tenants, tradesmen, prospective clients, authorities etc. That’s what our job is about.”

Barbara Berger, Property Manager





“My job is the best job in the world. Whether it’s the Bärenplatz project or replacing a heating system: every project has its own appeal and demands my full attention. I am right in the thick of it, but also appreciate the peace and quiet of our Bern branch office – right at the heart of our democracy, rubbing shoulders with Federal Councillors and Members of Parliament. And some day I’m sure I’ll find the time for a quick dip in the Aare.”

Roger Hänggi, Head of Construction North-West Switzerland

“I am responsible for the Old Town properties in Bern, and there’s always something to do there. A property return here, water damage there – it really makes sense to be able to communicate with my tenants on a regular basis. That also makes my work extremely varied: regular contact with the widest range of people and plenty of discussions that enrich my outlook.”

Stefanie Imhof, Property Manager







“Renovating the listed buildings on Bärenplatz was a complex task. Teamwork and good communication with the authorities and external partners were both key for planning and execution. I was very happy to steer the project from start to finish and to lead it to a successful conclusion.”

Christoph Sättler, Asset Manager

# Finances and disclosure

We create added value through portfolio optimisation and external growth. Financial strength and flexibility are key aspects for us. Imposing the most exacting requirements in relation to disclosure means that our investors and other stakeholders can also see this for themselves. This secures our access to the capital market.

## **Financial strength**

We take care that our financial capacity is strong at all times. This involves, amongst other things, keeping our debt low, with an equity ratio of 53.3%. Furthermore, we focus on refinancing that takes account of our conservative investment policy. Identifying, measuring and managing risks is allocated a high priority. A detailed report concerning our assessment of real estate market risks and financial risks such as credit risk, liquidity risk, market risk and equity risk, is provided on pages 73–80. Our Financial Statements on pages 53–149 provide ample evidence of our financial strength and our successful management. Investors are also increasingly focusing on risks related to climate change and other risks arising from the interaction with the environment and society (see Focus Issue “TCFD Reporting” on pages 288–297).

## Green finance approach and linkage of remuneration to sustainability targets

In November 2022 we launched our Green Bond Framework. This involved the reclassification of all outstanding bonds of PSP Swiss Property as green bonds. Future bonds will also be issued as green bonds. On 5 May 2023 we published our first Green Bond Report as one of the Q1 2023 publications. This significantly increased transparency in relation to sustainability at asset and portfolio level. In the spring of 2023, all bank loans were also linked to sustainability criteria (“sustainability-linked loans”). The

Green Bond Framework as well as green credit are based on the Green Asset Portfolio. The inclusion of a property in the Green Asset Portfolio is based on two criteria: effective CO<sub>2</sub> emissions per square metre and a property-specific sustainability rating (Wüest ESG rating). The core aim of this framework is to achieve ongoing improvement of CO<sub>2</sub> emissions along our existing reduction pathway. The threshold for accepting investment properties is currently 12 kg CO<sub>2</sub>e per square metre. The Green Finance approach underscores the significance of sustainability as an integral part of our strategy in terms of the linkage between financing through borrowed capital and the sustainability strategy, and in particular our obligation to reduce CO<sub>2</sub> emissions. In order to provide greater weight to this focus, as of 1 January 2024 the formula used for calculating the variable, performance-related remuneration of the Executive Board will now take account of compliance with corresponding sustainability criteria. Further details concerning this may be found in the Compensation Report on pages 175–176. Further information concerning our green finance approach can be found on our website.

[www.psp.info/green-finance-approach](http://www.psp.info/green-finance-approach)

**Priority 2024** At the end of 2023 the World Federation of Exchanges (WFE) published the Green Equity Principles for consultation. They set out a global framework that individual exchanges can use in order to create demand for sustainable listed equities. PSP would like to act as a trailblazer following adaptation for Switzerland and is aiming to secure accreditation.

## Transparency and ethical business conduct

We place great value on transparency and ethical business practices. We are a member of the EPRA (European Public Real Estate Association) and have been providing financial reports and sustainability reports according to the EPRA Best Practices Recommendations (BPR and sBPR) since 2010 and 2015 respectively. PSP Swiss Property has been awarded the EPRA Gold Award several times for its reporting in both areas. A focus is placed in particular on the following issues:

## Disclosure regulation

In 2022 we conducted a gap analysis of our sustainability disclosure. As part of this process, we compared our existing guidelines and initiatives with the regulations that have already been introduced in Switzerland and the EU or will be introduced in the coming years. We have identified the obligations applicable to us and also considered whether there are any gaps.

We are only directly subject to the **VSoTR** (Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour). However, we are exempt from due diligence and reporting requirements in the field of conflict minerals as we do not import or process sufficient quantities.

We are not obliged to make any **non-financial disclosures** according to Article 964bis to Article 964quater of the Swiss Code of Obligations or under the Ordinance on Climate-Related Reporting, as the number of our employees is below the legal threshold. As a Swiss company operating only in Switzerland, we also do not fall within the scope of disclosure requirements under the various EU green finance regulations. We are aware that many of these requirements may nonetheless be extended to us via the disclosure requirements of our investors. However, we shall prioritise our action and focus primarily on reporting in relation to issues or indicators that are of material relevance for our sector and for us. Acting in conjunction with industry experts, we are endeavouring – for instance by participating in the **REIDA CO<sub>2</sub> Benchmark** – to establish better data on the comparability of energy efficiency and CO<sub>2</sub> emissions for real estate portfolios in Switzerland.

Although we are not legally obliged to do so, we have also decided to report for the first time in accordance with the requirements of the **TCFD (Taskforce on Climate-Related Financial Disclosures)** during this reporting year, which involves disclosing our procedures in relation to the identification, management and measurement of our climate-related risks and opportunities according to this structure (see “Focus issue: TCFD-Reporting”, pages 288–297).

## Supply chain

Our materiality analysis and clarifications relating to the VSoTR have established that we do not have any significant risks in the field of human rights. However, it is still important for us to live up to our responsibilities also in this area and to report for instance how we ensure that human rights are guaranteed within the supply chain and how environmental requirements are complied with. Accordingly, at the end of 2022 we adopted a **Code of Conduct for Suppliers and Service Providers** including provisions on ethical business practices, human rights and environmental protection. The Code of Conduct for Suppliers and Service Providers is available on our website.

[www.psp.info/code-of-conduct](http://www.psp.info/code-of-conduct)

**Priority 2024** The implementation of the Code of Conduct for Suppliers and Service Providers is set to be completed. In addition, we will enhance our processes with reference to the provisions of the VSoTR in the area of construction projects and in relation to certain construction materials.

## Cyber-risks

Risks for business continuity and credibility also arise as a result of increasing cyber-crime. Attacks on our systems and potential violations of the integrity of our customer data could undermine the confidence not only of our investors but also our tenants. The information security concept was overhauled and updated last year and action was taken on various fronts, for example awareness raising in relation to phishing. In addition, action has been taken to roll our closer monitoring of systems and end devices, so that for instance unusual activities can be quickly identified. In 2023 the risk analysis concerning cyber-risks was tested by an independent partner and further action was identified in order to enhance IT availability and IT security. This also included employee training in relation to secure working in a digital environment.

## Focus Issue: TCFD reporting

We want to keep the negative effects of our business operations on the environment and people as low as possible. Conversely, we are also examining the extent to which climate conditions and climate risks may adversely affect our buildings, either at present or in future. In order to create transparency in this area, we have decided to report in accordance with the requirements of the TCFD (Taskforce on Climate-Related Financial Disclosures), which involves disclosing our procedures in relation to the identification, management and measurement of our climate-related risks and opportunities according to this structure. Thanks to our long-standing participation in the climate change survey carried out by the CDP (Carbon Disclosure Project), we have already been able to draw on a solid basis.

The TCFD disclosures for the areas “strategy” and “management” will be mostly dealt with in this focus issue. Further information concerning targets and metrics can be found in the “Portfolio” chapter (pages 228–249) and in the KPI table on pages 298–299. **A summary table containing references to content concerning TCFD elements** can be found on pages 296–297. More detailed information can also be found in the answers to the CDP climate change survey. This information is publicly available: [www.cdp.net](http://www.cdp.net)

### Climate strategy

We have analysed short-term, medium-term and long-term climate-related risks and opportunities in relation to climate change. The definition of short-term, medium-term and long-term is based on the typical investment cycles in the real estate sector<sup>5</sup>. The following table displays the risks for two opposite scenarios: a scenario under which the world community acts in accordance with the Paris Climate Agreement and takes effective action to reduce greenhouse gas emissions (RCP 2.6), which will entail a large number of transition risks, and on the other hand a scenario under which greenhouse gas emissions continue unabated (RCP 8.5), which will result in an increase in temperatures by more than 4 degrees by the end of the century and will be associated with considerable physical risks (RCP 8.5)<sup>6</sup>.

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<sup>5</sup> Further details concerning timeframes can be found on page 309.

<sup>6</sup> A description of the various climate scenarios can be found on page 308.

RCP 2.6		Short-term (up to 5 years)	Medium-term (2030-2050)	Long-term (2051-2100)
Physical risks	<b>Chronic risks:</b> moderate increase in heat days (increase by between 1 and 5 heat days by 2060)			
Transition risks	<b>Regulation:</b> increasing requirements for the disclosure of climate risk strategy and management			
	<b>Regulation:</b> stricter (local and national) regulations on building standards, the replacement of heating powered by fossil fuels, energy efficiency following renovation, installation of photovoltaic systems			
	<b>Regulation:</b> stricter (local and national) regulations on embodied carbon emissions and circular economy (regulations on reuse, restrictions on demolition)			
	<b>Regulation:</b> increase in CO <sub>2</sub> prices (steering charges or taxes), also affecting the prices of input materials			
	<b>Market:</b> higher energy prices (costs of energy transition towards renewable energies), higher prices for energy efficiency technologies due to demand			
	<b>Market:</b> stricter requirements by tenants on sustainability aspects of properties, lower demand for properties with high energy costs			
	<b>Market:</b> stricter requirements for investors in terms of transparency and proof of measures to combat climate change			
	<b>Reputation:</b> increased reputational risk in the event that standards cannot be adhered or if our measures are considered to be too weak			
	<b>Technology:</b> accelerated obsolescence of technical equipment			
Potential financial implications	<ul style="list-style-type: none"> <li>– Increasing investment in the early exchange of heating, insulation, higher prices for input materials</li> <li>– Rising opex and other costs for disclosure, certification etc.</li> <li>– Higher financing costs if properties do not comply with strict sustainability standards</li> <li>– Limited flexibility and ability to use properties (limited scope for demolition and new construction, limited choice of materials due to climate change related regulation, limited flexibility due to heritage preservation requirements) – this may also affect acquisition and divestment decisions</li> <li>– Downward correction of valuation of properties with high energy costs/without high sustainability standards (higher vacancy rates, lower profitability), premium for properties with high sustainability standards</li> </ul>			





## Resilience of the strategy

### Transition risks

As far as transition risks are concerned, we consider ourselves to be well prepared thanks to the calculation of our CO<sub>2</sub> reduction pathway and the formulation of clear CO<sub>2</sub> reduction targets. An additional comparison carried out during the reporting year between our own reduction pathway and CRREM reduction pathways showed that we are well on track for our 1.5 °C medium-term target by 2035 (see Focus Issue “CO<sub>2</sub> reduction pathway with reference to the CRREM” on pages 230–231). The measures that will be necessary in order to achieve the planned reductions are set out in our renovation plan. We are currently carrying out work to integrate the reduction pathway calculation directly into our renovation planning tool. This will make it easy for us to establish whether the actual pathway is diverging from the originally projected pathway.

We have arranged for a value-at-risk calculation (VaR 5%) to be carried out in relation to transition risks for one part of our portfolio (Basel and Geneva), based on the assumption that measures to achieve COP21 targets (Paris Climate Conference) will be implemented. This established that, whilst the potential loss in percentage terms – including after a renovation has been completed – may well lie in the two-figure range for some individual properties, the average figure is around 5%. This means that some properties could by all means fall in value as a result of transition risks. However, since the properties themselves are high value and are largely situated in CBDs and generate high rental income, the **likelihood of an asset suffering a massive fall in value is low**. It should also be pointed out that the CO<sub>2</sub> tax on fuels in Switzerland is already fairly high compared with elsewhere in Europe at CHF 120 per tonne of CO<sub>2</sub>.

### Physical risks

Using the tools and databases of two different providers (Munich Re and Wüest Partner) we analysed our portfolio's current exposure to natural hazards as well as the potential change in exposure to these hazards or the emergence of new risks with reference to various climate change scenarios (RCP 2.6, RCP 4.5 and RCP 8.5)<sup>7</sup> over the medium and long term. Although climate conditions between the main cities in which our properties are situated vary somewhat, there is by and large no significant differentiation in terms of climate change risks.

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<sup>7</sup> A description of the various climate scenarios can be found on page 308.

Due to the location of the properties, our portfolio has very limited exposure to natural hazards such as hurricanes, earthquakes, avalanches or massive flooding. It is thus not necessarily the acute risks but rather the chronic risks that require attention, including above all the increase in heat days or heatwaves and the growing prevalence of dry periods. Rising summer temperatures go hand in hand with rising winter temperatures, resulting in reduced cold stress. Under a scenario that is closer to RCP 8.5, over the long term this may result in more drastic risks such as extreme heat, significantly longer periods characterised by extreme heat days as well as arid periods. However, these effects are more than one investment cycle into the future. By taking appropriate action in relation to each property over the next investment cycle, we should be well prepared to deal with these risks. However, we shall carry out additional, more detailed analyses on how to adapt individual properties to cope with extreme heat and aridity, thereby refining our assessment further. **To summarise, the risks over the short to medium term appear to be low to moderate under all scenarios.**

### ***Current exposure to natural hazards***

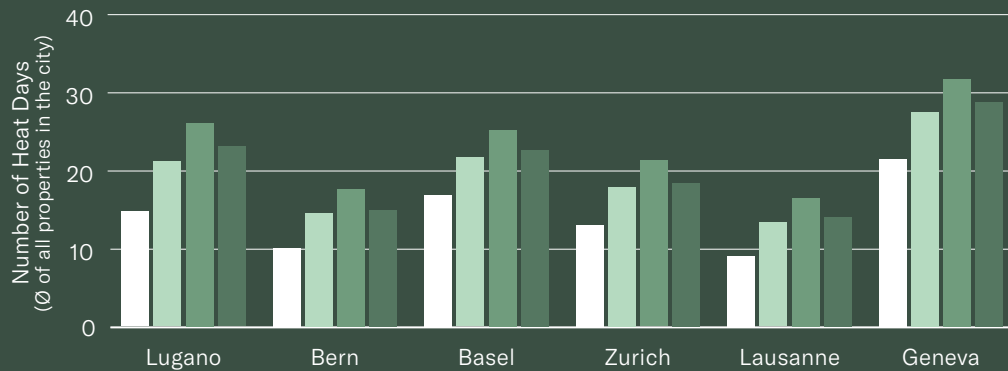
Our portfolio is not or only negligibly exposed to risks associated with volcanoes, tsunamis, tropical storms, tornadoes, lightning and wildfires. On account of the climate zone, part of the portfolio has a moderate to high exposure to storms and hail. As a result of tectonic conditions, properties in Basel are subject to a slightly higher earthquake risk than other properties. In addition, a considerable portion of the portfolio is exposed to an increased flooding risk due to the vicinity of rivers. At present, 76.6% of properties have a low flood risk evaluation. 18.0%, i.e. 30 properties, are situated in areas that would be highly exposed to flooding at 50-year intervals ("zone 50") under an "undefended" scenario, i.e. if any flood prevention measures outside the building are disregarded. However, this type of scenario is unlikely. In the "Defended" view, which takes into account the level of flood defences in a particular area, less than 1% of the portfolio is in zone 50.

### ***Future risks due to natural hazards as a consequence of climate change***

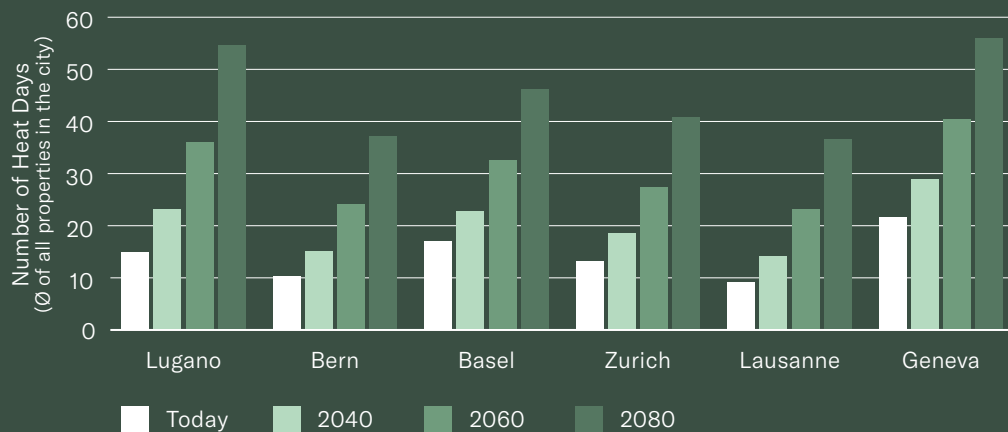
**Flood risk:** as far as acute dangers such as rivers bursting their banks are concerned, exposure will not change significantly under either the RCP 4.5 scenario or the RCP 8.5 scenario.

**Heat stress:** when expressed in terms of the heat stress index, which incorporates multiple temperature-related parameters and classifies climatological heat stress scenarios on a scale of 0 (very low) to 10 (very high), the exposure of a large portion of our portfolio has been assessed as "low to medium" under all scenarios in 2050. "Heat stress" in the sense of higher maximum temperatures will only start to have tangible effects from 2050 onwards. If greenhouse gas emissions continue unchecked (RCP 8.5), by the middle of this century the Central Plateau in Switzerland is likely to experience a further increase in average annual temperatures of 2 to 3 °C compared to the norm as measured between 1981 and 2010. High summer temperatures would entail a need for cooling within buildings. On the other hand, warmer winters could lead to a decline in demand for thermal energy. Switzerland uses more energy for heating than for cooling, so the net effect in terms of energy transition could be positive. A key consideration when assessing the need for cooling in relation to the operation of offices is not only peak temperatures but also the number of heat days (days above 30 °C). It has been established that our properties in Geneva, Basel and Lugano are most heavily exposed. It is already becoming apparent that various options for the efficient cooling of office properties are having to be assessed as a matter of course for each renovation project.

### Number of Heat Days city comparison: RCP 4.5



### Number of Heat Days city comparison: RCP 8.5



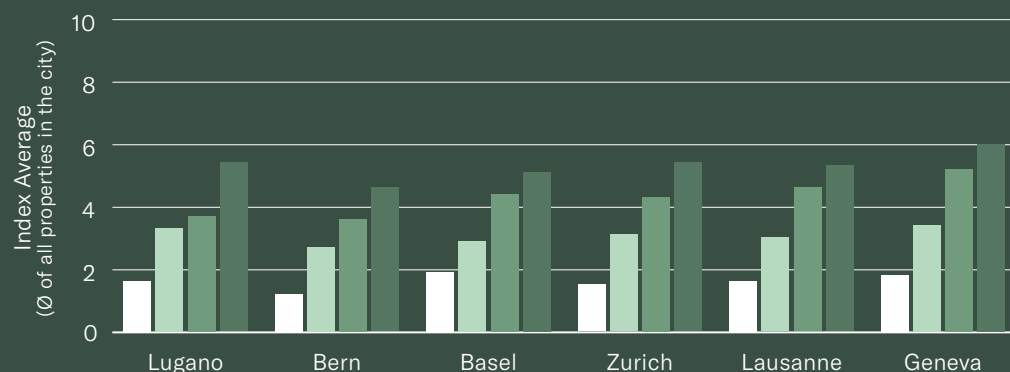
Source: CH2018 – Climate Scenarios for Switzerland/Wüest Partner

**Drought stress:** the risk of drought will increase sharply for all properties within our portfolio under RCP 4.5, and dramatically under RCP 8.5, albeit starting from a low level. The largest increase in dry periods under RCP 8.5 will occur between 2050 and 2100. In 2050, most properties will still be within the “low to medium range” for drought stress, although it is clear that the risk of extended dry periods will increase. This is less of a problem for offices, and more of a challenge for hotels and restaurants, which may potentially have to consider imposing restrictive water saving measures.

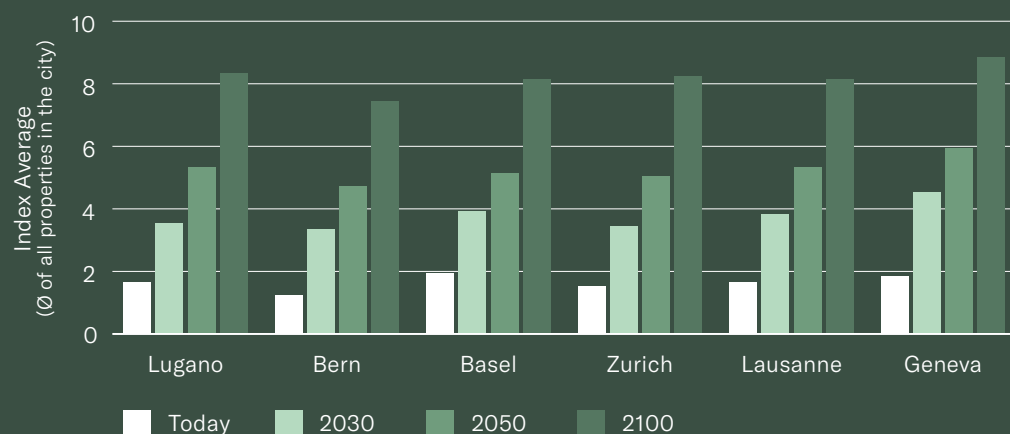
**Precipitation stress:** 3 properties in Ticino are already exposed to high precipitation stress with an index figure above 9 (they are also exposed to a higher hail risk), whereas all other properties lie within the middle range. This picture does not change significantly under the various climate change scenarios.

**Priority 2024** In 2024 and subsequent years we aim to systematically record the state of play regarding adaptation measures for the portfolio and to carry out an in-depth analysis of individual properties in terms of exposure to physical risks associated with climate change.

### Drought Stress Index city comparison: RCP 4.5



### Drought Stress Index city comparison: RCP 8.5



Source: Munich Re/Risk Management Partners

## Management of risks and opportunities in relation to climate change

As is the case for all other business and operational risks, climate-related risks are dealt with and prioritised on the basis of their significance for the Company and the likelihood of their occurrence. We have established both qualitative and quantitative metrics for defining whether a risk has a “significant financial impact”. Risks and opportunities are managed on the basis of our established risk management process. Risks relating to climate change are essentially all directly related to assets. A Risk Report is drawn up twice each year and reviewed by the Board of Directors within the ambit of its responsibility for risks. Depending upon the type of risk, responsibility for and management of risks are delegated to individual members of the Executive Board.

**Priority 2024** We shall continue to pursue our efforts to identify and manage climate risks in accordance with the roadmap on pages 296–297 and to communicate these efforts publicly.

## Identification and assessment of risks

### Regulatory risks

- **Regular meetings** involving Asset Management, Construction, Energy Management and Sustainability in order to exchange information concerning new/future local as well as national and international legal requirements
- **Climate VaR analysis** concerning transition risk for a Paris-aligned scenario, identified low to moderate risks

### Physical risks

- **Scenario analysis of acute and chronic risks** for RCP 2.6, 4.5 and 8.5, identified low to moderate risks over the short to medium term, in-depth analysis of properties with slightly higher exposure to physical risks to follow
- **Energy and alarm management** with ongoing monitoring enables trends for heating and cooling needs to be identified at an early stage

### Marks risks and opportunities

- **Regular tenant surveys** in order to recognise changing requirements relating to sustainability and climate protection (e.g. expectations in terms of renewable energies, CO<sub>2</sub> emissions, certification of buildings and indoor climate)
- **Regular direct contact with tenants** in order to recognise any potential increase in complaints concerning heat/indoor climate
- **Regular meetings** with district heating and cooling providers in order to identify any delays in network expansion that could jeopardise our plans for CO<sub>2</sub> reduction

### Reputational risks and opportunities

- **Regular dialogue with tenants, business partners and local authorities**
- **Regular dialogue with investors** in order to obtain feedback concerning targets and performance on climate-related issues
- **Media monitoring process** (daily)

## Management/measures

### Asset Management and Construction

#### Measures to reduce risks (see details on pages 228–249):

- Identification and announcement of a CO<sub>2</sub> reduction pathway 2021
- Incorporation of the calculation of CO<sub>2</sub> emissions into tools for assessing the impact of measures and a comparative review of the original pathway calculated against the dynamically adjusted pathway following any changes in plans
- Consideration of the following aspects as part of any renovation plans:
  - anticipated legislation (e.g. on insulation or overhaul of heating systems)
  - anticipated physical risks, including in particular hot summers (efficient cooling systems, insulation, creating shade, electrochromatic windows, protection against storms and hail, water-saving measures)
  - tenant requirements (e.g. in relation to cooling or energy efficiency)
- Proactive dialogue with providers or district heating and district cooling over several years before any planned replacement of heating systems and agreement on transition solutions where schedules do not overlap and/or connection is unavailable, where applicable, examination of alternative solutions
- Guidelines concerning energy efficiency and material selection for new buildings (e.g. target energy consumption, maximum window area, criteria for embodied carbon) for service providers and suppliers

#### Risk avoidance measures:

- Investment strategy focused on city centres and creating added value avoids risks:
  - Physical risks: avoidance flood plains, areas prone to landslides, avalanches or coastal erosion
  - Transition risks: lower relevance of energy/CO<sub>2</sub> costs thanks to high land value or high rents
  - Inclusion of climate change risks in the due diligence process for potential acquisitions – can lead to a negative decision in combination with other factors if we cannot create added value with a renovation

#### Risk acceptance:

- Risk acceptance for certain listed properties where measures such as better shading, high-tech windows or better insulation are difficult or impossible to realise

#### Transfer of risk:

- Sale of a property (only in conjunction with other reasons for selling a property)

### Property management

#### Measures to reduce risks (see details on pages 254–261):

- Conclusion of leases incorporating sustainability clauses in order to encourage tenants to save energy
- Stronger focus on energy optimisation as an ongoing task, also includes training property managers and caretakers in relation to energy optimisation

### Communication

#### Measures to reduce risks:

- Transparency concerning climate-related measures implemented by us and our portfolio's CO<sub>2</sub> footprint as well as the related CO<sub>2</sub> reduction pathway
- No excessive promises in relation to targets and measures

## TCFD – Overview and Roadmap

Questions	Status in reporting year
<b>Governance</b>	
a) How does the <b>Board of Directors</b> supervise climate-related risks and opportunities?	– Information via Risk Report
b) What role does <b>Management</b> play in assessing and managing climate-related risks and opportunities?	– Management of climate-related risks incorporated into sustainability and risk organisation
<b>Strategy</b>	
a) Which climate-related <b>risks and opportunities</b> has the Company identified over the short, medium and long term?	– Assessment of transition and physical risks for various climate change scenarios (RCP 2.6, RCP 4.5, RCP 8.5) and over various timeframes; identification of high-risk properties
b) What <b>impacts</b> do the risks and opportunities identified have on business areas, strategy and financial planning?	– Qualitative assessment of effects on capex, opex and rental income as well usability and positioning of properties and evaluation. – Action taken in response to risks and opportunities
c) How <b>resilient</b> is the Company's strategy with taking into consideration different climate-related scenarios, including a 2 °C-or-lower scenario?	– Assessment of the portfolio with reference to increased transition and physical risks points towards good resilience over the short to medium term
<b>Management</b>	
a) Which processes are used for <b>identifying and assessing</b> climate-related risks?	– Description of processes for identifying regulatory risks, physical risks, market risks and reputational risks – Assessment on the basis of quantitative (e.g. climate VaR for transition risks, risk index for physical risks) and qualitative data
b) Which processes are used for <b>managing</b> climate-related risks?	– Description of risk management processes for various types of risks
c) How are the processes described in a) and b) <b>integrated</b> into Company-wide risk management?	– Risk management concerning climate risks is incorporated into Company-wide risk management
<b>Metrics and targets</b>	
a) Which <b>metrics</b> are considered when assessing climate-related risks and opportunities in line with its strategy and risk management process?	– KPI in the overview table concerning long-term strategy and priorities (portfolio and tenants) – EPRA table with environmental KPIs (energy, CO <sub>2</sub> , water) – Differentiation of the risk index and figures within the portfolio for different climate risks
b) Are <b>scope 1, scope 2 and, if appropriate, scope 3</b> emissions and related risks disclosed?	– Reporting of scope 1 and scope 2 emissions (market-based) – Reporting of scope 3, category 6: Business Travel – Reporting of estimates for scope 3, category 13: Downstream Leased Assets – Reporting of embodied carbon for new buildings
c) What is the position regarding <b>targets and performance against targets</b> as regards the management of climate-related risks and opportunities?	– CO <sub>2</sub> reduction pathway: on track – Interpretation and assessment of annual performance – 100% renewable electricity by 2025: already more than 99% achieved – 3 MWp of additional installed photovoltaic capacity over the next 5 years – Annual climate protection priorities

Disclosure	Next steps (2024+)
Page 225 Pages 73–80 Page 224	
Pages 289–290	<ul style="list-style-type: none"> <li>– In-depth analysis of specific risks (e.g. number of heat days or flooding) for selected high-risk properties</li> <li>– More systematic recording of climate change adaptation measures within the portfolio</li> </ul>
Pages 289–290	<ul style="list-style-type: none"> <li>– Specific quantification of financial effects under scenarios RCP 2.6 and RCP 8.5 for selected properties</li> <li>– Stronger focus on embodied carbon and circularity in planning</li> </ul>
Pages 291–294	<ul style="list-style-type: none"> <li>– Regular repetition of the assessment of risks and opportunities on the basis of in-depth analysis</li> </ul>
Page 295	<ul style="list-style-type: none"> <li>– Incorporation of quantified data concerning climate risks into the Risk Report</li> <li>– Assessment of restructuring of risk categories in order to improve visibility of climate risks</li> </ul>
Page 295	
Page 294	
Pages 226–227	
Pages 298–299 Pages 293–294	
Pages 298–299 Pages 298–299 Page 257	<ul style="list-style-type: none"> <li>– Reporting of scope 2 location-based emissions in EPRA table</li> <li>– More systematic recording of tenant electricity in order to determine scope 3, category 13: Downstream Leased Assets</li> <li>– Determination of methods for meaningful calculation of scope 3, categories 1 and 2: Purchased Goods and Services, Capital Goods</li> </ul>
<a href="http://www.psp.info/en/scope-3">www.psp.info/en/scope-3</a>	
Pages 230–231 Pages 240–243	<ul style="list-style-type: none"> <li>– Annual priorities</li> <li>– More specific targets in terms of greening and biodiversity</li> </ul>
Pages 226–227	

# Performance measures

## EPRA Sustainability performance measures – Environment

The following table contains the environment-related performance measures for 2022 and 2023. Performance measures which are reported according to the EPRA sBPR standard and are marked with the respective EPRA code. Ernst & Young Ltd provided limited assurance on the information marked with  for 2023. Explanations on the performance of the key figures can be found on pages 240–243 and page 258.

EPRA code	Unit	Indicator	Scope
<b>Energy</b>			
Elec-Abs, Elec-LfL		Electricity	Landlord-obtained electricity for shared services, air-conditioning, ventilation Proportion of landlord-obtained electricity from renewable sources <sup>1</sup>
DH&C-Abs, DH&C-LfL	kWh	District heating and cooling	Landlord-obtained district heating and cooling passed on to tenants Proportion of landlord-obtained district heating and cooling from renewable sources
Fuels-Abs, Fuels-LfL		Fuels (oil/gas)	Landlord-obtained fuels for the production of heating passed on to tenants Proportion of landlord-obtained fuels from renewable sources
		<b>Total Energy</b>	<b>Total landlord-obtained energy<sup>2</sup></b> <b>Proportion of total landlord-obtained energy from renewable sources</b>
<b>Photovoltaic installations and self-generated electricity</b>			
	kWp	Installed capacity	Installed capacity of photovoltaic installations owned by PSP Swiss Property as per year-end
	kWh	Produced electricity	Produced electricity with own photovoltaic installations
<b>Greenhouse gas (GHG) emissions</b>			
GHG-Dir-Abs		Direct	Scope 1
GHG-Indir-Abs	Tonnes CO <sub>2</sub> e	Indirect	Scope 2 Scope 3 (business travel)
		<b>Total</b>	<b>Scope 1, Scope 2, Scope 3</b>
<b>Water</b>			
Water-Abs, Water-LfL	m <sup>3</sup>	Water	Landlord-obtained water
<b>Specific</b>			
Energy-Int	kWh/m <sup>2</sup>	Energy Intensity	Landlord-obtained energy <sup>3,4</sup>
Water-Int	m <sup>3</sup> /m <sup>2</sup>	Water Intensity	Landlord-obtained water <sup>4</sup>
GHG-Int	kg/m <sup>2</sup>	GHG Intensity	Scope 1, Scope 2 <sup>4</sup>
<b>Certified buildings</b>			
Cert-Tot	8 buildings or 8.5% of lettable space as a percentage of the reported portfolio are certified (LEED, Swiss “Minergie” standard, HPE)		

1 Emissions are calculated using market-based emissions-factors.

2 These figures are not adjusted for heating degree days. Adjusted for heating degree days, absolute energy use for 2022 and 2023 is 91 928 754 kWh and 93 331 378 kWh respectively. Adjusted for heating degree days, Like-for-like energy use for 2022 and 2023 is 88 156 765 kWh and 88 171 712 kWh respectively.

3 These figures are not adjusted for heating degree days. Adjusted for heating degree days, energy intensity for 2022 and 2023 is 100.143 kWh/m<sup>2</sup> and 99.288 kWh/m<sup>2</sup> respectively.

4 These intensities relate to the lettable area. The following intensities result in relation to the energy reference area (ERA): energy intensity: 83.969 kWh/m<sup>2</sup>; water intensity: 0.388 m<sup>3</sup>/m<sup>2</sup>; GHG intensity: 8.067 kg/m<sup>2</sup>.



Absolute (Abs)			Like-for-like (Lfl)			Disclosure coverage	Share of estimates
2022	2023	+/-	2022	2023	+/-		
27 775 115	27 474 059	-1.1%	26 436 621	25 831 137	-2.3%	100%	22.3%
99%	99%						
22 466 856	20 558 535	-8.5%	21 491 196	18 785 750	-12.6%	100%	0.0%
45%	50%						
41 985 165	39 121 821	-6.8%	40 500 699	36 974 945	-8.7%	100%	4.2%
18%	20%						
<b>92 227 135</b>	<b>87 154 415</b>	<b>-5.5%</b>	<b>88 428 515</b>	<b>81 591 832</b>	<b>-7.7%</b>		
<b>49%</b>	<b>52%</b>						
2 088	2 426						
1 546 998	1 573 825						
6 697	6 040	-9.8%	6 480	5 680	-12.3%		
2 732	2 333	-14.6%	2 614	2 109	-19.3%		
37	43	14.0%					
<b>9 467</b>	<b>8 415</b>	<b>-11.1%</b>					
354 165	402 594	13.7%	336 939	364 861	8.3%	100%	1.4%
100.468	92.716	-7.7%					
0.386	0.428	11.0%					
10.272	8.907	-13.3%					
						100%	

## EPRA Sustainability performance measures – Social

### Employees

The following table contains the key performance measures for 2022 and 2023 that relate to social aspects. The performance measures are marked with the respective EPRA code. The caretakers are included in the performance measures. The key performance measures relating to employees were externally reviewed by Ernst & Young AG (marked with ). Explanations on the performance of the key figures can be found on pages 266–279.

EPRA code	Unit	Indicator	Scope	Performance measure	
				2022	2023
<b>Diversity</b>					
Diversity-Emp	% of employees	Gender diversity	Board of Directors	83% ♂ / 17% ♀	80% ♂ / 20% ♀
			Executive Board	100% ♂ / 0% ♀	100% ♂ / 0% ♀
			Senior Management <sup>1</sup>	93% ♂ / 7% ♀	94% ♂ / 6% ♀
			Middle Management <sup>2</sup>	56% ♂ / 44% ♀	55% ♂ / 45% ♀
			Employees without rank <sup>3</sup>	21% ♂ / 79% ♀	21% ♂ / 79% ♀
			Caretakers	95% ♂ / 5% ♀	95% ♂ / 5% ♀
Diversity-Pay	Female to male ratio	Gender pay gap <sup>4</sup>	Board of Directors <sup>5</sup>	1	1
			Middle Management	0.94	1
			Employees without rank <sup>3</sup>	1.00	0.97
<b>Development, Training and Turnover</b>					
Emp-Training	Ø hours per year and employee	Training and development <sup>6</sup>		27.3h	44.5h
Emp-Dev	% of total workforce	Performance appraisals		98%	88%
Emp-Turnover	Total number <sup>3</sup>	New hires	Direct employees	11	11
		Leavers		9	10
		Number of employees at year end		122	123
		New hire rate		9.0%	8.9%
	Rate in %	Turnover		7.4%	8.1%
<b>Health &amp; safety</b>					
H&S-Emp	Number of injuries per 200 000 hours worked	Injury rate	Direct employees	0	0.97
	Number of lost days per 200 000 hours worked	Lost day rate		0	2.92
	% of average hours worked	Absentee rate <sup>7</sup>		2.8%	1.8%
	Total number	Fatalities (total number)		0	0

1 We classify employees with the rank "Direktion" as Senior Management.

2 We classify employees with the rank "Kader" as Middle Management.

3 Direct employees excluding caretakers. The caretakers are managed by the management unit of PSP Management Ltd.

4 We do not report pay gap for the Executive Board as there are no female members of the Executive Board. Compensation of our Executive Board is disclosed in the compensation report. We do not show the pay gap for the Senior Management for reasons of personal privacy (currently only one female director) and the lack of meaningfulness (small number of Senior Management members). We do not disclose the pay gap for the caretakers for reasons of lack of meaningfulness (full-time equivalent of female caretakers too small).

5 Excl. Chairman of the Board, excluding expenses for travel and time compensation for international members of the board.

6 Incl. internal and external education and development. For explanations on performance, see also pages 275.

7 Due to the small number of employees the absence rate excludes long-term absences of more than 12 weeks. The absentee rate including long-term absences was 2.3% for 2023.

## Assets

EPRA code	Unit	Indicator	Scope	Performance measure	
				2022	2023
<b>Health &amp; Safety</b>					
H&S-Asset	% of assets	H&S impact assessments	Assets under operational control	100%	100%
H&S-Comp	Total number	Number of incidents	Incidents of non-compliance scope: assets and assessments identified under H&S-Assets	0	0
<b>Community</b>					
Comty-Eng	% of assets	% of assets with community engagement initiatives <sup>9</sup>		n.a.	n.a.

8 Quality management is implemented on our processes and in all our properties and sites. Health and safety checks are carried out in particular for all our new building and development projects. We strictly follow the standard requirements by the federal government, SUVA (Swiss National Accident Insurance Fund), SIA (Swiss Society of Engineers and Architects) and our internal regulations. There are ongoing health and safety checks during operation, some of which are ensured by the caretakers' specifications, others by service contracts.

9 This performance measure is not reported because we have not yet identified a good basis of measurement by which this can be expressed as a clear percentage. The topic is commented on pages 246–247.

## EPRA Sustainability performance measures – Governance

The following table contains the corporate governance related key performance measures for 2022 and 2023. The key performance measures are marked with the respective EPRA code.

EPRA code	Unit	Indicator	Scope	Performance measure	
				2022	2023
<b>Board composition</b>					
Gov-Board	Total number	Executive members	Board of Directors	0	0
		Non-executive members		6	5
		Independent members		6	5
		Independent and non-executive members with competencies relating to environmental and social topics <sup>1</sup>		4	3
	Years	Average tenure of Board members		8.3	8.2
<b>Nomination and selection</b>					
Gov-Select	Narrative	Description of the nomination and selection process	Board of Directors <sup>2</sup>	See below <sup>2</sup>	See below <sup>2</sup>
<b>Conflicts of Interest</b>					
Gov-Col	Narrative	Processes for managing conflicts of interest	Board of Directors <sup>3</sup>	See below <sup>3</sup>	See below <sup>3</sup>

- 1 Please refer to the Corporate Governance section in the annual report 2023 (page 179 ff.), where specific competencies are listed and skills and experiences become apparent from the biographies of Ms. Corinne Denzler, Mr. Adrian Dudle and Mr. Henrik Saxborn. Mr. Saxborn for example developed specific competencies and experiences in environmental and social topics pertaining to his function and proven track record as member of the board and CEO of a renowned and listed real estate company in its home country market. The same holds true for Ms. Denzler, with a career in the field of Swiss tourism and as former CEO of a renowned Swiss hotel group, and who, as managing director of the non-profit foundation Dementia Research Switzerland – Synapsis Foundation, is concerned with the major health and socio-political challenges of the growing dementia problem. Mr. Adrian Dudle is Co-President of Smiling Gecko, a non-profit NGO that provides sustainable support to vulnerable children and families in rural areas of Cambodia through various initiatives.
- 2 In 2018, a Nomination Committee was formed, which assists the Board of Directors in nomination/selection processes as set out in the Corporate Governance section of the annual report 2023 (page 195).
- 3 PSP Swiss Property is required to publish information on management and control at the highest corporate level of the Company in its annual report under a separate Corporate Governance section pursuant to the disclosure obligations stipulated in the Directive Corporate Governance (DCG) of SIX Swiss Exchange (see annual report 2022, page 161 ff. and annual report 2023, page 179 ff. respectively). It includes the relationship between individual bodies of the Company (checks and balances) and the disclosure of specific information. Information on potential conflicts of interest is thus set out throughout the entire Corporate Governance reports, namely with respect to cross-board memberships and cross-shareholdings (none, see Section 1.3 and Section 3.2), significant shareholders (Section 1.2) and substantial business relationships with the Company (none, see note 17 to the consolidated financial statements with respect to related parties).

## **Delimitations and explanations on the performance measures**

### EPRA Reporting

The EPRA sBPR require information on the areas of environmental performance, social performance and governance. We strive to report our performance according to all these performance measures. This is an ongoing process. For figures that were not available at the time of reporting, “n.a.” (not available) applies.

We take the liberty of expanding the table of performance measures to include additional data that does not comply with the EPRA standard. All key figures reported according to sBPR are marked with the corresponding EPRA code.

### Delimitations

#### **Organisational boundaries**

The organisational boundary for property reporting is defined by the full operational control over individual properties. Consequently, properties under joint ownership and properties where a single tenant exercises sole operational control are therefore not taken into account. New buildings and renovations are only taken into account if they were operational for the entire reporting year. Properties sold during the reporting period are not included. Properties purchased during the reporting period are only included in the following year.

#### **Time boundaries**

Compared to the financial reports, the reporting of the energy and water-related data (EPRA table of environment-related performance measures) is shifted by half a year (in line with the heating and ancillary cost accounts). The current reporting period for these performance measures thus runs from 1 July 2022 to 30 June 2023. For a few properties, this period differs on account of data availability (e.g., different period for invoicing, e.g., from 1 April to 31 March or 1 January to 31 December). The social indicators (EPRA table performance measures) and the governance-related performance measures refer to the same period as the financial reports (1 January 2023 to 31 December 2023).

**Boundaries tenant/landlord**

We always procure the heating energy ourselves and charge it to the tenants via the heating bill. Consequently, heating energy is factored into our calculations. The same applies to electricity for common areas (access) as well as ventilation and air-conditioning, where ventilated or air-conditioned spaces are leased. Electricity consumed by tenants on their premises is settled directly between the tenants and the utilities via a separate meter and is not included in our calculations.

**Own-used properties**

We are tenants in our own properties in Zurich, Geneva, Bern and Zug. Heating energy and general electricity as well as the water consumption of the properties concerned are recorded as well.

**Degree of coverage**

Within the defined organisational boundaries, we cover all properties in operation.

**Reporting segments**

Our real estate portfolio consists mainly of office space. Several properties have mixed use, i.e. in addition to offices, there is also retail space (mostly on the ground floor) and, in some cases, apartments. We also own hotels and thermal baths/spas. However, independent non-office uses make up an insignificant part of the total lease area (< 2%). Therefore, we do not define or disclose specific segments for these areas.

## Investment properties taken into account for different performance measures

### **Absolute values (Abs)**

In 2023, we analysed 152 investment properties with 940 010 m<sup>2</sup> of lettable space (2022: 147 investment properties with 917 973 m<sup>2</sup> of lettable space).

On 30 June 2023, the portfolio comprised 161 investment properties. The difference to the 152 investment properties included in the Sustainability Report is explained as follows: PSP Swiss Property does not exercise operational control over properties rented by a single tenant or in a joint ownership. This applies to the following properties: Quai de Cologny 5, Cologny; Bahnhofstrasse 66, Brandschenkestrasse 70 and Brandschenkestrasse 72 as well as Mühlebachstrasse 6 (all in Zurich). The property Rue de Sébeillon 2 in Lausanne consists of parking spaces only, and thus has no energy consumption. The investment property at Pfingstweidstrasse 60, 60b in Zurich was not purchased until June 2023 and will only be taken into account once complete data for an entire reporting period is available. The properties at Bärenplatz 9, 11, 27 / Käfiggässchen 10, 22, 26 in Bern and Rue de la Confédération 2 in Geneva and the multi-storey car park at Förrlibuckstrasse 151 in Zurich were still under renovation in the reporting period and will only be included in the 2024 reporting.

These 10 mentioned properties were therefore not included in the Sustainability Report. On the other hand, the property at Sihlramtstrasse 5 in Zurich, which is intended for sale, was taken into account.

The property sold in the reporting period, Bahnhofstrasse 23 in Interlaken, was not taken into account for the key figures in the reporting year 2023.

New buildings and renovations completed during the reporting period will be included in the analysis in the following year. However, properties where renovation work was carried out during operation were taken into account.

### **“Like-for-like” values (LFL)**

The “like-for-like” portfolio comprises only those properties which were under operational control and classified as investment properties both in the reporting year and in the previous year. The “like-for-like” portfolio for the reporting year 2023 comprises 143 properties.

### **Specific figures (intensities)**

The reference value for the specific consumption figures (kWh energy/m<sup>2</sup>, m<sup>3</sup> water/m<sup>2</sup> and kg CO<sub>2</sub>e/m<sup>2</sup>) as part of the EPRA requirements is the lettable floor space in line with the values published in the Annual Report for the mentioned 152 properties. The energy reference area applied in 2023 for the 152 properties mentioned amounted to 1 037 939 m<sup>2</sup>.

As the reference value for energy assessments in Switzerland (also e.g. in connection with Minergie requirements) and also for various benchmarks such as the REIDA CO<sub>2</sub> benchmark is the energy reference area, we now also disclose the intensities in relation to the energy reference area. We consider the energy reference area to be a useful reference value, as there is a clear link between area and energy consumption.

## Explanations on the data basis

### **Estimates**

Of the energy we procure, 8.9% of total was estimated in 2023 (5.4% in 2022). For properties for which the final settlements are not yet available at the closing date, we use the previous year’s figures. Some larger properties are rented by major tenants who receive their invoices directly from the providers. Since we offer air-conditioned offices at these premises (which is part of the basic configuration) and because multi-tenant leases would be possible, we estimate consumption at these properties (for which we do not receive a statement from the tenant) on the basis of figures for comparable properties. In some cases, we also use estimates for the share of common electricity (based on total consumption of the property), for example for the so-called Rothschild portfolio (9 properties).

### **Oil and gas**

The conversion from volume or mass units to energy is carried out in line with the conversion factors according to SIA 380/1:2016 and refer to the upper heating value HO.



### **Photovoltaic installations and self-generated electricity**

The reported installed capacity of the photovoltaic installations at the end of the year comprises the installed capacity in kWp of all photovoltaic plants on or at PSP assets that are owned by PSP Swiss Property. The key figure for electricity produced by own photovoltaic installations is based on the same reporting period as the other energy key figures (1 July 2022 to 30 June 2023) and includes own consumption, sales to third parties and any feed-in of the electricity produced.

### **Waste**

In Switzerland, disposal of waste as well as the payment of the waste charges, based on the polluter-pays principle, are the responsibility of the tenants. We have no data on tenants' waste production and therefore do not disclose these performance measures.

### **CO<sub>2</sub>e emissions scope 1 and 2**

We calculate our energy and CO<sub>2</sub>e data with the help of myclimate's Smart3 data management system and CO<sub>2</sub>e factors provided by myclimate and an external partner. Market-based emission factors are applied for both electricity and district heating, based on the electricity and district heating mix that exists for the respective property according to the contract and information provided by the suppliers. Waste incineration is only classified as 50% "renewable" and is not considered climate neutral in the calculations. Sources for CO<sub>2</sub> factors:

- scope 1: 2018 Climate Registry Default Emission Factors
- scope 2 Electricity: Alig, M., Tschümperlin, L., Frischknecht, R. 2017: Treibhausgasemissionen Strom- und Fernwärmemixe Schweiz gemäss GHG Protocol. Tab. 2.1
- scope 2 District Heating: Alig, M., Tschümperlin, L., Frischknecht, R. 2017: Treibhausgasemissionen Strom- und Fernwärmemixe Schweiz gemäss GHG Protocol. Tab. 3.3

### **CO<sub>2</sub>e emissions scope 3**

We also calculate the CO<sub>2</sub>e emissions from our business travel (air, car, train). Emissions from business travel in 2023 amounted to 42.6 tonnes CO<sub>2</sub>e (2022: 37.3 tonnes). The increase is mainly due to business flights. Although fewer kilometres were flown than in the previous year, emissions increased due to an adjustment of the CO<sub>2</sub> factors used by myclimate for the calculation. Sources for CO<sub>2</sub> factors:

- Business Travel:
  - Public Transport(PT)t: mobitool v2.0, Average PT
  - Mobility and passenger cars: mobitool v2.0, average of passenger cars
  - Air travel: Calculation using the myclimate Switzerland tool
- Estimate of CO<sub>2</sub> emissions from tenant electricity:
  - REIDA CO<sub>2</sub>e-Report, Methodische Grundlagen: Intep Treibhausgas-Emissions-faktoren für den Gebäudesektor (2022), ergänzt durch REIDA V1.2, S 24: Strommix HKN CH 80%ern. 2021 (Default LB)

### **Energy reference area**

The energy reference area is the total surface area of all storeys above and below ground level that are situated within the thermal building envelope, the usage of which requires heating or cooling. The energy reference area is calculated as a gross figure, i.e. based on external measurements including walls and wall cross-sections.

### **Application of CRREM decarbonisation pathways**

The CRREM uses a transparent downscaling methodology based on the sectoral decarbonisation approach (SDA) required under the SBTi (Science Based Targets Initiative). The CRREM supports the SBTi. Both initiatives are “science-based”. Some additional functions that the CRREM offers specifically for real estate include CO<sub>2</sub> trajectories for particular types of use. The CRREM also differentiates between 1.5 °C and 2.0 °C. For the purposes of our analysis, the 1.5 °C pathway has been applied for Switzerland on a pro rata basis comprised of Offices (65%), High Street Retail (20%), Leisure & Recreation (10%) and Residential (5%) in order to align with the different types of usage in our portfolio as closely as possible.

### **Climate scenarios**

The RCP (Representative Concentration Pathway) climate scenarios of the IPCC have been used as a basis for analysing risks in relation to climate change.

**RCP 2.6, very stringent climate protection:** climate protection measures are taken. An immediately implemented cut in emissions will stop the increase in greenhouse gases in the atmosphere in around 20 years. This will enable the goals under the 2016 Paris Climate Agreement to be achieved. The figure for radiative forcing in 2100 is 2.6 W/m<sup>2</sup> compared to 1850.

**RCP 4.5, limited climate protection:** although greenhouse gas emissions will be reduced, the concentration in the atmosphere will continue to rise for a further 50 years. The 2.0° C target will be missed. The figure for radiative forcing in 2100 is 4.5 W/m<sup>2</sup> compared to 1850.

**RCP 8.5, no climate protection:** humanity carries on as previously, does not implement any climate protection measures and continues to emit more greenhouse gases. Temperatures will increase by the end of the century by between 3 and 4 degrees on average. The figure for radiative forcing in 2100 is 8.5 W/m<sup>2</sup> compared to 1850.

The graphs with the drought stress index (page 294) and with the heat days (page 293) refer to the respective average of the drought stress indices and the heat days of all properties in the respective city. The data on heat days is based on the Swiss climate scenarios: CH2018 Project Team (2018): CH2018 – Climate Scenarios for Switzerland. National Centre for Climate Services. doi: 10.18751/Climate/Scenarios/CH2018/1.0.

#### **Definition of timeframes under the CDP and the TCFD**

**Short-term:** we regard a timeframe of 1–5 years as being short term. A standard lease has a term of 5 years. Only minor changes to our properties are possible over this period. The basic structure or equipment cannot be changed over this period.

**Medium-term:** we regard a timeframe of between 5 and 20 years as being medium term. The life expectancy of many building systems is around 20 years. Major changes need to be made within this timeframe. Changes of this type to equipment and infrastructure (e.g. change of heating system) may have major effects on the building's CO<sub>2</sub> footprint.

**Long-term:** we regard a timeframe of between 20 and 50 years or longer as being long term. The basic structure of a building has a life expectancy of at least 50 years. After this period, a building can be thoroughly altered or replaced with a new more environmentally efficient structure.



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To the Management of  
**PSP Swiss Property AG, Zug**

Zurich, 26 February 2024

## **Independent Assurance Report on selected sustainability KPIs in the Sustainability Report**

We have been engaged to perform a limited assurance engagement (the engagement) on the following metrics disclosed in PSP Swiss Property AG's (the Company's) Sustainability Report 2023 (the report) marked with a "E" in the chapter "Sustainability Report" (the KPIs) for the reporting period from 1 January 2023 to 31 December 2023:

- ▶ EPRA Sustainability performance measures – Environment on pages 298-299
- ▶ EPRA Sustainability performance measures – Employees on page 300

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the report, and accordingly, we do not express a conclusion on this information.

### **Applicable criteria**

The Company defined as applicable criteria (applicable criteria):

- ▶ EPRA Sustainability Best Practices Recommendations Guidelines
- ▶ Custom criteria for Photovoltaic installations and self-generated electricity.

A summary of the standards is presented on the EPRA homepage or directly in the report. We believe that these criteria are a suitable basis for our limited assurance engagement.

### **Responsibility of the Management**

The Management is responsible for the selection of the applicable criteria and for the preparation and presentation, in all material respects, of the disclosed KPIs in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the KPIs that are free from material misstatement, whether due to fraud or error.

### **Independence and quality control**

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Our responsibility**

Our responsibility is to express a conclusion on the above mentioned KPIs based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the KPIs in the report are free from material misstatement, whether due to fraud or error.

### Summary of work performed

Based on risk and materiality considerations we have undertaken procedures to obtain sufficient evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of the risks of material misstatements in the above mentioned KPIs. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Greenhouse Gas (GHG) quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Our limited assurance procedures included, amongst others, the following work:

- ▶ Assessment of the suitability of the underlying criteria and their consistent application
- ▶ Interviews with relevant personnel to understand the business and reporting process, including the sustainability strategy, principles and management
- ▶ Interviews with the Company's key personnel to understand the sustainability reporting system during the reporting period, including the process for collecting, collating and reporting the KPIs
- ▶ Checking that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the applicable criteria
- ▶ Analytical review procedures to support the reasonableness of the data
- ▶ Identifying and testing assumptions supporting calculations
- ▶ Testing, on a sample basis, underlying source information to check the accuracy of the data.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

### Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the KPIs for the reporting period from 1 January 2023 to 31 December 2023 have not been prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young Ltd

Tobias Meyer  
Executive in charge

Daniel Zaugg  
Partner