

175 Sustainability report

176 Sustainability report

179 Sustainability in our business strategy

181 Portfolio

181 Reduction in CO₂ emissions and conservation of resources

188 Focus Issue: CO₂ reduction target and CO₂ reduction path

190 Flexibility of use

191 Local development

198 Tenants

198 Operational efficiency

200 Service orientation and wellbeing of tenants

201 Focus Issue: sustainability in the tenant survey

204 Employees

206 Corporate culture

207 Employee development and retention

209 Employee health and wellbeing

210 Focus Issue: dealing with Covid-19

214 Performance measures

214 EPRA Sustainability performance measures – Environment

216 EPRA Sustainability performance measures – Social

218 EPRA Sustainability performance measures – Governance

219 Delimitations and explanations

Sustainability report

We have been reporting on our sustainability efforts in our annual report for over ten years. Our main concerns include saving resources and reducing CO₂ emissions. Further sustainability priorities are established on the basis of our materiality analysis and the resulting key issues.

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. Since 2015 we have been publishing our performance measures according to the EPRA Sustainability Best Practices Recommendations (sBPR).

During the reporting year, the Coronavirus crisis made various efforts more difficult and shifted priorities. Comparisons with previous years are therefore skewed in various respects. This is in particular the case where we, our employees as well as our tenants and business partners have been affected by restrictions due to the Coronavirus, such as (partial) lockdowns or home-office working. The comments and comparisons provided below must be considered against this backdrop.

Important activities in the reporting year:

- **Definition of the new CO₂ reduction target for 2035 and calculation of CO₂ reduction path:** we have far exceeded the five-year target set in 2015 of a 5% CO₂ reduction. The further award of a score of A- in the Climate Change 2020 survey carried out by the CDP (Climate Disclosure Project) has reinforced our commitment to pursuing this route. During the year we thoroughly analysed our portfolio and our renovation plan, calculated our CO₂

reduction path to 2050 in line with various measures and inferred the following target:

By placing a clear focus on the replacement of heating powered by fossil fuel along with thermal insulation measures and operational efficiency, our aim is to reduce the CO₂ emissions of our portfolio by around 50% by 2035.

- **District heating and cooling networks:** major efforts are underway in the cities of Geneva and Zurich to create inner-city energy networks using lake water. During the reporting year we carried out a thorough analysis of the connection prospects of our properties to the planned GeniLac heating and cooling network in Geneva and are also engaging intensively in Zurich with the parties involved.
- **Photovoltaics:** in the 2019 Annual Report we identified the further expansion of photovoltaic installations as a priority for 2020. Delays due to the Coronavirus restrictions meant that we were only able to realise this aim in part, installing one photovoltaic system each in Basel and Geneva.

- **Involvement of tenants in attaining sustainability goals:** as a result of the Coronavirus crisis, ecological issues have not been a priority for tenants, but rather issues such as the restricted use of spaces or compliance with social distancing and hygiene rules. Nevertheless, we have already made considerable progress in discussions with one major tenant concerning the implementation of Green Lease addenda to the lease
- **Sustainability within the tenant survey:** in the tenant survey conducted in the autumn of 2020 we included questions on sustainability for the first time. Tenants have a positive attitude to sustainability issues, in particular in terms of improved data exchange and alignment of sustainability targets. For example, they are very open to measures to enhance energy efficiency or the purchase of renewable electricity.
- **Enhancement of competence in tenant fit-outs and product development:** in October 2020 PSP Swiss Property created the new Business Development unit, which focuses on bringing the tenant perspective into planning and construction. This will enable us to integrate sustainability considerations such as resource efficiency or the wellbeing, health and safety of tenants at an early stage into the planning and implementation of tenant fit-outs.
- **Employees:** in May 2020 we were ranked in 8th place by Great Place to Work Switzerland in the category of medium-sized enterprises in Switzerland (“Best Medium Workplaces™”) and commended in particular for our considerable investment in the workplace culture and employee satisfaction. We have been able to build on this during the Coronavirus lockdown as well as over the subsequent period characterised by numerous restrictions. We have done a lot to support employees, to maintain a positive spirit and to make home-office work as comfortable for them as possible.
- **Equal pay analysis:** on 1 July 2020, the revised Swiss Federal Act on Gender Equality came into force, which requires an internal company equal pay analysis to be carried out. We pre-empted this law, carrying out an analysis in the early summer with the assistance of an external partner. We are proud to say that PSP Swiss Property was confirmed to be a fair employer that guarantees equal pay for men and women. The external testing body SGS issued us with “Fair-ON-Pay+” certification.

Focuses for 2021:

- **Adjustment of the Sustainability Guidelines for New Buildings and Renovations:** in 2021 we plan to overhaul our Sustainability Guidelines for New Buildings and Renovations to supplement them with practical check lists for asset management and construction.
- **District heating and cooling networks and photovoltaic installations:** we plan to pursue our efforts in relation to the planning of connections to heating and cooling networks and proceed with the implementation of the planned photovoltaic systems. The pipeline is being continuously examined and adjusted.
- **Biodiversity:** we are planning a pilot project in the area of landscaping with a specific focus on improving biodiversity in order to be able to derive a scalable template for other environmental works in the portfolio.
- **Greater involvement of tenants in attaining sustainability goals:** we shall continue discussions concerning Green Leases and adopt various measures based on a detailed analysis of the tenant survey on sustainability issues.
- **Employees:** during the new financial year we want to improve the competence of our employees in issues relating to physical and mental health by offering further training.
- **Promotion of internal communication:** we want to exploit synergies with ongoing projects relating to data management, IT and communication in order to improve downstream, horizontal and upstream communication and thus enhance the exchange of knowledge on sustainability topics.
- **Sustainability at our own offices:** based on analyses and a survey of employees at the Zurich location, we have identified various scope for improving sustainability at our own offices. In 2021 we shall implement individual measures and also review the other offices.

Sustainability in our business strategy

Our core business is the rental of commercial properties in Switzerland. This business model with a long-term focus requires that we assume our responsibility towards people and the environment. Sustainability is therefore an integral part of our business strategy.

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. www.psp.info/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. Our transparency and good performance in the area of sustainability have also been confirmed by external ratings and awards. For instance, we once again received a score of Score A- ("Implementing current best practices") in the CDP Climate Change 2020 Survey, along with "Green Star" status under the Global Real Estate Sustainability Benchmark

(GRESB), whilst EPRA presented us with the sBPR Gold Award for the fifth time in a row for our disclosures in the area of sustainability.

In 2019 we carried out a materiality analysis, assessing 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 thematic areas, which we have been able to match up with the most important requirements. We have allocated the 12 thematic areas to the four levels of our business activity. The topics mentioned first are considered to be important by various stakeholders or are central from an ecological perspective (such as CO₂ reduction and saving resources). However, we consider all issues to be material. Further information concerning our materiality analysis can be found on our website.

www.psp.info/sustainability



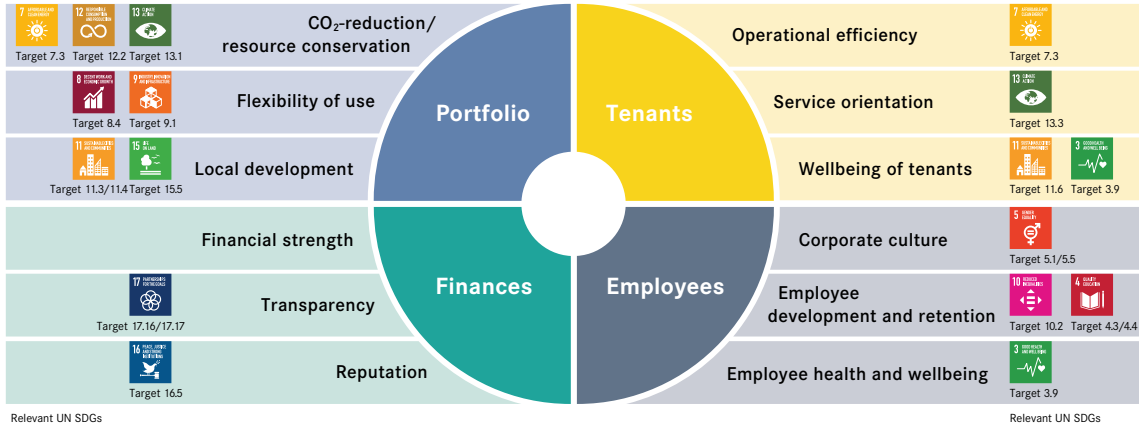
EPRA sBPR Gold-Award



CDP-Score: A-



GRESB Green Star



Sustainability initiatives are steered by an eight-member panel composed of representatives from property management, construction, asset management, human resources and communications. The coordination of activities is carried out by the communication and sustainability office. Sustainability initiatives and prioritisation are discussed with and defined by the Executive Board. Implementation is in the hands of the most involved department for each initiative. Selected individuals assume this responsibility as part of their job description or as project managers for a specific sustainability initiative. A graphic representation of the sustainability organisation can be found on our website.

www.psp.info/sustainability

The priorities of our initiatives in the area of sustainability are based on our materiality analysis and the material issues derived from it on the various levels of our business operations. Further information concerning our targets and measures may be found below in the parts concerning portfolio, tenants and employees.

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 52%.

Preserving resources and minimising CO₂ 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. A major focus of our activities in 2020 involved defining the new CO₂ target and the CO₂ reduction path.

Reduction in CO₂ emissions and conservation of resources

According to the Federal Office for the Environment, the building industry accounts for around one quarter of Swiss greenhouse gas emissions. At the same time, buildings use around 50 percent of primary energy. We are thus obliged to keep our ecological footprint as small as possible throughout the overall lifecycle of our properties and to reduce emissions in line with national and international efforts to combat climate change. Efforts to reduce CO₂ emissions are also of major significance due to potential future restrictions – such as CO₂ taxes or building regulations. The further award of a score of A- in the Climate Change 2020 Survey carried out by the CDP (Climate Disclosure Project) confirms that we are playing a leading role in this area.

Our clear long-term focus on CO₂ reduction has had a significant impact on both our new construction and renovation projects, as well as our efforts in operations. Since the launch of our sustainability

programme in 2010, we have been able to reduce our properties' specific emissions **from 21.1 to 10.1 kg CO₂e per square metre**. This amounts to a reduction of 52%. The corresponding saving of around 30 million kWh of heating energy is equivalent to the annual heating requirements of approximately 3 000 average singlefamily homes.

Climate change and climate risks

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. The exposure of our portfolio to natural hazards such as flooding, landslides or avalanches is very limited. We consider the greatest risk in terms of the physical effects of climate change to be the increasingly hot summers.

Adjustment to hotter summers has therefore been incorporated into the Guidelines for New Buildings and Renovations. It is important to strike the right balance between passive heat gain and protection against heat and to assess efficient cooling methods. We are also considering the usage of innovative, electrochromic windows in order to reduce the cooling energy required. These windows are designed to reflect infrared radiation and thus reduce heating, whilst at the same time letting through visible light where desired. This

results not only in a reduced need for cooling energy and lower maintenance costs, but also increases tenants' wellbeing. Further information concerning our strategy and the action taken by us in relation to the physical risks associated with climate change to which our portfolio is exposed may also be found in our responses to the Carbon Disclosure Project's (CDP) climate change questionnaire. These are publicly available.

www.cdp.net

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.

New buildings and renovations

Our development areas are 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, optimal access to public transport, and the impact on the neighbourhood-specific social environment.

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. Considerations on adapting to the effects of climate change, so-called physical risks, are also reflected in our specifications for new buildings. However, new buildings only represent a small part of our business.

Modernisations: considerations on energy efficiency and reduction in CO₂ emissions are important factors that also shape our long-term investment plan (see Measures and Goals under Focus Issue: CO₂ reduction target and CO₂ reduction path). We carry out renovations in accordance with regional regulations as well as the Minergie standard. We employ full-time 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.

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 190.

In 2021 we plan to overhaul our guidelines applicable to new buildings, tenant fit-outs and modernisation and to improve criteria such as grey energy or reusability in the choice of materials, energy efficiency or indoor climate, and to provide more guidance on how to balance and prioritise different sustainability goals.

Certified buildings: a total of 8.3% of our rental space is certified according to a label for sustainable construction (Minergie and LEED). However, the percentage of certifications is not the only way to measure the sustainability of a property portfolio. When we construct new buildings or carry out major renovations, we aim for the level of a sustainable building label, but not necessarily for the certification itself. The Minergie standards have been incorporated into many cantonal energy laws. Therefore, such certification is of secondary importance to PSP Swiss Property. The key issue is not the number of certified buildings, but rather the effect of the measures across the overall portfolio.

In addition, it is not always possible to implement all desired measures for achieving improved energy efficiency for buildings that are subject to historic preservation. In some cases, the costs of administrative requirements necessary for the “last mile” of certification are not reasonable. The money saved is better invested in actual consumption-reducing measures in order to avoid the so-called “performance gap” arising in relation to new and renovated buildings. Often, once in operation, significantly more energy is consumed than predicted. Therefore, we regularly invest in the development of a comprehensive energy management system which allows for a continuous energy analysis and optimised operation. We are convinced that these investments will lead to a greater leverage effect in energy-saving measures and effective CO₂ emissions than mere certification. The resulting lower operating costs are

in the best interest not only of the owner, but also of the tenants.

[Environmental performance measures page 214: certified buildings](#)

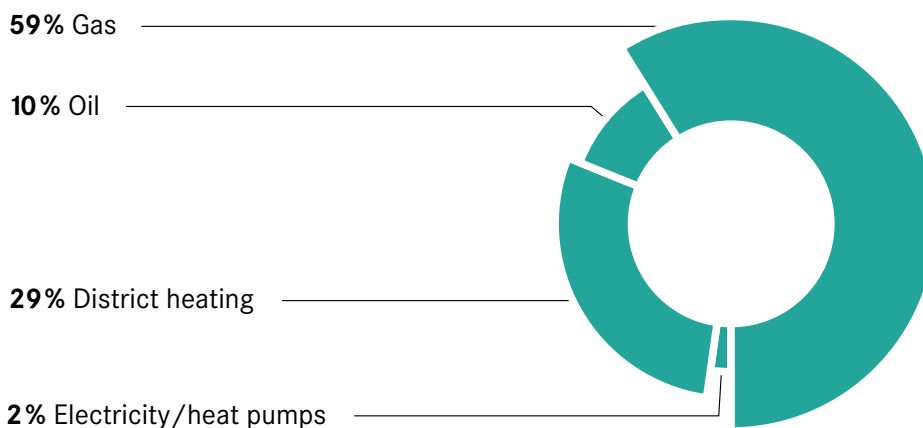
Operation of properties

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 page 198.

Acquisition of thermal energy and electricity from renewable sources:

With our clear focus on reducing CO₂, we are continuously optimising our contracts with energy suppliers (electricity, gas, district heating) in terms of the proportion of renewable energies. We precisely monitor the development of existing (and the planning of new) district heating and cooling networks in the catchment area of our properties in order to coordinate our long-term plans for replacing heating and cooling systems with these developments. Inner-city energy networks that use lake water are also becoming increasingly important in this context. The constant heat of deep water in the lake is used for heating and cooling purposes. Depending upon the particular network, heat pumps are

Energy sources for heating 2020



incorporated into systems either centrally or locally in order to achieve the desired temperature level. The most significant challenge in this respect is timing. From our side, we determine a renovation cycle for our properties and installations. The planning and expansion of the energy networks does not always overlap with this cycle. As a result, we attempt to find and define joint transition 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.). Such models make sense if the majority of the electricity produced can be used within the property, so that only a small part of it has to be fed in to the grid. In 2019, we commissioned a study by an external consulting company to determine the potential for solar power production in our portfolio.

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

Large quantities of building waste are generated during the demolition and replacement of a property. A large part of it is still disposed of and thus destroyed as a resource. The idea of the circular economy is to keep products and materials in circulation in order to avoid waste. As a result, the consumption of primary raw materials is reduced. In the event of demolition it is important to ensure reuse or at least recycling as far as possible. Reprocessing is only possible if construction materials can be segregated properly during demolition. For instance in the Orion building, which had to give way to the new ATMOS building, it was possible to find a new home for various construction materials (façade elements, stairways, windows, radiators, sinks, bannisters) in the Halle 118 conversion in Winterthur. However, as this is not possible in the same way for every demolition project, 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. In future, such criteria will be more centrally incorporated into our Guidelines for New Buildings and Renovations.

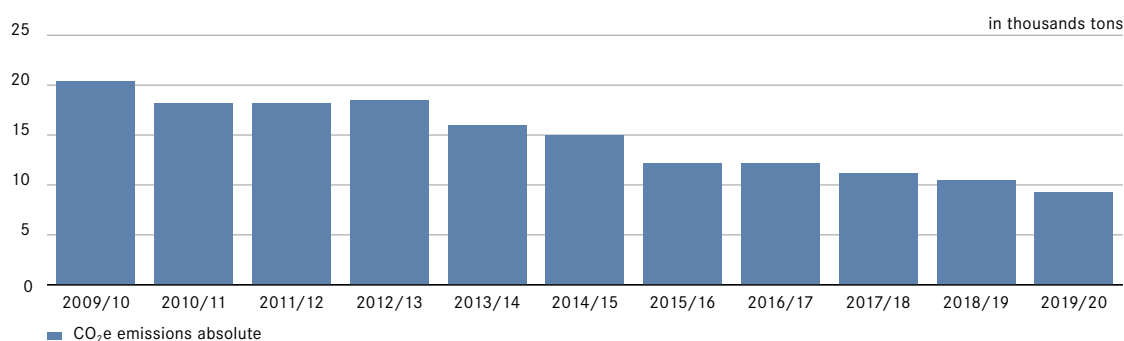
Initiatives carried out during the reporting year

We discuss below a few of the major initiatives concluded during the reporting year that have had effects on CO₂ emissions. The stated quantities are estimates of the expected savings. These savings have not yet been fully factored into the figures for this reporting year.

- **Complete renovations:** In the late summer of 2020 we were able to complete the renovation of the property situated at **Rue du Marché 40** in Geneva (see also the picture pages 194–197). The property, which previously contained offices, was converted into a hotel and now only requires half as much energy. We concluded renovation work on the property at **Steinentorberg 8/12** in Basel in the summer of 2020. This involved, amongst other things, the installation of a control system and the adjustment of the ventilation concept. Thanks to improved control capabilities, this should lead to a significant reduction in energy consumption.
- **Building envelope and building technology:** We have been renovating the entire property at Greifengasse 21 in Basel over a number of years. During the reporting year we were able to install a new façade with high-performance thermal insulation panels, in line with the specifications of the Cityscape Committee. This should considerably reduce thermal energy requirements. When overhauling the piping system at Marktgasse 5 we also renovated the roof, installing new thermal insulation. We have also replaced the windows in various buildings.

- **Heating systems:** Following the renovation of Rue Saint-Martin 7 in Lausanne in 2019, the results are now becoming apparent: due to the switch from oil and gas heating to district heating and improved energy efficiency, it has been possible to make annual emissions savings of 70 tonnes of CO₂. In the autumn of 2020, the gas heating system at Förrlibuckstrasse 181 was replaced with a connection to the district heating network. Assuming efficiency remains the same, this will result in a reduction in annual CO₂e emissions in future by around 21 tonnes. This means that all our properties in the West Zurich area (see also picture pages 28–35) are now connected to the district heating network.
- **Acquisition of district heating and cooling:** major efforts are currently underway in the cities of Geneva and Zurich to create inner-city energy networks using lake water. A strategy report for Geneva was drawn up by an external partner during the reporting year, which set out the supply options for properties with the planned GeniLac ecological heating and cooling network. We have a major interest in connecting our properties in Geneva, which are still largely heated with oil, to this lake water network. However, for many properties synchronising the timing of plans represents a major challenge for us. One potential consequence of this may be that we are only able to complete the connection of certain properties to GeniLac after the next generation of heat generators has been removed. Nonetheless, action should be taken to ensure that connection would be possible at that time without any considerable extra cost. An important factor for achieving optimal solutions in the field of district heating and cooling is long-term and forward-looking planning by all parties involved. For example, connections to the district heating networks have already been prepared for the properties at Grand Pré 54–58 in Geneva and at Seefeldstrasse 123 in Zurich, even though renovations will only take place at the end-of-life of the systems in a couple of years. This will avoid the road having to be dug up again in order to lay piping.
- **Construction of photovoltaic installations:** due to the Coronavirus crisis some projects have unfortunately been delayed. Nevertheless, in 2020 we were able to place a new, small system into service in the renovated property at Steinentorberg 8/12 in Basel with an expected production of 25.9 MWh. A PV installation has also been installed in the property at Place Saint-François 5 in Lausanne, which will come onstream at the end of February 2021. We have made available the roof of the property at Rue Saint-Martin 7 in Lausanne for a PV system realised by the tenants.

CO₂e emissions absolute



Impact of the measures on consumption and CO₂ 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 CO₂ emissions. Consumption figures for 2020 should be treated with particular caution due to the Coronavirus crisis. Data relating to energy and water are recorded after a lag of half a year, based on the statements of account for heating and ancillary costs. The current reporting period for these figures runs from 1 July 2019 until 30 June 2020. Accordingly, the lockdown from 16 March until the end of April/middle of May falls within this measurement period, however, the effects on the second half of the year are not yet apparent in the figures.

All the figures below concerning the contributions of the measures are approximations.

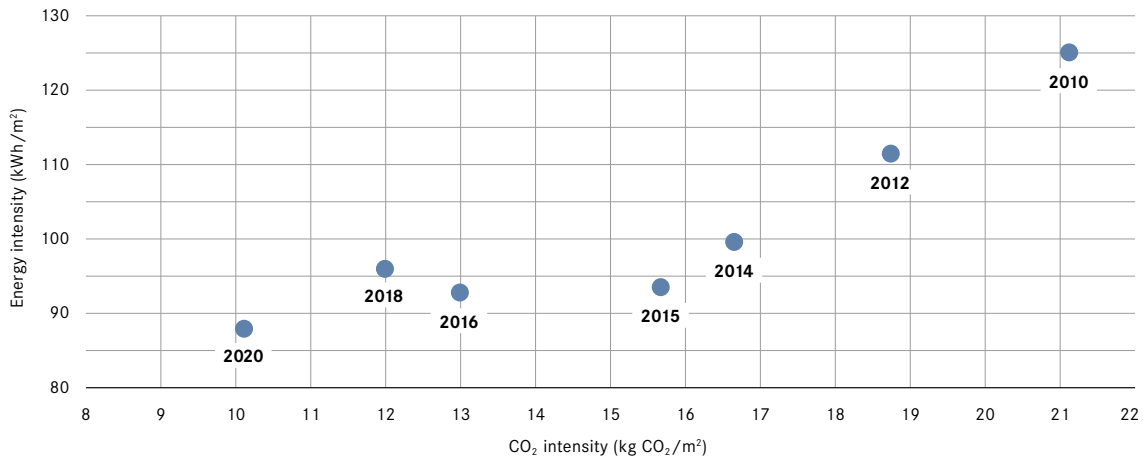
Analysis of absolute consumption and emissions

In absolute terms, we reduced our total energy consumption in the investment portfolio from 83.1 million kWh to 80.3 million kWh in 2020. This 3.4% reduction compared to the previous year resulted in a 11.5% reduction in CO₂e emissions, or 1 214 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 219).

Analysis of specific consumption and emissions

The specific values (the consumption and emissions per square metre of rental space) provide the best indication of effective improvements in the portfolio. Our specific energy consumption declined by 5.8% from 93.4 kWh/m² to 87.9 kWh/m² in 2020. **Adjusted for heating degree days**, the reduction amounted to **5.7%**.

CO₂ intensity vs. energy intensity



As a result of the restrictions of the Corona crisis and the first lockdown in March and April, the figures are difficult to interpret. The partial closure of premises or entire offices has led to a reduced demand for heating energy at various properties. The analysis of electricity consumption proves to be more difficult. While electricity consumption in most properties was slightly below the average, there was a significant increase in consumption in some larger properties. This is partly due to refurbishment and fit-out projects and a reduction in vacancies. In aggregate, therefore, there was a slight increase in electricity consumption.

A reduction in the vacancy usually increases energy and water consumption, both in absolute terms and per square metre of rental space. In the reporting year¹, we reduced vacancies from 4% to 3.4%. This corresponds to an increase of the heated floor area of approximately 0.6%. We therefore estimate that without measures on our part, this would have increased energy consumption by the same percentage (0.6%). However, in view of the irregularities in use due to the Corona measures, this effect seems rather negligible.

Specific CO₂e emissions have fallen by 14% from 11.8 kg CO₂e/m² to 10.1 kg CO₂e/m² as a result of these reductions in energy consumption and lower CO₂ intensity of fuels (less oil, more biogas).

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, we were able to reduce heat consumption by 7%. Electricity consumption however slightly increased by 0.2% compared to the previous year. The resulting 5.3% reduction in total energy consumption from 81 672 MWh to 77 366 MWh led to **a 13.2% reduction in CO₂e emissions. This corresponds to 1 351 tonnes of CO₂e.** Adjusted for heating degree days, energy consumption in the “like-for-like” portfolio amounted to 73 692 MWh. Compared to the previous year’s consumption of 77 726 MWh adjusted for heating degree days, this corresponds to a reduction of 5.2%. These reductions have been achieved despite a slight reduction in vacancy. The extent to which they are due to effective efficiency improvements is difficult to ascertain this year due to the Corona-related differences in utilisation.

[Environmental performance measures page 214: Electricity, District heating and cooling, Fuels \(oil/gas\)](#)

[Environmental performance measures page 214: Greenhouse gas emissions Scope 1, 2 and 3](#)
[Environmental performance measures page 214: Energy intensity, Greenhouse gas intensity](#)

Share of renewable energy and own production of solar power

The share of energy purchased from renewable sources was 42% in the reporting year. The increase is due to a higher share of biogas and a slightly higher share of renewable energy sources in electricity and district heating. We already cover 99% of the electricity demand for our entire portfolio with renewable energy. For district heating and cooling, the share is 46% and for fuels, 10.4% are renewable (biogas).

In 2020, we produced around **1 323 MWh of environmentally friendly solar electricity with our own photovoltaic systems.**

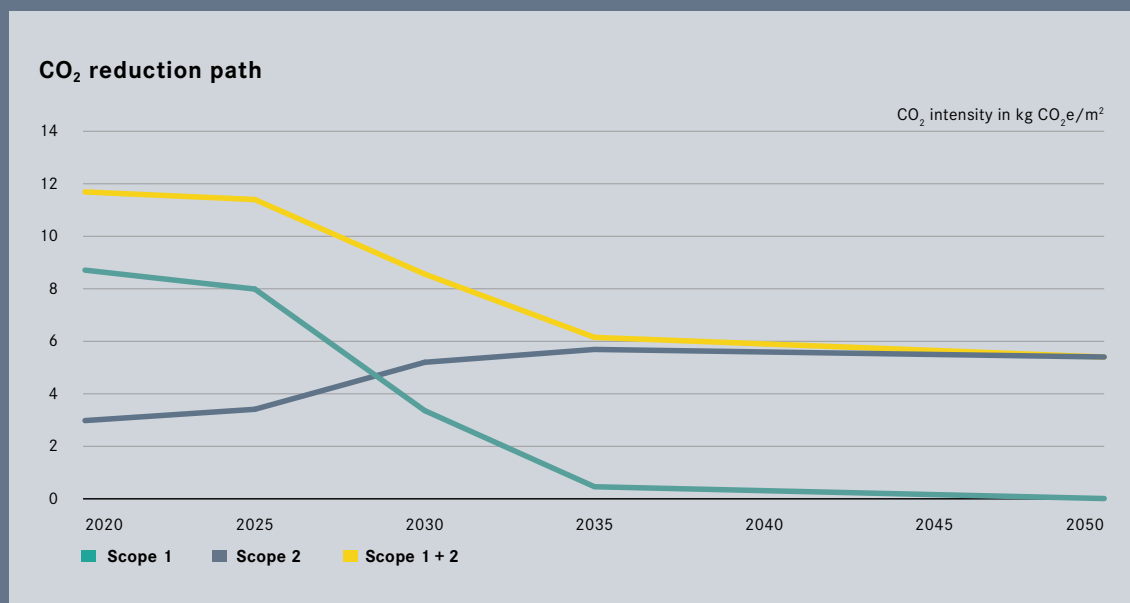
[Environmental performance measures page 214: Proportion of total landlord-obtained energy from renewable sources](#)

¹ The reporting year i.e. measurement period for the environmental key figures is 01.07.2019 – 30.06.2020. The vacancy rate on 21.12.2020 stood at 3%

Focus Issue: CO₂ reduction target and CO₂ reduction path

Specific CO₂ emissions of the portfolio have decreased by 35% since 2015. We have therefore far exceeded the five-year target set in 2015 of a 5% reduction. In order to continue making our contribution to the achievement of national and international efforts to combat climate change, we would like to reduce further the specific CO₂ emissions of our properties. In conjunction with an external partner, this year we calculated, analysed and defined our CO₂ reduction path to 2050. In doing so we based our actions on international and national targets and framework conditions, although also on the actual circumstances of individual buildings. We have taken into account the potential for reductions, the proportionality of investment costs and potential operating cost savings as well as the optimal time for the relevant measures. The reduction path set out shows the changes in specific CO₂ emissions until 2050 based on the following scenario.

- All existing oil or gas-powered heating systems will be replaced either by district heating or by heat pumps. All district heating potential will be exploited.
- The electricity purchased will originate from renewable energy sources.
- The CO₂ emissions factor for district heating will remain constant until 2050, i.e. no technological improvements have been factored into the calculation, or any shift of the district heating mix to a higher proportion of renewable energy sources. The proportion of renewable energy is currently 46%. The burning of waste has been incorporated into our calculations according to the Greenhouse Gas Protocol and is thus not considered to be climate-neutral, or is only considered to be 50% renewable².
- The focus of thermal renovation has been placed on properties that currently have high energy consumption. Only those renovation measures that are cost-efficient in terms of reducing CO₂ have been taken into account. This is a conservative assumption as other measures may potentially be implemented for other reasons (e.g. tenant comfort).
- The potential influence of operational efficiencies on further reductions has not been incorporated into the calculation. It has been assumed that the purpose of operational optimisation will be principally to achieve the expected reductions in actual fact, and not to raise energy consumption again at a later stage.
- The baseline for the reduction path are the 2019 emissions of 11.7 kg CO₂/m².



² According to the accounting rules of the Coordination Conference of Construction and Property Corporations of Public Sector Developers [KBOB], the share of waste incineration in the district heating mix is calculated with a Scope 2 CO₂ factor of 0. This is not the case under the Greenhouse Gas Protocol. Source: Alig M., Tschümperlin L, Frischknecht R. 2017: Treibhausgasemissionen Strom- und Fernwärmemixe Schweiz gemäss GHG Protocol

As the chart shows, the aim is to cut scope 1 emissions, i.e. emissions generated from the burning of oil and gas in properties, to practically zero by 2035. Scope 2 emissions will increase mainly due to the higher share of district heating. The CO₂ contribution of electricity is negligible, since it is renewable. According to the assumption mentioned above that there will be no technological improvements in district heating or any increase in the renewable proportion within the district heating mix, there will be a base level in 2050 of 5.4 kg CO₂e/m². Work on the building envelope (insulation, replacing windows) will contribute around 10% to reducing CO₂.

Based on this scenario, we have set a target of reducing specific CO₂ emissions by 2035 by around 50% to 6.15 kg CO₂e/m².

Based on conservative assumptions, it will be possible to reduce specific CO₂ emissions between 2035 and 2050 by a further 12% to 5.4 kg CO₂e/m². If the renewable portion of district heating is increased, CO₂ emissions will be reduced further accordingly.

In order to be able to continuously reduce the CO₂ emissions of our portfolio, we consider our priorities to be as follows:

Area	Measures/targets
Reduce CO₂ intensity of energy consumption	
Replace fossil heating by heating with a lower CO ₂ footprint: dependent (in part) on lifecycle	<ul style="list-style-type: none"> - As a general rule, no fossil fuel heating systems will be incorporated into new buildings. - When renewing heating/cooling systems, we shall where possible switch to heat pumps or district heating/cooling with a higher renewable element. This is the biggest and most economically efficient lever for reducing CO₂ emissions. - We are actively enquiring into connection opportunities to existing and planned district heating and cooling networks
Sourcing of electricity	<ul style="list-style-type: none"> - We aim to source 100% of electricity from renewable energy sources by 2025.
Improve energy efficiency	
Energy renovation (insulation, replacing windows): dependent on lifecycle	<ul style="list-style-type: none"> - For new buildings and conversions we shall assess the scope for optimising energy efficiency, flexible usage and tenant wellbeing. As a general rule, we shall base our action on the Minergie standard, although will in many cases go further.
Measures not dependent on lifecycle (e.g. lighting)	<ul style="list-style-type: none"> - Lighting units will be replaced by LED units where possible. By increasing tenant awareness we also aim to help reduce their electricity consumption in future.
Optimisation of operations	<ul style="list-style-type: none"> - We regard the optimisation of operations as an ongoing task. In order to be able to better coordinate our efforts, we have further expanded our internal facility management expertise.
Own production of renewable energy	
Increasing own photovoltaic capacity	<ul style="list-style-type: none"> - We are always seeking to increase our own photovoltaic production within the ambit of the existing potential analysed. Implementation occurs in line with the renovation cycle and economic considerations.

Flexibility of use

We want to offer our tenants high-quality properties that will also meet their requirements in the long term. With the increasing degree of digitalisation, new forms of cooperation and decentralised, mobile work patterns are emerging in the office world. Following the outbreak of the Coronavirus crisis, many people started to work from home for particular periods of time or indefinitely. It remains to be seen whether this will actually lead to a fall in the demand for office space. It is possible that workplaces will be configured more spaciouly in future. In addition, more space will be provided for flexible cooperation and exchange. 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 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. Even if a building is of high ecological quality, it is not sustainable if nobody wants to work in it any longer because needs have changed. 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 building is based on this concept. Such considerations have also been centrally incorporated into recent renovations, for example at Gerbergasse 5.

More space for exchange and cooperation

We are making more room for flexible **cooperation and exchange**. It is possible that demand for space within offices for workstations may fall, including as a consequence of the Coronavirus crisis. 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. 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. We already have several co-working providers as tenants. We are convinced that co-working spaces will continue to expand, including as a consequence of the Coronavirus crisis. These may supplement traditional working spaces, potentially also as a half-way-house between an office and working at home, whether at regional or central level.

Closer support for tenants in tenant fit-out

In order to better coordinate the increasing demands for technical infrastructure and flexibility with the specific needs of tenants, we have enhanced our capacities in the area of **support for tenant fit-out work**. The Business Development Team, which was set up in the autumn of 2020, will ensure that the customer's perspective is incorporated more centrally into planning from the outset, even if there is not yet any specific tenant.

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.

At the Bahnhofplatz in Zurich, the natural stone façade facing on to Bahnhofplatz 1/Bahnhofquai has been fully reconstructed in conjunction with the authorities responsible for the protection of historic monuments. It now looks like it did before the major fire in the summer of 2018. Also the building at Marktgasse 74 in Winterthur, which is subject to historic preservation, has undergone a complex renovation. At Greifengasse 21 in Basel, restoration work needed to be carried out on the natural stone façade of the building. In order to comply with the requirements of the Cityscape Committee (e.g. retention of the existing façade alignment and similar surface structure) whilst nonetheless achieving energy improvement, it was possible to install a façade incorporating high-performance thermal insulation panels and coloured mineral plaster. The conversion of Rue du Marché 40 (see picture page 194–197), which was completed in August 2020, shows that it is entirely possible to optimally align historic preservation, energy efficiency objectives and demands for digitalisation and modernity.

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 want to create animated areas where people can meet, where they like to linger, and where local jobs are created.

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 the urban development objectives regarding the mix of uses, infrastructure and sustainability for the respective areas and try to support them in the best possible way. We also give due consideration to aspects of city identity. For instance, the new ATMOS building, which should comply with the Minergie P-Eco standard, will contribute to achieving a sustainable neighbourhood development with high construction quality and thus a high-quality urban identity. New outdoor spaces will significantly enhance the surroundings and will turn into welcome relaxation areas and meeting points for old and young. Following the renovation of our property at Rue du Marché 40, we have opened the beautiful inner courtyard to the general public.

Communication and interaction with local stakeholders and neighbours is 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, we are unable to organise everything in formalised “programmes”. Some interesting projects also emerge from the situation, for example in the case of interim use. In any case, it is important to be open – and we are.

[Social performance measures page 217:](#)
[Local commitment](#)

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 and roofs. Although this involves individual measures in some cases, it often occurs in the context of replacement new buildings, renovations or other improvement measures that offer added value to tenants. The design and enhancement of the immediate surroundings of a property are also of major significance against the backdrop of our responsibility towards the environment and the general public. For example, a versatile roof terrace has been designed in the new ATMOS building, which can also be used as an outdoor workspace. The small, tree-covered oases on the extensively landscaped plaza will contribute to reducing heat islands.

In 2021 we intend to plan a pilot project in the area of environmental design focusing specifically on the improvement of biodiversity and expect to implement it in the following year. This will be used to derive a scalable template for other environmental work in the portfolio.

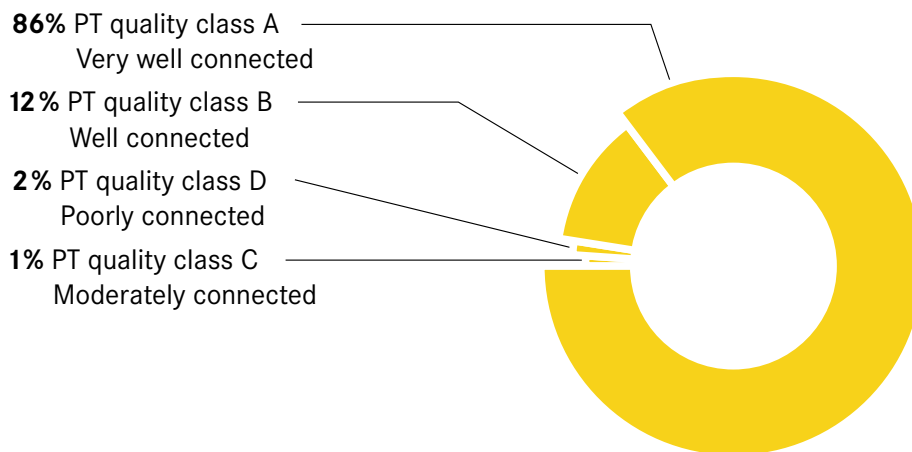
Demand for sustainable mobility

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. Good accessibility is therefore an important criterion within our purchasing decisions.

More than 85% of the buildings in our portfolio are situated in areas falling within PT [Public Transport] Class A, and are therefore very well connected. Less than 3% of the portfolio is moderately or poorly connected according to PT Classes.

Public transport quality classes

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.



Source: INFOPLAN-ARE, opentransportdata.swiss

Generally speaking, requirements for bicycle parking, charging stations for electrical vehicles as well as cloakroom and shower facilities are incorporated into the planning of new buildings. For example, a large bicycle parking unit has been included within plans for the new ATMOS building. In addition, there is a basic system with power rails for any further expansion of electric charging stations. These criteria are also taken into account

within renovation projects. One initiative has been the creation of bicycle parking spaces and bicycle stands at Moosstrasse 2 in Rüslikon. In 2020, electrical charging stations were retrofitted also at Seebahnstrasse 89, at Förrlibuckstrasse 60/62 and at Hardturmstrasse 161 in Zurich. The basic system at the last two locations has been designed so that further charging stations can be connected at any time.

Rue du Marché 40 – Renovation of a historic building in the heart of Geneva

In 2017, PSP Swiss Property initiated the renovation of the historic «Maison Bonnet» building in the heart of Geneva’s Rues Basses. The conversion from an office property into a hotel was a challenge. The result of this complex conversion is a successful example of how high demands for modernity and digitalisation, strict requirements on the conservation side and energy efficiency goals can be reconciled.

Maison Bonnet was completely remodelled inside: Previously occupied by commercial and administrative space, the historic building was transformed into a hotel with 144 modern rooms. With citizenM, we managed to attract an international hotel operator with an innovative, promising concept. Its approach of “luxury at an affordable price” relies on simple and useful technology, clearly recognisable design, prefabricated architecture and specially commissioned artwork.

Listed buildings do not particularly lend themselves to applying a uniform standard to them. The integration of all the technological and avant-garde requirements of the operator citizenM therefore required close cooperation of different actors with different languages and cultures and different expertise. The hotel was opened in September 2020.

On the ground floor and basement, the property continues to house two Swiss brands: Aeschbach Chaussures SA, a traditional Geneva house, and previous tenant Swatch, which wanted to retain its central location.

This conversion has not only given new life to Maison Bonnet – it also revitalises and enhances Geneva’s city centre.





Energetic refurbishment

It was important to implement state-of-the-art building technology to enable both the adaptation to tenant needs as well as compliance with historic preservation requirements.

Thanks to the renovation, energy consumption is halved despite more intensive use. The GEAK classification of E for the building envelope or D for the overall energy efficiency could be raised to a B. The GEAK (building certificate of the cantons) classifies buildings from A (best rating) to G (worst rating).

The building will be connected to the ecological heating network GeniLac for heating and cooling. This infrastructure is powered by water from Lake Geneva and 100 % renewable electricity.

Thanks in part to these achievements, the “Marché 40” project was awarded first place in the hotel category of the “Prix Bilan de l’immobilier 2020”.



“Curated chaos”

Different corners for working and eating, cosy lounges, a bar-restaurant open around the clock with fresh products: the “curated chaos” of colourful fabrics and lights combined with cool designer furniture and artworks invites you to linger, enjoy and exchange.

Historical building gets a facelift

The listed 17th century building shines in new splendour and revitalises Geneva’s city centre.

The façade, which had already undergone several changes, has been restored to its former aesthetic. The previously hidden, sublime inner courtyard is now open to the public.



**Efficient and customised**

Guests can check in independently at terminals and control ambient light, opening and closing of blinds, room temperature and much more via a 'MoodPad' or even via app.

**Affordable luxury**

citizenM caters to the needs of modern city travellers. The positioning as a luxurious boutique hotel at a very fair price is very much appreciated by a mixed crowd of guests.

Tenants

Satisfied tenants are the number one priority for the success of a real estate company. We like to have tenants who value our service and our buildings and can work productively in them. This means that having personal contact and working in partnership are absolute priorities for us.

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 CO₂ we have already been able for instance to save at least CHF 32 million in energy costs and CO₂ 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. It also has positive effect on ancillary expenses.

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 CO₂ 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 enables us to centrally monitor the relevant consumption values of our properties and see at a glance whether or not the current figures are within the tolerance range. In the event of irregularities such as a conspicuous increase in water consumption, we can react immediately. Permanent monitoring

therefore also pays off economically for tenants as it reduces heating costs and CO₂ emissions.

Optimisation of operations

It is possible to reduce energy consumption significantly through structural measures. However, there is also scope for improvement on the operations side. For us the optimisation of operations is directly related to the type of building and the applicable warranty conditions.

Operational optimisation immediately after handover of new buildings and renovations

At the start-up or acceptance of technical installations, often only one operating condition can be assessed (e.g. summer/winter). The interaction of the systems through all seasons requires adjustment with monitoring. The focus here is on ensuring operation and comfort to the satisfaction of the tenants. The actual energy optimisation takes place afterwards. Due to the ever-increasing connectivity of technical systems, the early detection and elimination of defects and software errors becomes increasingly important. Essentially, all completed projects at PSP Swiss Property pass through this phase. For larger and more complex buildings we involve various external specialists. The first phase of operational optimisation has been completed on the Grosspeter Tower. This has allowed us to gain experience for future projects in terms of the reciprocal dependence of technical systems on each other within such a complex system.

Energetic operational optimisation in existing buildings

During operation, problems with comfort or sudden increases in energy consumption cannot be completely excluded. As owners, we strive to recognise these at an early stage and to take appropriate countermeasures immediately. Operational optimisation is currently being carried out on the Richtipark Wallisellen in conjunction with an external partner following the identification of significant further potential for reducing energy consumption. The optimisation mentioned last year on the Hürlimann development site is steadily providing relevant information for strategic decisions in terms of future energy supply to the site, and has not yet been completed.

Energetic operational optimisation as a permanent task

During the course of technical renovations, we equip the facilities with a building management system, if appropriate. At a minimum, this includes the central energy control and alarm system, which enables central energy management and performance monitoring. With these instruments, we are able to react to changes in use, or at least to verify them. The focus is on efficient plant operation, which we ensure for the entire expected duration. Depending on the use, the task of optimisation can also consist in preventing energy consumption from rising. For example, following the achievement of significant energy improvements over the last two years, we have moved the property at Hardturmstrasse 161 on to this phase.

[Environmental performance measures page 214: Electricity, district heating and cooling, fuels \(oil/gas\)](#)

[Environmental performance measures page 214: Greenhouse gas emissions Scope 1, 2 and 3](#)
[Environmental performance measures page 214: Energy intensity, Greenhouse gas intensity](#)

Water consumption and waste prevention

The focus of our ecological efforts in relation to operational aspects clearly lies on reducing energy consumption and CO₂ emissions. However, other resources are consumed in addition to energy, such as for instance water, office materials or cleaning materials. Furthermore, waste is produced. User behaviour is a significant factor here, although we are only able to influence it to a limited extent. We seek to make efforts as far as possible in order to minimise the negative effects of operations.

- **Structural measures:** as a general rule, office buildings are not major consumers of water. Water-saving valves and devices are installed in new and renovated buildings. Specific water consumption was 0.48 m³/m² in 2020 (2019: 0.56 m³/m²). Last year's consumption was significantly above average due to a renovation project at the thermal baths on the Hürlimann development site in Zurich, whereas the figure for the reporting year is slightly below the long-term average. Due to the Corona-related influence on use, it is not possible to draw conclusions about the success of water saving measures for 2020.
- **User behaviour:** we are increasingly seeking to raise awareness concerning environmental protection amongst building users. This applies in particular to water saving but also waste. Since waste disposal and the payment of volume-based waste charges, based on the polluter-pays principle, are the responsibility of the tenants in Switzerland, we do not 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 that enable and facilitate the avoidance of waste as well as reuse and recycling.

[Environmental performance measures page 214: Water consumption](#)
[Environmental performance measures page 214: Wasser intensity](#)

Service orientation and wellbeing of tenants

For us, appreciation, reliability, quality and transparency are the basis of a professional business relationship that is successful in the long term. We want to be a solution-oriented, trustworthy and flexible partner for our customers and business partners.

Service orientation

A long-term customer relationship begins with the rental of offices or shops. 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 preparation and analysis of the **“Customer Journey Map”** in 2019 helped to identify various areas where there is potential for increasing efficiency and quality as well as for better communication. Our focus was specifically on those moments in the process when we can actively influence the customers’ decision in a positive way. The sustainability factor was always part of this process. An important basis for any long-term relationship is the need for rental spaces to be perfectly suited to the tenant. This makes sense for both parties but also for the environment as it helps to avoid expensive and energy-intensive relocations. The following issues will be addressed as a matter of priority in future:

- **Increased digitalisation in marketing:** supports this process through greater transparency, efficiency and improved support in finding the ideal property. Efforts are underway, for example, in the areas of electronic rental dossiers, 3D visualisation, and electronic rental contracts.

- **Efficient and competent support:** thanks to our own property management we are uniquely close to our tenants. Digitalisation is also increasingly being used in property management, in order to be able to react faster and in a more targeted manner. Initial results from a pilot test with an app for recording tenant concerns have been positive.
- **Green lease:** 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. During the second half of the year we held discussions with a major tenant concerning a more formal documentation of both sides’ ambitions in the area of sustainability. Since there are no official templates for green leases in Switzerland, we have drawn up our own green lease addendum to the lease. In 2021 we shall attempt to engage in similar discussions also with other tenants. The results from the tenant survey (see Focus Issue page 201) suggest tenants are already willing to take action in this area.

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.

The tenant survey carried out in the late autumn of 2020 showed that demand for hygiene measures has increased sharply as a result of the Corona-virus crisis. The particular importance of hygiene is not always easy to reconcile with trends such as desk sharing or calls for more common spaces. Needs such as greater air exchange or opening windows could in turn have detrimental effects in terms of energy efficiency requirements. By communicating with tenants we seek to make them aware of these conflicts and to set the right priorities in order to guarantee their satisfaction and wellbeing.

In order to enable us to focus more strongly on tenant needs, we have further enhanced our capacities in tenant fit-out, and in October 2020 transferred them to our **new Business Development unit**. This unit is envisaged as an internal and external service provider and works across departments and on an interdisciplinary basis. This enables us to take on board sustainability considerations, such as resource efficiency or wellbeing, health and safety, at an early stage into the planning of tenant fit-out work. The unit aims to carry out trend analyses and test innovations. For example, the team considers the optimal configuration of the various areas within the office in order to enable the office to continue to be usable

without restriction also during a pandemic. We have tested our own offices for “Covid-suitability” and, in conjunction with an external service provider, drawn up a so-called “health check” for offices and shops, which can also be offered to our tenants where required. The check takes account of the layout and furnishing of the office or shop, building technology, facility management and cleaning. It further highlights action that can be taken by the tenant in relation to behaviour, equipment and working time organisation

[Social performance measures page 217: H&S impact assessments, and number of incidents](#)

Focus Issue: more detailed consideration of sustainability in the tenant survey

In the autumn of 2020 we carried out a survey amongst the largest tenants, asking how satisfied they were with their tenancy in general but also specifically in relation to the property, caretaker and quality of support from property management. Detailed questions were asked in relation to rental space needs, sustainability, digitalisation and future services. Satisfaction increased compared to the 2017/18 survey.

In order to be able to better identify needs in relation to sustainability and to identify any interest in taking action, for the first time we incorporated a major block on this issue into this year’s tenant survey. The survey identified a high level of interest in sustainability topics. However, due to the focus on larger tenants the information collected is not representative of the entire tenant base.

Out of the tenants surveyed, 80% are already pursuing a specific sustainability strategy. More than 80% view improved data exchange in a positive light and support the formal documentation of re-

ciprocal sustainability ambitions. There is also a particular openness towards measures to ensure energy efficiency and the purchase of renewable electricity, although according to respondents a lot has already been done in these areas.

Moreover, a sustainable building concept is considered to be important or very important for two thirds of respondents. 48% of the tenants surveyed state that they would even be willing to accept higher costs as a result. It appears to be significant for more than one third for such buildings to be certified with a sustainable building label. Whether it is really the label that is decisive or simply the existence of a high standard must be examined more closely in the follow-up. In addition, bicycle parking spaces and charging stations for e-mobility are high up the list.

We shall analyse the detailed answers provided in the tenant survey in greater detail in 2021 and make follow-up enquiries in order to understand various aspects better. However, it is clearly apparent from the survey that enhanced cooperation in relation to sustainability would be absolutely welcomed.



Gian-Marco Hosang, PSP Swiss Property – Project manager Business Development (Tenant fit-out)

“The Steinentorberg property in Basel is a prime example of a successful renovation. We achieved a great result with a convincing overall concept that we pulled off despite a bumpy road at times. While adhering to all specifications and deadlines, we designed a flexible room concept with open space, combi-offices and freely scalable conference rooms that the tenant can adapt to his needs with little effort. Our product is sustainable and has been convincing. One year after the conversion, the property is fully let.”

On the picture Thomas Kraft, PSP Swiss Property – Asset manager Steinentorberg property and Gian-Marco Hosang

Andreas Widmer, Westhive – Founder & Partner

“I have been a ‘child of Züri West’ ever since I can remember. The pulsating life, the cosmopolitanism of the district and the many brownfields where new and innovative things are created – this mix has always fascinated me. As pioneers of co-working, we are in exactly the right place at Hardturmstrasse. The building offers a flexible room layout, the mix of living and working is right. PSP Swiss Property has supported us unbureaucratically from the very beginning. Their trust was and is very important to us.”





Nicolas Martin, On – Head of Retail Expansions & Office Spaces

“Next year, On will open On Labs – a new campus that will bring our growing teams together under one roof in Zurich West! ATMOS offers us this opportunity. True to On’s spirit, it will be an environment that never stands still – a centre for creativity and technology where ideas are rapidly implemented. PSP Swiss Property has understood this vision.”



Tobias Bischoff, tiny Fish

“We launched tiny fish in August 2020. Not an ideal time, but the opportunity to open a second location on Bleicherweg made the decision easy for us. High-quality sushi at fair prices, sustainably produced and fresh every day – that’s what convinced PSP Swiss Property. As a young company, we really appreciate their trust in our business model and the open, honest cooperation.”

On the picture Tobias Bischoff and Yurany Murillo, PSP Swiss Property – Real Estate Agent

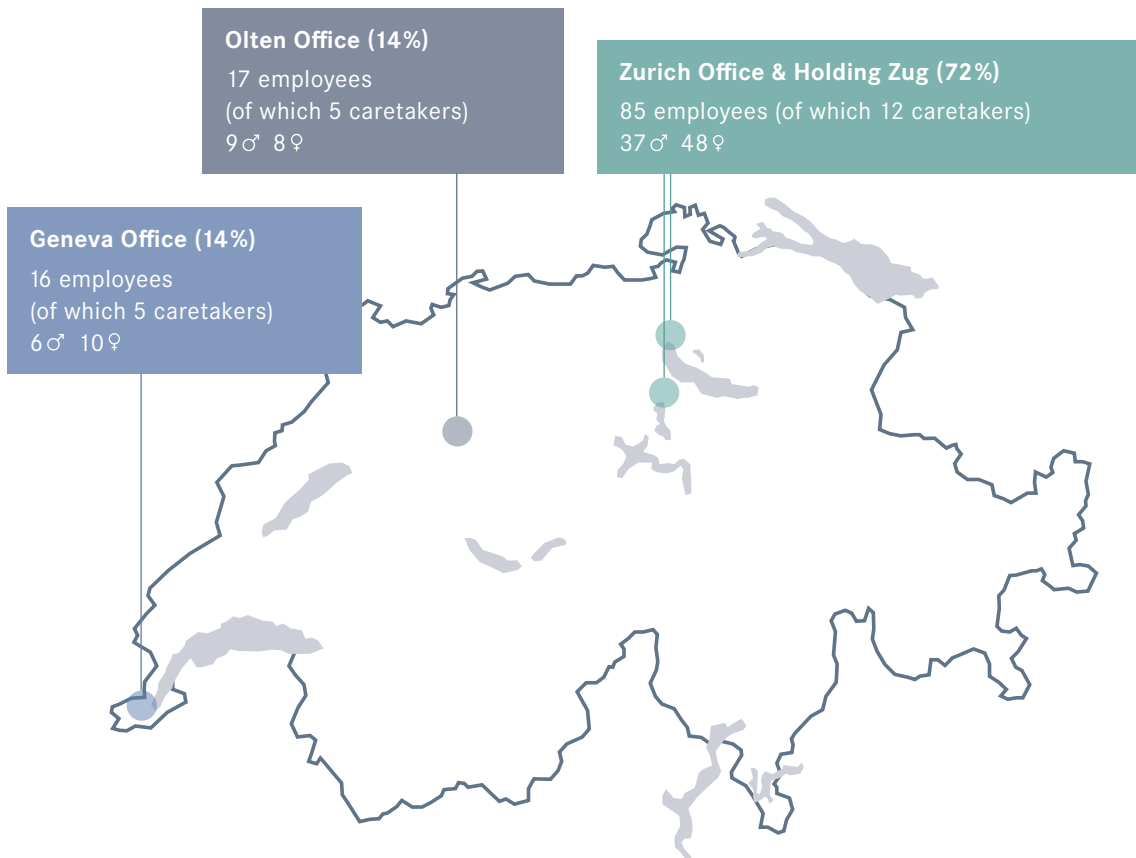
Employees

Well-trained, competent and motivated employees are the key factor in the success of our business. Every day, they are committed to the concerns of our tenants and business partners and ensure that we will be able to fulfil our ambitious targets for the future.

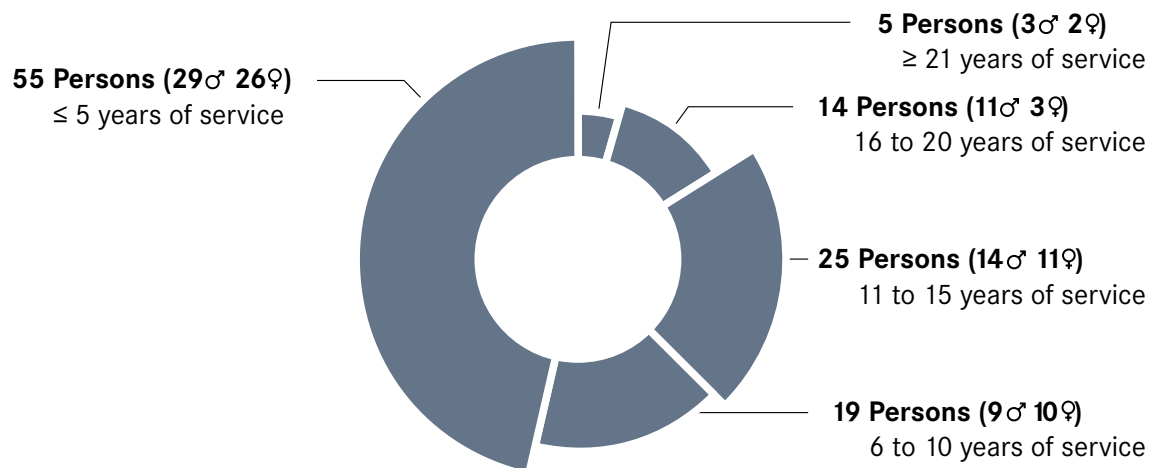
At the end of 2020, 118 employees were working at PSP Swiss Property, 22 of whom were caretakers (end of 2019: 119 employees, 25 of them caretakers). The caretakers work on a property-related basis and are managed by the property management unit of PSP Management AG. Details on our operational organisation can be found on our website.

www.psp.info/management-structure

The labour market poses numerous challenges, not only for the real estate market. The needs of different stakeholders differ significantly between generations. We take account of this fact by offering an attractive, safe and varied working environment with flexible workplaces and friendly discussion and meeting areas that increases the motivation of our employees and enables them to perform to a high standard. We also promote the professional and personal development of our



Years of service of employees



employees. Our business management places particular value on short communication channels and exchanges across all hierarchical levels. This is very much feasible thanks to the low and stable number of employees. Cooperation, interdisciplinary exchange and taking the initiative are promoted, which is particularly appreciated by our employees.

As previously mentioned in the 2019 Annual Report, at the end of 2019 PSP Swiss Property was certified as a “Great Place to Work®”. This certification is testament to an excellent workplace culture. The survey identified workplace culture and employer attractiveness based on five dimensions: credibility, respect, fairness, pride and team spirit. These values are important for us, and we seek to embody them through our actions. The results were announced within the company and management have defined potential areas for action with employees and also taken appropriate action.

www.psp.info/values

Thanks to the very good results of the employee survey, we also qualified in 2020 for participation in the “Best Employer in Switzerland” competition in the medium-sized category (50–250 employees). In May 2020 we were ranked in 8th position in the category of the best medium-sized companies in Switzerland.



Corporate culture

With our open corporate culture, we lay the foundation for creating trust, conveying security and convincing all our stakeholders with optimal solutions. Our principles on employment rights and obligations are also set out in the **code of conduct** published in 2019.

Workplace culture and communication

We offer an attractive and varied working environment that increases motivation and enables high-quality achievements. 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. The 400 m² Collaboration Lab offers moveable tables, workstations and lounges equipped with state-of-the-art audio and video technology for presentations. The photographs on our website provide an insight into our cooperation and meeting areas.

The employee survey conducted in autumn 2019 confirmed that our managers are approachable, open to dialogue, and that they keep their promises. 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, we regularly inform employees in the quarterly report about current topics, the developments and goals of the Company, as well as about the current course of business.

Our open corporate culture is intended to provide all employees with a feeling of confidence and

security. Cooperation between us is built on reciprocal appreciation as well as respect, loyalty and responsibility. More than half of employees have been working for us for longer than 5 years.

[Social performance measures page 216: Fluctuation](#)

Equal opportunity and diversity

It is only by ensuring equal opportunities for all along with a diverse employee team that we can draw on the experiences and perspectives of all employees alike as a source of innovation, problem solving and dedication. The property and construction industry is traditionally male-dominated. Gender equality is therefore an important issue for us. However, we also take the challenges associated with demographic change in Switzerland very seriously: a growing group of older employees will be working alongside a comparatively smaller number of younger professionals. In future, both younger and older employees will have to be increasingly ready to benefit from one another's experience and knowledge. All employees enjoy equal opportunity. We do not tolerate any discrimination based on nationality, gender, sexual orientation, age, religion, or ideology.

With 52 **women** working for the Company, their share in 2020 was 44%. As a result, the gender ratio is almost balanced overall, with a different distribution in the different departments. While in property management the gender ratio is fairly balanced, women are still greatly under-represented in the construction and caretaker department. It is quite unlikely that the proportion of female caretakers will increase significantly over the coming years. In the construction sector on the other hand a trend is apparent. During the reporting year we were able to appoint a further woman to the energy and building technology team as owner representative focusing on facility management. When appointing staff we always seek to form teams with a gender and age balance. Deserving employees may continue to work also after retirement age, for example on a part-time basis or by the hour.

[Social performance measures page 216: Gender diversity](#)

Employee development and retention

Training and continuing education is not a matter exclusively for the state or private individuals. Companies must also take on responsibility for training up people and support them in realising their potential. We are mindful of this responsibility and take it very seriously. Ultimately, we also benefit from well-trained and 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 2020, 9 employees took up new positions. Carrying out induction during the lockdown was a particular challenge. Thanks to intensive communication, we were fully able to integrate all of the new employees hired during this pandemic year, despite all of the restrictions.

[Social performance measures page 216:
New hire rate and turnover](#)

Assessment and development

There are regular personnel reviews between managers and employees involving discussions of individual situations, which are held at least once

a year. They provide our employees with important feedback on their work and define their contribution to the achievement of goals within the Company. It is important for us that employees can also continue progressing within our company, for example by switching to a different department or by taking up a new role. Some changes of this type occurred in 2020.

[Social performance measures page 216:
Performance appraisals](#)

Training and continuing education

We promote the professional and social skills of employees and support them in their professional development with personal training and continuing education. Our internal theme lunches ("PSP Academy Lunches"), which we hold on a regular basis, are also popular. At these events, current business cases are analysed or themes and trends are presented and discussed.

External training and continuing education include courses in the areas of real estate, IT, management, communications, accounting, and sustainability. As language skills are becoming increasingly important, also in the local property business, we have been offering our employees free courses in German, French and English for several years. These can be attended during working hours at the office locations. During the lockdown and while our employees were working from home these courses were held online, and will be until further notice.

Selection of the various qualifications that our employees obtained in 2020

MAS in Energie- und Ressourceneffizienz	CAS Entscheidung, Strategie und Digitalisierung	
CAS Digital Innovation & Business Transformation	Dipl. Techniker HF / Gebäudetechnik	
Introduction à l'Economie Immobilière SVIT	CAS in Marketing- & Corporate Communications	
Eidg. Fachausweis Bewirtschaftung	CAS Leadership	Professional Scrum Product Owner
ICT-System und Netzwerktechnik mit Eidg. Fachausweis	CAS in Immobilienmanagement	

In 2020 each employee completed an average of 3.4 days of internal or external training or continuing education. This figure is slightly lower than last year's level as some training has been cancelled or deferred due to the pandemic.

[Social performance measures page 216:](#)
[Training and development](#)

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 the 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.

It goes without saying that we guarantee equal opportunity for all employees. 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.

Equal pay analysis

In the middle of 2020 the revised Gender Equality Act [GIG] came into force, which obliges companies with at least 100 employees to carry out an internal equal pay analysis according to scientific and legally approved methods (Articles 13 et seq GIG). The aim of this is to analyse salary equality between men and women within the company, which the Swiss Federal Constitution seeks to achieve, and to make adjustments in the event of any existing or unexplainable gender-specific salary differences.

In the early summer, the management decided to carry out this equal pay analysis. The firm Comp-On supported us in carrying out this analysis, preparing and analysing our payroll data for the Federal Government's standard analysis method. As required by law, a formal review of the results was conducted by the auditing company SGS³. We were issued with the "Fair-ON-Pay+" certificate in June 2020. This means specifically that PSP Swiss Property distinguished itself as a fair employer that guarantees equal pay for men and women.

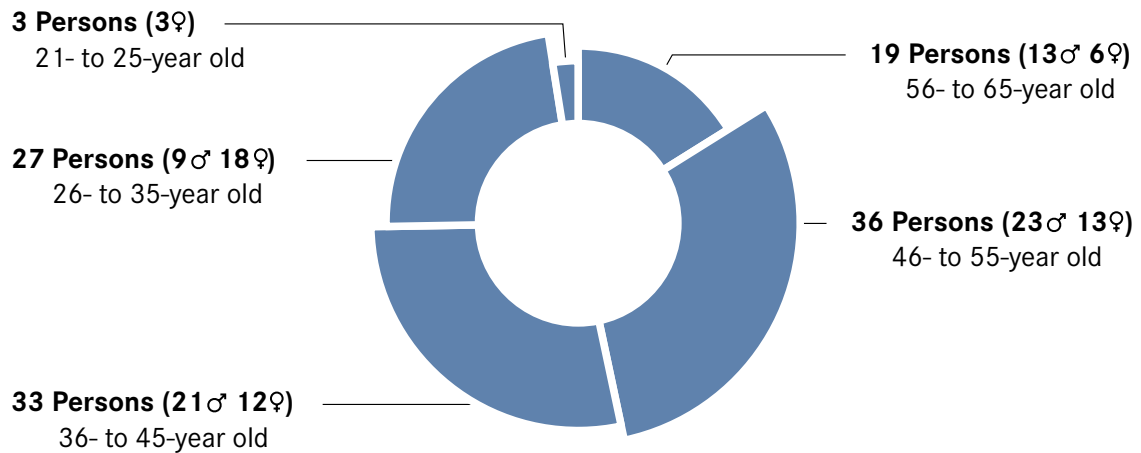
[Social performance measures page 216:](#)
[Gender pay gap](#)



³ 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.

Age of employees

The average age of all employees is 44, specifically 46 for men and 40 for women.



Employee health and wellbeing

For us, generous, modern work areas, an attractive work environment, and a high-quality infrastructure are a matter of course and create ideal conditions for working. However, it is also important for physical and mental health for employees to strike a good balance between work, family, free time and other duties. We received very good marks in our employee survey for our good working environment, enabling a good work-life balance and our understanding of different life situations.

Health and safety

We want to help our employees to feel at ease in our buildings and to be able to work productively there. 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). Aside from the extraordinary measures required as a result of the Covid-19 pandemic (see Focus Issue page 210), we also supported the health of our employees this year through various measures.

Workplaces: for us, generous, modern work areas, an attractive work environment, and a high-quality infrastructure are a matter of course and create ideal conditions for working. In line with the strict Suva (Swiss Accident Insurance Fund) standards,

we also provide all employees with ergonomic chairs and desks equipped with electric height adjustment.

Meals: all locations have a bright break 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 Olten and Geneva benefit from contributions to fitness subscriptions. This year PSP Swiss Property participated for the first time in the Swiss health promotion initiative “bike-to-work”. Since the action was well received (see also photograph pages 212–213), we shall be repeating it this year.

Occupational safety and mental health: in the area of occupational health and safety, we have the appropriate emergency protocols, organise the required courses (first aid courses, defibrillator, fire) and regularly carry out drills involving all staff. We also 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 in dealing with them.

Focus Issue: dealing with Covid-19

The Covid-19 pandemic confronted society as a whole and us as a company with a number of challenges in 2020. The health of our employees and the general public is a priority issue, along with securing operational organisation and communication and interaction with our tenants, business partners and where necessary the authorities. Since February 2020, developments have been regularly discussed by a small crisis team and appropriate action has been adopted, announced and implemented.

Hygiene and safety measures: we have regularly informed our employees, and continue to do so, concerning the latest requirements and recommendations of the Federal Office of Public Health (FOPH) as well as the measures inferred by PSP from them. As early as February 2020 we started to provide disinfectant at all business locations and introduced social distancing rules. In order to be able to identify any need for improvement in relation to infection risks we arranged for a health check to be carried out for our business locations. We then implemented further measures in the areas of hygiene equipment, signage and layout.

Home-office workplace equipment: around 80% of employees spent the lockdown period working from home. Although PSP Swiss Property had already had the option of home-office working for some time, the drastic shift was a new experience for most employees. Thanks to excellent IT support this worked extremely well on a technical level. In order to enable pleasant and efficient work, we have, where necessary, unbureaucratically equipped employees with screens, keyboards and further equipment in addition to their laptops.

Conveying a feeling of security and confidence: during its regular communications management was very keen to convey a feeling of security, to encourage employees and to express its understanding for the challenging family and work situation.

Thanks to our solid company culture, employees have so far come through the challenging time well. The experience of working from home has been largely positive. The working methods introduced during this period as well as the competences developed in the area of digitalisation will also be beneficial after the pandemic has passed. Nevertheless, we continue to consider the office as an important place at which our company culture and our values can be best conveyed and experienced.

During the new financial year we would like to improve further the competence of our employees in issues relating to physical and mental health and expand what we offer.

[Social performance measures page 216:](#)
[Injury rate, lost day rate](#)

Work-life balance

We are responsible first and foremost for the well-being 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. The younger generations in particular take flexible working hours, state-of-the-art workplaces, the latest technologies, and having a say for granted. As an employer, we try to take this “New Work” trend into account as far as possible, the focus of which is on the development of an individual’s potential. Accordingly, we can offer flexible working time models with part-time work, part-time work after retirement, employment on an hourly basis, or early retirement.

In 2020, 28 were employed part-time, which corresponds to a share of around 24%. Sixteen female employees and one male employee without rank as well as nine female and two male middle-management staff had a part-time contract.

In 2018, we introduced the so-called “annual working time” for all employees and caretakers. This is intended to allow flexible working hours. In this way, we can manage fluctuations in workload and the varying needs of employees. 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.

[Social performance measures page 216:](#)
[Absentee rate](#)

Nadja Müller – Receptionist Zurich Office

“The year before last I was going through the hardest time of my life. I can consider myself very fortunate that I got back on my feet – or rather, back on my bike. How fantastic to feel the wind in my face and to be able to breathe freely again! When I took part in the Bike to Work Challenge last year with a PSP team, I felt pure joy of life again. I am so happy that I was motivated to do this. As a result of this I even got a wonderful bike for my birthday.”



Margrith Rupp – Head of Human Resources

“This year, we once again became aware of how important the topic of health is to all of us: physical as well as psychological health. Communication with each other plays a crucial role. Especially when we work in a home-office, we must not forget how important interpersonal exchange is. Line managers are especially called upon here. There are numerous ways to have daily contact with employees – inviting them to virtual coffee breaks, discussing pending issues and agenda items via Skype or simply asking them how things are going at home.”



**Angelika Waibl – Project Manager Facility Management**

“I started my job at PSP Swiss Property at the beginning of May 2020, in the middle of the lockdown. On the first day, to my delight, there was a beautiful bouquet of flowers on the table. I kept seeing new faces offering to help me settle in and wishing me good luck. I also received valuable tips online, as many of my new work colleagues were still working from home. In the meantime, I know that this interest is genuine. At PSP Swiss Property, no one is a number, but a person.”

**Martin Raymann –Energy and Building Services Specialist / Safety Officer**

“During the lockdown last spring, everything happened so quickly. From one day to the next, home-office was the order of the day. To support my colleagues as much as possible, we unceremoniously dismantled their workstations and delivered screens, keyboards and mice to their homes. Included in the service was also a forgotten pair of trainers from the fitness room.”

Performance measures

EPRA Sustainability performance measures – Environment

The following table contains the environment-related performance measures for 2019 and 2020. 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 2020.

EPRA code	Unit	Indicator	Scope
Energy			
Elec-Abs, Elec-LfL		Electricity	For landlord shared services, air-conditioning, ventilation (Sub)metered exclusively to tenants
			Total landlord-obtained electricity Proportion of landlord obtained electricity from renewable sources¹
DH&C-Abs, DH&C-LfL	kWh	District heating and cooling	Heating passed on to tenants (Sub)metered exclusively to tenants
			Total landlord-obtained district heating and cooling Proportion of landlord obtained district heating and cooling from renewable sources
Fuels-Abs, Fuels-LfL		Fuels (oil/gas)	Heating passed on to tenants (Sub)metered exclusively to tenants
			Total landlord-obtained fuels Proportion of landlord obtained fuels from renewable sources
		Total Energy	Total landlord-obtained energy² Proportion of total landlord obtained energy from renewable sources
Greenhouse gas (GHG) emissions			
GHG-Dir-Abs		Direct	Scope 1
GHG-Indir-Abs	Tonnes CO ₂ e	Indirect	Scope 2
			Scope 3
		Total	Scope 1, Scope 2, Scope 3
Water			
Water-Abs, Water-LfL	m ³	Water	Water passed on to tenants (Sub)metered exclusively to tenants Total landlord-obtained water
Specific			
Energy-Int	kWh/m ²	Energy Intensity	Landlord-obtained energy ³
Water-Int	m ³ /m ²	Water Intensity	Landlord-obtained water
GHG-Int	kg/m ²	GHG Intensity	Scope 1, Scope 2
Certified buildings			
Cert-Tot	7 buildings or 8.3% of lettable space as a percentage of the reported portfolio are certified (LEED and Swiss “Minergie” standard)		

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 2019 and 2020 is 79 083 039 kWh and 76 474 438 kWh respectively. Adjusted for heating degree days, Like-for-like energy use for 2019 and 2020 is 77 725 921 kWh and 73 691 553 kWh respectively.

3 These figures are not adjusted for heating degree days. Adjusted for heating degree days, energy intensity for 2019 and 2020 is 88.833 kWh/m² and 83.755 kWh/m² respectively.

EPRA Sustainability performance measures – Social

Employees

The following table contains the key performance measures for 2019 and 2020 that relate to social aspects. The performance measures are marked with the respective EPRA code. The caretakers work on a property-related basis and are managed by the management unit of PSP Management Ltd. Ernst & Young Ltd provided limited assurance on the information marked with for 2020.

EPRA code	Unit	Indicator	Scope	Performance measure	
				2019	2020
Diversity					
Diversity-Emp	% of employees	Gender diversity	Board of Directors	86% ♂ / 14% ♀	88% ♂ / 12% ♀
			Executive Board	100% ♂ / 0% ♀	100% ♂ / 0% ♀
			Senior Management ¹	100% ♂ / 0% ♀	100% ♂ / 0% ♀
			Middle Management ²	58% ♂ / 42% ♀	54% ♂ / 46% ♀
			Employees without rank ³	21% ♂ / 79% ♀	19% ♂ / 81% ♀
			Caretakers	88% ♂ / 12% ♀	91% ♂ / 9% ♀
Diversity-Pay	Female to male ratio	Gender pay gap ⁴	Board of Directors ⁵	1	1
			Middle Management	0.89	0.93
			Employees without rank	1.09	1.06
Development, Training and Turnover					
Emp-Training	Average hours per year and employee	Training and development ⁶		32.6h	28.4h
Emp-Dev	% of total workforce	Performance appraisals		92%	97%
Emp-Turnover	Total number	New hires	Direct employees	19	9
		Leavers		17	10
		Number of employees at year end		119	118
		New hire rate		16.0%	7.6%
	Rate in %	Turnover		14.3%	8.5%
Health & safety					
H&S-Emp	Number of injuries per 200 000 hours worked	Injury rate	Direct employees	1.9	0.99
	Number of lost days per 200 000 hours worked	Lost day rate		5.8	101.8 ⁷
	% of average hours worked	Absentee rate ⁸		2.3%	2.4%
	Total number	Fatalities		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.

4 We do not report pay gap for the Executive Board as there are no female members of the Executive Board and we do not consider the corresponding performance measure to be meaningful. Compensation of our Executive Board is disclosed in the compensation report. We do not report pay gap for Senior Management as there are currently no women in Senior Management. We do not report pay gap for caretakers because the cumulated FTE of female caretakers is too small to generate a meaningful performance measure.

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 per employee.

7 Lost days are due to a single occupational accident.

8 Absentee rate excludes long-term absences of more than 12 weeks. Absentee rate including long-term absences was 3.2% for 2019 and 2.8% for 2020.

Assets

EPRA code	Unit	Indicator	Scope	Performance measure	
				2019	2020
Health & Safety					
H&S-Asset	% of assets	H&S impact assessments ⁹	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
Community					
Comty-Eng	% of assets	% of assets with community engagement initiatives ¹⁰		N/A	N/A

⁹ Quality management is implemented on our processes and in all our properties and sites. Health and safety checks are carried out in particular at our 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.

¹⁰ 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 page 192.

EPRA sustainability performance measures – Governance

The following table contains the governance related key performance measures for 2019 and 2018. The key performance measures are marked with the respective EPRA code.

EPRA code	Unit	Indicator	Scope	Performance measure	
				2019	2020
Board composition					
Gov-Board	Total number	Executive members	Board of Directors	0	0
		Non-executive members		7	8
		Independent members		6	7
		Independent and non-executive members with competencies relating to environmental and social topics ¹		4	5
	Years	Average tenure of Board members		9.7	9.5
Nomination and selection					
Gov-Select	Narrative	Description of the nomination and selection process	Board of Directors	See below ²	See below ²
Conflicts of interest					
Gov-Col	Narrative	Processes for managing conflicts of interest	Board of Directors	See below ³	See below ³

1 Please refer to the Corporate Governance section in the annual report 2020 (page 151 ff.), where specific competencies are listed and skills and experiences become apparent from the biographies of Ms. Corinne Denzler, Mr. Peter Forstmoser, Mr. Nathan Hetz, Mr. Aviram Wertheim and Mr. Henrik Saxborn. Mr. Hetz, Mr. Wertheim and Mr. Saxborn for example developed specific competencies and experiences in environmental and social topics pertaining to their functions and proven track records as members of the board and CEOs of renowned and listed real estate companies in their home country market; the same holds true for Ms. Denzler, who looks back on a career in the field of Swiss tourism and is actually CEO of a reputable Swiss hotel group. Mr. Forstmoser, has developed and demonstrated over years respective competencies, inter alia as former Chairman of Swiss Re, a leading Swiss reinsurance company accustomed with sustainability topics, as former Chairman of «The Sustainability Forum» Zurich, and as former Member of the Board of the «Center for Corporate Responsibility and Sustainability», an organisation connected with the University of Zurich.

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 2020 (page 163f.).

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 2019, page 143 ff. and annual report 2020, page 151 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 in respect to cross-board memberships and cross-shareholdings (none, see Section 1.3 and Section 3.1), major shareholders (Section 1.2) and substantial business relationships with the company (none, see Section 3.1), as well as inter alia in the note 32 to the consolidated financial statements in respect to related parties.

Delimitations and explanations on the performance measures

EPRA Reporting

We have been reporting in accordance with the Best Practices Recommendations (sBPR) of EPRA (European Public Real Estate Association) since 2015. In 2020, PSP Swiss Property received the EPRA Gold Award for its 2019 reporting - for the fifth consecutive year.

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 July 1, 2019 to June 30, 2020. The social indicators (EPRA table performance measures) and the governance-related performance measures refer to the same period as the financial reports (January 1, 2020 to December 31, 2020).

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, Olten 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 2020, we analysed 155 investment properties with 913 078 m² of lettable space (2019: 153 investment properties with 890 240 m² of lettable space). On 30 June 2020, the portfolio comprised 161 investment properties.

The difference to the 155 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: Via Respini 7/9, Locarno; Port Noir Hammam & Bain Genève Plage, Coligny; Bahnhofstrasse 66, Brandschenkestrasse 70 and 72 as well as Mühlebachstrasse 6 (all in Zurich); Seilerstrasse 8a, Bern. The property Rue de Sébeillon 2 in Lausanne consists of parking spaces only, and thus has no energy consumption. The newly renovated property Steinentorberg 8/12 in Basel was reclassified as an investment property as of Q2, but is not included in the sustainability reporting because it was renovated during the reporting period. Furthermore, the property at Grosspeterstrasse 20 (formerly Grosspeterstrasse 18/20) was not included, as demolition work had already taken place in Q2.

These 10 mentioned properties were therefore not included in the Sustainability Report. On the other hand, the following 4 properties intended for sale or reclassified as development properties were taken into account: Seestrasse 40/42 in Kilchberg; Füsslistrasse 6, Sihlramtstrasse 5 and Zurlindenstrasse 134 in Zurich. The properties Rue de Berne in Geneva and Bankstrasse 11 in Uster, which were sold during the reporting period, are not included in the performance measures for 2020.

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 this reporting year comprises 150 properties.

Specific figures (intensities)

The reference value for the specific consumption figures (kWh energy/m², m³ water/m² and kg CO₂e/m²) is the lettable floor space in line with the values published in the Annual Report for the mentioned 155 properties.

Explanations on the data basis

Estimates

Of the energy we procure, 8.4% of total was estimated in 2020 (9.7% in 2019). 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; these 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.

Oil and gas

The conversion from volume or mass units to energy is carried out in line with the conversion factors according to SIA380:2015 and refer to the upper heating value HO.

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.

CO₂e emissions Scope 1 and 2

We calculate our energy and CO₂ data with the help of Myclimate's Smart3 data management system and CO₂ 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.

CO₂e emissions Scope 3

Business travel: We also calculate the CO₂e emissions from our business travel (air, car, train). Emissions from business travel in 2020 amounted to 69.5 tonnes CO₂e (2019: 49 tonnes). Despite Corona-related limited business travel activity in the second quarter of 2020, emissions increased. This is due to some long-haul flights for investor meetings that could not be carried out in the previous year.

Correction/reporting of environmental indicators

In the year under review, we took various measures that required the previous year's figures to be corrected or restated to ensure comparability:

Corrections of previous year's figures: Due to a closer analysis, measurement errors were discovered in some previous year's values. This concerns 16 values. These were corrected. The corrections led to the following deviations between the previous year's values in the last annual report and the newly presented previous year's values: oil & gas: 1% higher; electricity: 0.06% higher; district heating: 2.3% lower; water: 0.7% higher; CO₂e emissions Scope 1: 1.3% higher; CO₂e emissions Scope 2: 2.8% lower.



Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Telephone: +41 58 286 31 11
Fax: +41 58 286 30 04
www.ey.com/ch

To the management of
PSP Swiss Property AG, Zug

Zurich, 22 February 2021

Independent assurance report

We have undertaken a **limited assurance** engagement of the following quantitative performance measures marked with a “☑” disclosed in the PSP Swiss Property AG Annual Report in the chapter “Sustainability Report” for the reporting period from 1 January 2020 to 31 December 2020:

- ▶ Table on energy and emissions performance measures on pages 214-215 of the Sustainability Report
- ▶ Social performance measures related to employees on page 216 of the Sustainability Report

Our engagement was limited to the performance measures listed above. We have not assessed the following performance measures or information disclosed in the report:

- ▶ Information other than the sustainability performance measures indicated above
- ▶ Performance measures related to previous reporting periods
- ▶ Qualitative statements



Responsibility of PSP Swiss Property AG's management

The management of PSP Swiss Property AG is responsible for the preparation of the Information marked with a “☑” in the chapter “Sustainability Report” in the Annual Report in accordance with the applicable criteria. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of performance measures that are free from material misstatement, whether due to fraud or error.



Applicable criteria

PSP Swiss Property AG defined as applicable criteria (hereafter “applicable criteria”):

- ▶ EPRA Sustainability Best Practices Recommendations Guidelines for the environmental performance measures and for the social performance measures

Summaries of these guidelines are presented on the EPRA website (online at <https://www.epra.com/sustainability/sustainabilityreporting/guidelines>). We believe that these criteria are a suitable basis for our review.

The quantification of greenhouse gases (GHG) is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.



Independence and Quality Control

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

The firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

(Translation of the original report in German language)



2



Our responsibility

Our responsibility is to express a limited assurance conclusion on the above-mentioned performance measures based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised)", issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the performance measures marked with a "☒" in the report are free from material misstatement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent 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. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatements in the report with regard to the applicable criteria.

The procedures we performed included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.



Summary of work performed

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

- ▶ Assessment of the suitability of the underlying criteria and their consistent application
- ▶ Inquiries of company's representatives at selected locations responsible for collecting, consolidating and calculating the performance measures marked with a "☒" in order to assess the process of preparing the data, the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance engagement
- ▶ Inspection of the relevant documentation of the systems and processes for compiling, analyzing, and aggregating sustainability data and testing such documentation on a sample basis
- ▶ Analytical procedures and inspection of documents on a sample basis with respect to the compilation and reporting of quantitative data
- ▶ Critical review of the report regarding plausibility and consistency with the information marked with a "☒" in the report

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent 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. Accordingly, we do not express a reasonable assurance opinion about whether PSP's performance measures marked with a "☒" have been prepared, in all material respects, in accordance with the applicable criteria.



Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the information marked with a "☒" in the report are not prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young Ltd

Tobias Meyer
Partner

Mark Veser
Senior Manager

(Translation of the original report in German language)